

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

**Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Stronghold Digital Mining, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7374
(Primary Standard Industrial
Classification Code Number)

86-2759890
(IRS Employer
Identification No.)

**595 Madison Avenue, 29th Floor
New York, New York 10022
(212) 967-5294**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Gregory A. Beard
Chief Executive Officer
595 Madison Avenue, 29th Floor
New York, New York 10022
(212) 967-5294**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

**Daniel M. LeBey
Shelley A. Barber
Vinson & Elkins L.L.P.
1114 Avenue of the Americas, 32nd Floor
New York, New York 10036
(804) 327-6300**

**Jonathan H. Talcott
E. Peter Strand
Nelson Mullins Riley & Scarborough LLP
101 Constitution Avenue NW, Suite 900
Washington, D.C. 20001
(202) 689-2806**

**Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes effective.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
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 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Class A common stock, par value \$0.0001 per share	\$100,000,000	\$10,910.00

(1) Includes the aggregate offering price of shares of Class A common stock that may be purchased upon the exercise of the underwriters' option to purchase additional shares of Class A common stock.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy, these securities in any state or jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION, DATED _____, 2021

Shares
STRONGHOLD
— DIGITAL MINING —

Stronghold Digital Mining, Inc.
Class A Common Stock

This is the initial public offering of Class A common stock of Stronghold Digital Mining, Inc., a Delaware corporation. We are offering shares of Class A common stock. We are a holding company and the sole managing member of Stronghold Digital Mining Holdings, LLC (“Stronghold LLC”), and our principal asset consists of units of Stronghold LLC. We intend to contribute the net proceeds of this offering to Stronghold LLC in exchange for Stronghold LLC Units. Stronghold LLC will use such proceeds for general corporate purposes, including acquisitions of miners and power generating assets and to pay the expenses of this offering. Please see “Use of Proceeds.”

Prior to this offering, there has been no public market for our Class A common stock. We intend to apply to list our Class A common stock on The Nasdaq Global Market under the symbol “SDIG.” We anticipate that the initial public offering price will be between \$ _____ and \$ _____ per share of Class A common stock.

The underwriters have the option for a period of 30 days from the date of this prospectus to purchase up to a maximum of _____ additional shares of Class A common stock from us at the public offering price, less the underwriting discount and commissions.

We are an “emerging growth company” and a “smaller reporting company” under applicable federal securities laws and will be subject to reduced reporting requirements. This prospectus complies with the requirements that apply to an issuer that is an emerging growth company. We have two classes of common stock: Class A common stock and Class V common stock. Upon consummation of this offering, investors in this offering, including any of our affiliates that may purchase shares in this offering, will hold _____ % of the Class A common stock, representing _____ % of the total voting stock outstanding. Legacy Owners will hold _____ % of the total voting stock outstanding, including _____ % of the Class V common stock, which votes together with the Class A common stock as a single class.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Investing in our Class A common stock involves risks. See “[Risk Factors](#)” beginning on page 29 to read about factors you should consider before buying shares of our Class A common stock.

	<u>Per Share</u>	<u>Total</u>
Initial public offering price	\$ _____	\$ _____
Underwriting discount and commissions ⁽¹⁾	\$ _____	\$ _____
Proceeds, before expenses, to Stronghold Digital Mining, Inc.	\$ _____	\$ _____

(1) See “Underwriting” for additional information regarding underwriting compensation.

The underwriters expect to deliver the shares of Class A common stock to purchasers on or about _____, 2021, through the book-entry facilities of The Depository Trust Company.

B. Riley Securities

The date of this prospectus is _____, 2021.

TABLE OF CONTENTS

PROSPECTUS SUMMARY	1
RISK FACTORS	29
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	66
USE OF PROCEEDS	68
DIVIDEND POLICY	69
CAPITALIZATION	70
DILUTION	72
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION	74
MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	79
BUSINESS	96
MANAGEMENT	115
EXECUTIVE COMPENSATION	119
CORPORATE REORGANIZATION	124
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	127
PRINCIPAL STOCKHOLDERS	135
DESCRIPTION OF CAPITAL STOCK	136
SHARES ELIGIBLE FOR FUTURE SALE	142
MATERIAL U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS	144
CERTAIN ERISA CONSIDERATIONS	148
UNDERWRITING	150
LEGAL MATTERS	157
EXPERTS	157
WHERE YOU CAN FIND MORE INFORMATION	157
INDEX TO FINANCIAL STATEMENTS	F-1

Neither we nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus and any free writing prospectus we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Offers to sell, and solicitations of offers to buy, shares of our Class A common stock are being made only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock. Our business, financial condition, results of operations and prospects may have changed since the date of this prospectus.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. See “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements.”

Industry and Market Data

The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, publicly available information, business organizations, government publications and other published independent sources. Some data is also based on our good faith estimates. Although we believe these third-party sources are reliable as of their respective dates, neither we nor the underwriters have independently verified the accuracy or completeness of this information. Market share data is subject to change and may be limited by the availability of raw data, the voluntary nature of the data gathering process and other limitations in any statistical survey of market share data. Accordingly, you are cautioned not to place undue reliance on such market share data or any other such estimates. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled “Risk Factors.” These and other factors could cause results to differ materially from those expressed in these publications.

Trademarks and Trade Names

We rely on various trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and does not imply a relationship with, or endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

Basis of Presentation

Organizational Structure

On April 1, 2021, we effected a reorganization, which we describe in “Prospectus Summary—Corporate Reorganization” and “Corporate Reorganization” and refer to herein as the “Reorganization.” Unless otherwise stated or the context otherwise requires, all information in this prospectus reflects the consummation of the Reorganization, certain subsequent transactions, and this offering. See “Corporate Reorganization” and a diagram depicting our organizational structure in “Prospectus Summary—Corporate Reorganization” for more information.

Except as otherwise indicated or required by the context, all references in this prospectus to the “Company,” “we,” “us” or “our” relate to Stronghold Digital Mining, Inc. (“Stronghold Inc.”) and its consolidated subsidiaries following the Reorganization. References in this prospectus to “Q Power” refer to Q Power LLC, which prior to the Reorganization (i) was the sole regarded owner of Stronghold Digital Mining LLC (f/k/a Stronghold Power LLC) (“SDM”) and (ii) indirectly held 70% of the limited partner interests and 100% of the general partner interests in Scrubgrass Reclamation Company, L.P. (f/k/a Scrubgrass Generating Company, L.P.) (“Scrubgrass LP”). References in this prospectus to the “Legacy Owners” refer to the existing owners of Stronghold Inc., including, but not limited to, Q Power and the holders of Series A Preferred Stock and Series B Preferred Stock (each as defined herein) that we expect will convert into shares of Class A common stock in connection with this offering.

We are a holding company and the sole managing member of Stronghold Digital Mining Holdings LLC (“Stronghold LLC”), and our principal asset consists of units of Stronghold LLC.

Presentation of Financial and Other Information

SDM and Scrubgrass LP collectively are, and are generally referred to herein as, the accounting predecessor of the issuer, Stronghold Inc. Stronghold Inc. is the audited financial reporting entity following the Reorganization.

The unaudited pro forma financial information of Stronghold Inc. presented in this prospectus has been derived by the application of pro forma adjustments to the historical combined financial statements of our accounting predecessor and its subsidiaries included elsewhere in this prospectus. These pro forma adjustments give effect to the Reorganization and the consummation of this offering as if they had occurred on January 1, 2020, in the case of the unaudited pro forma condensed combined statement of operations data, and as of December 31, 2020, in the case of the unaudited pro forma condensed combined balance sheet. See “Unaudited Pro Forma Combined Financial Information” for a complete description of the adjustments and assumptions underlying the pro forma financial information included in this prospectus.

Certain monetary amounts, percentages and other figures included in this prospectus have been subject to rounding adjustments. Percentage amounts included in this prospectus have not in all cases been calculated on the basis of such rounded figures, but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this prospectus may vary from those obtained by performing the same calculations using the figures in our combined financial statements included elsewhere in this prospectus. Certain other amounts that appear in this prospectus may not sum due to rounding.

PROSPECTUS SUMMARY

This summary contains basic information about us and the offering. Because it is a summary, it does not contain all the information that you should consider before investing in our Class A common stock. You should read and carefully consider this entire prospectus before making an investment decision, especially the information presented under the heading “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our combined financial statements and the accompanying notes included elsewhere in this prospectus.

Except as otherwise indicated, all information contained in this prospectus assumes an initial public offering price of \$ _____ per share of Class A common stock (the midpoint of the price range set forth on the cover page of this prospectus) and that the underwriters do not exercise their option to purchase additional shares of Class A common stock, and excludes _____ shares of Class A common stock reserved for issuance under our equity incentive plan. Please see “Principal Stockholders” for more information.

Overview

We are a vertically integrated crypto asset mining company currently focused on mining Bitcoin. We wholly-own and operate a low-cost, environmentally-beneficial coal refuse power generation facility that we have upgraded in Scrubgrass Township, Pennsylvania (the “Scrubgrass Plant”), and it is classified under Pennsylvania law as a Tier II alternative energy source (equivalent to a large-scale hydropower plant). We are committed to generating our energy and managing our assets sustainably, and we believe that we are one of the first vertically integrated crypto asset mining companies with a focus on environmentally-beneficial operations. Simply put, we employ 21st century crypto mining techniques to remediate the impacts of 19th and 20th century coal mining in some of the most environmentally neglected regions of the United States.

In addition to being environmentally-beneficial and sustainable, owning our own source of power helps us to produce Bitcoin at one of the lowest prices among our publicly traded peers. We also believe that owning our own power source makes us a more attractive partner to crypto asset mining equipment purveyors. For example, we have been able to enter into partnerships with crypto asset industry participants, including miner sharing arrangements, because we offered competitive power rates in a mutually beneficial arrangement. We believe other miner manufacturers or suppliers may be more willing to work with us because our vertical integration, strong financial position, and industrial scale make us a dependable partner. We have entered into a definitive agreement to purchase a second coal refuse power generation facility and a non-binding letter of intent to purchase a third coal refuse power generation facility. We intend to leverage these competitive advantages to continue to grow our business through the opportunistic acquisition of additional power generating assets and miners.

We currently operate approximately 1,800 crypto asset mining computers (known as “miners”) with hash rate capacity of approximately 85 petahash per second (“PH/s”). Since April 1, 2021, we have entered into three definitive agreements with multiple suppliers to purchase over 27,300 additional miners with a total hash capacity equal to over 2,600 PH/s. Of these miners, 93% are scheduled to be delivered in 2021, with the first batch scheduled for delivery in August 2021, and the remaining 7% throughout 2022. With part of the proceeds of this offering, we intend to procure an additional 27,900 miners, which we anticipate will bring our total hash rate capacity to approximately 3,000 PH/s by December 2021 and to over 5,300 PH/s by December 2022. We intend to house our miners at the Scrubgrass Plant, the Panther Creek Energy Facility (the “Panther Creek Plant”), a coal refuse power generation facility that we have under contract to purchase (subject to customary closing conditions and regulatory approvals), and an additional coal refuse power generation facility (the “Third Plant”) that we have under a letter of intent to purchase.

As we produce Bitcoins through our mining operations, we will from time to time exchange Bitcoins for fiat currency based on our internal cash management policy. We intend to hold enough fiat currency or hedge enough of our Bitcoin exposure to cover our projected near-term fiat currency needs, including liabilities and anticipated expenses and capital expenditures. In identifying our fiat currency needs, we will assess market conditions and review our financial forecast. We safeguard and keep private our digital assets by utilizing storage solutions provided by Coinbase Global Inc., which require multi-factor authentication and utilize cold and hot storage. While we are confident in the security of our digital assets, we are evaluating additional measures to provide additional protection.

Our founders have long experience in finance and in operating energy assets. Greg Beard, our Co-Chairman and Chief Executive Officer, previously served as Senior Partner and Head of Natural Resources at Apollo Global Management Inc. Bill Spence, our Co-Chairman, has 40 years of energy-related experience and was a pioneer in the operation of and fuel sourcing for coal refuse plants.

Our Competitive Strengths

- *Environmentally beneficial, coal refuse-powered electricity generation classified by the Commonwealth of Pennsylvania as a Tier II alternative energy source.* Our Scrubgrass Plant and the two additional plants currently under purchase agreement and letter of intent, the Panther Creek Plant and the Third Plant, respectively, are powered by coal refuse. Coal refuse is a waste product historically generated by coal mining in Pennsylvania and neighboring states, and coal refuse is a significant contributor to air and water pollution in these geographies. Because our power generation facility technology produces energy and byproducts used in land-reclamation activities from this waste, power generation facilities fueled by coal refuse are classified by the Commonwealth of Pennsylvania as Tier II alternative energy sources, equivalent to large-scale hydropower plants. In contrast, most of our competitors with integrated power assets rely on traditional fuels, such as coal or natural gas. Given the power-intensive nature of crypto asset mining and the implications for the environment and sustainability, we believe that our access to inexpensive, environmentally-beneficial power represents a meaningful and durable competitive advantage. In addition, we believe that buyers of the Bitcoin we mine could ascribe value due to the environmentally-beneficial manner in which they were mined.
- *Vertically integrated crypto asset mining and power generation operations, driving among the lowest costs of crypto asset production in our industry.* We operate vertically integrated power generation and crypto asset mining operations. Our miners are located on the same premises as our Scrubgrass Plant to maximize efficiency and to minimize cost. The Scrubgrass Plant's recognition as a Tier II Renewable Energy plant also allows us to earn renewable energy credits ("RECs") under Pennsylvania law, and coal refuse is inexpensive and in abundant supply near our operations. As a result, we believe that our net cost of power at our Scrubgrass Plant of approximately \$18 per megawatt-hour ("MWh"), after accounting for RECs and waste coal tax credits, is among the lowest compared to our publicly traded peer companies. This cost of power implies a cost to mine of less than \$3,000 per Bitcoin equivalent with latest-generation miners and assuming a network hashrate of 150 exahash per second ("EH/s"). As we acquire additional power generation facilities, including the potential acquisitions of the Panther Creek Plant and the Third Plant, we will focus on environmentally-beneficial power generation assets that offer similarly attractive crypto asset mining economics.
- *Strong track record of acquiring and operating power assets.* Our management team has a distinguished track record of sourcing, financing, and operating power assets. Greg Beard, our Co-Chairman and Chief Executive Officer, previously served as Senior Partner and Head of Natural Resources at Apollo Global Management Inc. and as a Founding Member and Managing Director at Riverstone Holdings LLC, two leading private equity firms. During his private equity tenure, Mr. Beard sourced and led 23 energy investments, representing \$8.8 billion in proceeds. Bill Spence, our Co-Chairman, has 40 years of energy-related experience. Mr. Spence is the former owner and operator of Coal Valley/Dark Diamond, a coal refuse power generation facility, from 1993 to 2007. Mr. Spence was also the former independent operator of our Scrubgrass Plant prior to our formation.

- *Superior access to Bitcoin miners with multiple miner procurement channels, including direct relationships with equipment manufacturers and partnerships with data center operators and other intermediaries.* We benefit from strong relationships with multiple providers of Bitcoin miners. We recently entered into an agreement with a leading manufacturer of Bitcoin miners to purchase 15,000 miners with aggregate hash rate of approximately 1,500 PH/s for delivery in the fourth quarter of 2021. In addition, through our partnership with a leading global manager of Bitcoin mining operations, we have executed a purchase agreement to acquire 9,900 MicroBT miners with phased delivery expected to begin in August 2021 and have agreed to purchase terms for the acquisition of approximately 4,950 additional MicroBT miners. Finally, we have been highly opportunistic in entering into hardware purchase agreements with miner brokers. We believe that our access to capital, including prior private financings, as well as the proceeds from this initial public offering, in conjunction with our vertically-integrated power generation, makes us an attractive partner for Bitcoin equipment manufacturers and other market leaders alike.

Our Growth Strategies

- *Acquire additional environmentally-beneficial power generation assets, including closing on two coal refuse power generation facilities, one of which is currently under definitive purchase agreement and the other of which is currently under letter of intent.* We have entered into a definitive agreement to purchase the Panther Creek Plant (the “Panther Creek Acquisition”) and a letter of intent to purchase the Third Plant, both of which are coal refuse plants. We believe that we will be able to close the Panther Creek Plant Acquisition within the next four months. We also anticipate a favorable outcome of our ongoing due diligence of the Third Plant. Powered by the Scrubgrass Plant and these initial two plant acquisitions, we have developed a plan to build out aggregate mining capacity to 204 megawatts (“MW”) by the end of 2022. We believe that our expected expansion to three environmentally-beneficial power generation facilities dedicated to Bitcoin mining is repeatable and scalable. With the extensive experience and relationships that our leadership team has in the industry, we have an acquisition pipeline of additional environmentally-beneficial power assets, and we believe that the acquisition of additional power generation facilities will enable us to drive further growth in crypto asset mining.
- *Continue to opportunistically source new miners through our multiple procurement channels to accelerate our business plan and increase our mining capacity.* As previously outlined, we have recently executed purchase orders for the acquisition of miners from a manufacturer, a Bitcoin mining and data center operator (for MicroBT miners), and multiple miner brokers (for Canaan and Bitmain miners). While many of our competitors have struggled to obtain mining equipment due to historically strong demand and pre-sold supply, we believe that these recent confirmed purchase orders demonstrate our ability to leverage the breadth of our relationships to quickly expand our mining capacity. By operating the Scrubgrass Plant at capacity and through the anticipated build-outs of Panther Creek and Third Plant, we are forecasting expansion in our crypto asset mining operations to approximately 57,000 total miners, representing over 5,300 PH/s, by the end of 2022. We expect to benefit from these strong relationships to purchase additional miners on favorable economic terms as we continue to expand our power generation capacity through the acquisition of additional plants.
- *Drive operational excellence and structure alignment with key industry partners, including equipment manufacturers, power generation facility owners and the broader crypto currency and investment ecosystem.* We are committed to building the leading vertically integrated crypto asset mining and environmentally-beneficial power generation platform. To achieve this objective, we have developed a network of technology and service providers, and we are emphasizing long-term partnerships and equity alignment. For example, we believe that we negotiated favorable economic and delivery terms for the purchase of miners by providing an equity incentive to the sellers of the miners, subject to meeting specified performance obligations. Similarly, our anticipated partnership with our Bitcoin mining and data center operator provides for sharing of the economic rights to Bitcoin produced by the partnership, motivating our partner to manage mining operations to achieve maximum efficiency. By aligning interests, we believe that we are driving operational excellence, thereby enabling further expansion and accelerating our growth.

Environmentally-Beneficial Operations

The Scrubgrass Plant, our first power generation facility, is located on a 650-acre site in Scrubgrass Township, Venango County, Pennsylvania, and is classified under Pennsylvania law as a Tier II alternative energy source. The Scrubgrass Plant currently has the capacity to produce approximately 85 MW of electricity utilizing circulating fluidized bed (“CFB”) technology. Using this CFB technology, the Scrubgrass Plant converts highly polluting coal refuse, a legacy waste from decades of coal mining currently found in sites throughout Pennsylvania and neighboring states, into power and also yields beneficial use ash, a by-product of the combustion process that can be used as fertilizer and filler in other reclamation projects.

The operation of our power generation facility with coal refuse allows the reclamation of large geographic areas that have been ravaged by the presence of coal refuse, the environmentally harmful byproduct of Pennsylvania’s legacy coal-mining operations. Coal mining began in earnest in Pennsylvania in the later part of the 19th century to help meet the nation’s growing demand for steel, and continued through the 20th century as Pennsylvania and other coal producing states mined the fuel needed to power the industrial revolution in the United States and fight two World Wars. While the placement of coal refuse became more strictly regulated with the passage of the federal Surface Mining Control and Reclamation Act of 1977 (the “SMCRA”), the decades of operations prior to the SMCRA’s adoption produced large piles of refuse near now-abandoned coal mining operations. The Bureau of Abandoned Mine Reclamation (“BAMR”) of the Pennsylvania Department of Environmental Protection (“PADEP”) estimates that today there are 840 coal refuse sites, covering over 8,500 acres, filled by over 220 million tons of coal refuse in legacy piles located throughout the state. We estimate that, based on the number of coal refuse sites we are currently reclaiming in close proximity to the Scrubgrass Plant, there is at least 30 years’ worth of fuel available for that plant alone. We expect the additional plants that we intend to acquire will also have access to a multi-year supply of coal refuse.

In 2015, Pennsylvania estimated that the cost to remediate the abandoned mine lands (“AML”) and acid mine drainage (“AMD”) sites in Pennsylvania exceeded \$16.1 billion, of which coal refuse represented a \$2 billion burden. Coal refuse piles produce significant, adverse local and regional environmental consequences, including the harmful leaching of acidity, iron and iron oxide, aluminum, manganese, and sulfate residues into waterways resulting in significant AMD. This leachate creates both surface water and groundwater contamination and produces streams, ponds and lakes that can be devoid of aquatic life. AMD is the largest source of water pollution in these Pennsylvania communities and afflicts watersheds downstream from the coal refuse piles, while also reducing potable water supplies.

The coal refuse piles cover large areas of otherwise productive land and pose negative consequences for air quality in the surrounding communities. Uncontrolled fugitive dust from these piles creates particulate matter pollution and can act as a wind-borne pathogen, posing significant risks to human health. The piles themselves can also ignite. Wildfires, lightning strikes and campfires on the surface can quickly turn into bigger issues such as underground mine fires. Unattended piles can also spontaneously combust through an oxidation process that generates heat and consequently ignites the combustible components of piles. Burning piles, especially underground fires in the absence of oxygen, produce a variety of adverse uncontrolled ambient impacts, including smoke, particulate, and the release of poisonous and noxious gases – often at ground level. These gases, including carbon monoxide, carbon dioxide, hydrogen sulfide, sulfur dioxide, ammonia, sulfur trioxide, and oxides of nitrogen and a variety of volatile organic compounds – are all potentially harmful to human, animal and vegetative life. According to PADEP, as of December 14, 2020, there were 92 coal refuse piles burning in Pennsylvania, and over the past decades hundreds of others have burned. PADEP has estimated that 6.6 million tons of coal refuse burn each year in unintended, uncontrolled fires, releasing 9 million tons of carbon dioxide and numerous other air pollutants. When fires occur, the budgets of these environmentally and often economically challenged communities are hardest hit, and it may take years to extinguish the fire.

The CFB technology employed by the Scrubgrass Plant and other coal refuse reclamation facilities was developed to burn coal refuse and similar low-BTU substances by combining the waste with limestone injection for acid gas control in specialized CFB boilers and injecting streams of hot air. These units are also equipped with fabric filter systems to control filterable particulate matter (“FPM”) emissions. The coal refuse-fired units control emissions of sulfur dioxide, nitrogen oxides, air toxins, FPM and total particulate matter. These units are some of the lowest emitters of mercury and FPM in the nation. The solid materials are consumed in the combustion process and the by-products are steam, which powers electricity generators, and beneficial use ash, an inert non-acidic substance that can be used in remediation and reclamation activities. The removal, remediation and reclamation of the polluting piles contributes to upwards of 85% of the operating costs of one of these specialized power generation facilities. This business model results in the most efficient method to comprehensively remove the hazardous materials from the environment and remediate the polluting impacts.

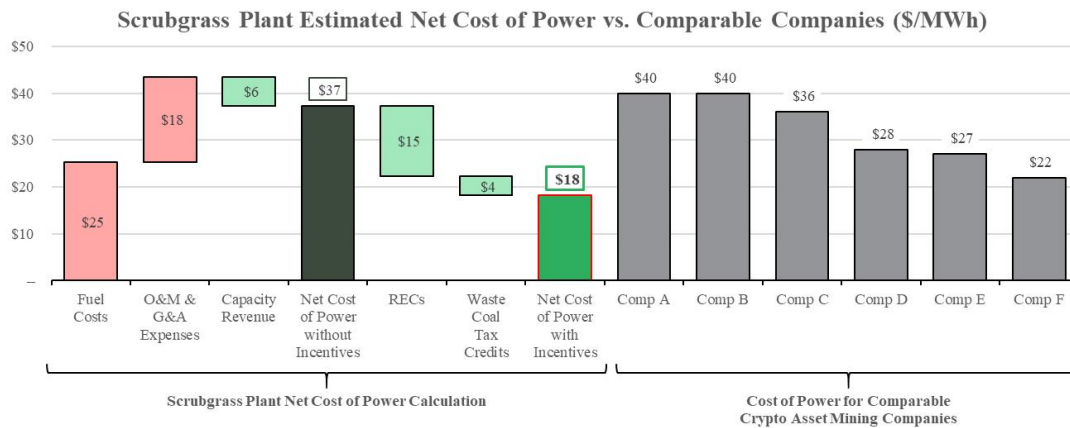
Our ownership of the Scrubgrass Plant combined with the environmental benefits which accrue to the region allow us to mine Bitcoin at what we believe to be some of the lowest costs in the industry while making a transformational contribution to the environment.

Low-Cost Power Generation

Given that the price of electricity has a significant impact on the ultimate economics and profitability of crypto asset mining, we believe long-term value is enabled primarily by the reduction of power costs and securing environmentally-beneficial power generation assets. Our miners are powered by the electricity produced by our own assets. As detailed in the chart below, we expect to be able to generate power for approximately \$18 per MWh at our Scrubgrass Plant at full capacity, which implies a cost to mine of less than \$3,000 per Bitcoin equivalent with latest-generation miners and assuming a network hashrate of 150 EH/s. We consider latest-generation miners to be miners with hashrate capacity of 90 terahash per second (“TH/s”) and wattage of 3,400 watts. These estimated costs include the RECs and waste coal tax credits we currently receive. Should these credits be discontinued, our estimated cost to generate power would increase to approximately \$37 per MWh, which would imply a cost to mine of approximately \$5,700 per Bitcoin equivalent. This contributes to our value creation strategy, which is based on four concepts: (i) securing and operating low-cost, environmentally-beneficial energy assets, (ii) protecting operational profitability and efficiently managing risk across different pricing environments, (iii) optimizing returns over invested capital through strategic and innovative sourcing of power and mining equipment (including through partnerships with suppliers) and (iv) potentially extending the economic life of our equipment through the use of low cost of power.

The chart below shows an estimate of the components of our net cost of power for the second half of 2021 and a comparison to our peers’ cost of power.¹

¹ Our estimated net cost of power for the period presented represents all of our expected costs associated with generating power (including the cost of procuring fuel, operations and maintenance expenses, and plant general and administrative expenses), after taking into account estimated capacity revenue and income from RECs and renewable energy and waste coal tax credits (which are the only sources of income we expect to receive from power-generating activities, excluding the sale of electricity). Estimated costs of power for comparable companies are based upon publicly available information and may not be for the period presented for our expected cost of power, and we are limited in the amount of information available to us. One of the presented comparable companies generates its own power and the costs shown for that company represent the average mining power cost from June 2020 to February 2021, net of energy margin and ancillary service revenue. The remaining presented comparable companies do not own power generating assets but instead purchase electricity. The cost of power for those companies represents the cost to purchase electricity disclosed by those companies in reports filed with the SEC, without additional operating or other costs, or rebates or credits, factored in. Therefore, our net cost of power may not be equivalent to, and may not include the same inputs as, the cost of power identified for such comparable companies.



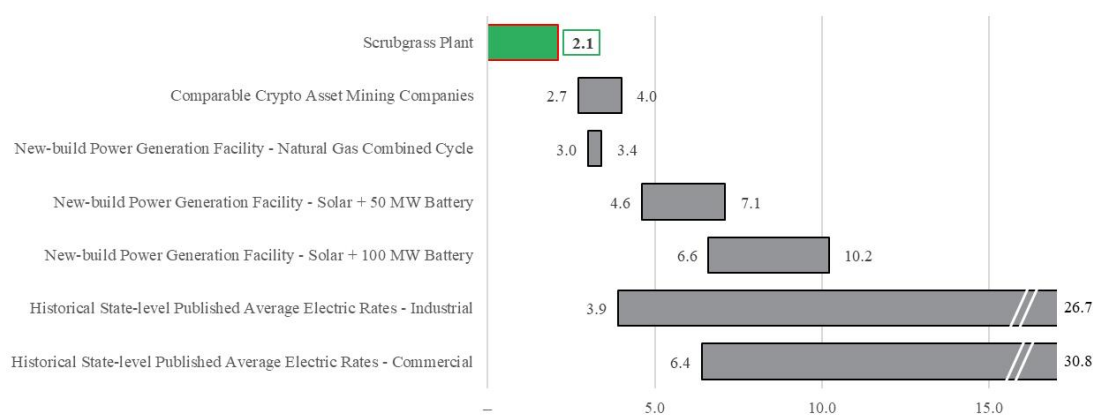
Due to the specialized nature of coal refuse power generation facilities that utilize CFB technology, we estimate the replacement cost for an electricity generation facility utilizing this technology that operates on the scale of our Scrubgrass Plant would be approximately \$500 million.

In May 2021, we engaged PA Consulting Group, Inc. (“PA Consulting”) to benchmark our electric supply costs against a broader set of power supply alternatives for crypto asset mining. To facilitate this comparison, PA Consulting prepared a net Levelized Cost of Energy (“LCOE”) analysis as a means of determining the normalized cost of generating electricity over the lifetime of a power generation facility, including the initial capital investment, fixed and variable operations and maintenance expenses, labor costs, fuel costs, and expected capital expenditures, as well as offsetting income streams, including RECs, waste coal tax credits, and capacity payments. In the context of crypto asset mining, net LCOE represents the all-in cost of procuring electricity. The primary differences between net cost of power and net LCOE are that (i) net cost of power represents a cost for a specific period, while net LCOE represents the normalized cost over the life of the asset, and (ii) net LCOE includes the initial capital investment, while net cost of power only captures the costs incurred during the period for which the metric is calculated. In other words, net LCOE includes both the net cost of power and the investment required to achieve that net cost of power.

PA Consulting calculated the net LCOE for the Scrubgrass Plant and benchmarked this cost structure against (i) historical retail commercial and industrial electric rates across the United States, (ii) the LCOE of new-build sources of firm power generation, which could serve as alternative power sources for data mining operations, and (iii) published electric supply costs by our crypto asset mining peers. Based on PA Consulting’s analysis, our net LCOE of 2.1 cents per kilowatt-hour (“kWh”) is lower than those for all contemplated alternatives in the United States. The chart below shows the summary data from PA Consulting’s report.²

² The comparable crypto asset mining companies represent the same data presented in the chart titled “Scrubgrass Plant Estimated Net Cost of Power vs. Comparable Companies (\$/MWh),” with the exception of one company that generates its own power, which is excluded here because there is not enough information publicly available to estimate the net LCOE associated with its power generation facility.

Net Levelized Cost of Energy (cents per kWh)



As part of our strategy of securing environmentally-beneficial power generation assets for crypto asset mining, we have entered into (i) a definitive agreement to purchase the Panther Creek Plant, a coal refuse reclamation-to-energy facility that utilizes CFB technology (similar to the Scrubgrass Plant) with 80 MW of electricity generation capacity located near Nesquehoning, Pennsylvania, and (ii) a non-binding letter of intent to purchase the Third Plant, another coal refuse reclamation-to-energy facility that utilizes CFB technology with 112 MW of electricity generation capacity located in Pennsylvania. These facilities are each waste removal and environmental remediation businesses that generate and sell electricity to pay for the environmental reclamation work that they perform. We intend to opportunistically acquire such electricity generation assets to power our increasing crypto asset mining operations in an environmentally-conscious manner.

Pennsylvania has deemed the reclamation of coal refuse sites as an environmental priority, and since the early 1990s an unofficial public-private-partnership has developed between the coal refuse reclamation to energy industry and the Commonwealth of Pennsylvania. In 2016, Pennsylvania adopted a performance-based tax credit targeting coal refuse removal by alternative electricity generation facilities utilizing CFB technology, such as the Scrubgrass Plant, the Panther Creek Plant and the Third Plant. To qualify for the tax credit, 75% of the fuel used by these facilities must be comprised of qualified coal refuse, plant design must include circulating fluidized bed technology, utilizing limestone injection and a fabric filter for particulate emissions control, ash produced by the facilities must be put to beneficial use as defined by PADEP, and, finally, at least 50% of that beneficial use ash must be used to reclaim coal mining affected sites.

Due to the environmental benefit produced by our facilities, we also qualify for Tier II RECs in Pennsylvania. These RECs are currently valued at approximately \$15.00 per MWh, based on the bid-level price as of July 21, 2021. Particularly challenging and often remote piles also require partnerships with federal, state, and local environmental groups in order to accomplish the remediation and reclamation goals of a project. These projects include the use of federal grants combined with millions of private dollars invested by the coal refuse reclamation to energy project companies. Our coal refuse reclamation to energy facility has frequently partnered with the U.S. Department of the Interior's Office of Surface Mining Reclamation and Enforcement, BAMR and local environmental groups to remediate these piles. The Scrubgrass Plant has partnered with state agencies since the mid-1990s to identify and reclaim waste sites and have removed over 16 million tons from the environment since start of operations.

While crypto asset mining continues to consume a massive amount of energy worldwide, often generated from traditional and more environmentally-harmful sources, we are able to conduct our activities in a manner that benefits both the environment and our profitability.

Mining Operations

We currently operate approximately 1,800 miners with hashrate capacity of approximately 85 PH/s. Our current fleet comprises approximately 860 Bitmain Antminer S9 (“S9”) miners, approximately 190 Bitmain Antminer S17 Pro (“S17 Pro”) miners, approximately 10 Bitmain Antminer T17 (“T17”) miners, approximately 655 Canaan AvalonMiner 1166 Pro (“1166 Pro”) miners, and approximately 125 Canaan AvalonMiner 1246 (“Canaan 1246”) miners. The S9 miners have hashrate capacity of approximately 13 TH/s per miner and power consumption of approximately 1,300 watts per miner. The S17 Pro miners have hashrate capacity of approximately 50 TH/s per miner and power consumption of approximately 1,975 watts per miner. The T17 miners have hashrate capacity of approximately 40 TH/s per miner and power consumption of approximately 2,200 watts per miner. The 1166 Pro miners have hashrate capacity of approximately 80 TH/s and power consumption of approximately 3,400 watts per miner. The Canaan 1246 miners have hashrate capacity of approximately 85 TH/s and power consumption of approximately 3,420 watts per miner. We manage our fleet of miners through a combination of internal employees and outside contractors.

We believe that through our innovative strategic initiatives and existing commercial relationships, we will continue to efficiently secure high-quality equipment necessary to maximize our operational advantages. Using our access to and control of environmentally beneficial and low-cost power as leverage, our focus is on sourcing the latest crypto asset mining technology and engaging in transactions to align our interests with those of other key industry stakeholders, including equipment manufacturers and high-performance computing infrastructure managers. We are actively adding to our existing fleet of approximately 1,800 miners currently deployed at the Scrubgrass Plant with hash rate capacity of approximately 85 PH/s, through the execution of three definitive agreements since April 1, 2021 with multiple suppliers to purchase over 27,300 additional miners with a total hash capacity equal to over 2,600 PH/s. Approximately 93% of these miners are scheduled to be delivered in 2021, with the first batch scheduled for delivery in August 2021, and the remaining 7% throughout 2022. The first 16,000 miners are expected to be housed in our data centers at the Scrubgrass Plant with the remainder deployed at future power generation facilities, including, potentially, the Panther Creek Plant and the Third Plant, starting later this year.

Pursuant to the three agreements that we have entered into to procure additional miners, we pre-paid significant portions of the purchase price for the new miners under each of the three agreements, with the remainder of the payments due upon confirmation of shipment or delivery of the miners. Delivery of the miners under one of these agreements is subject to us entering into a hosting agreement on reasonable commercial terms with the supplier that is currently under letter of intent. To date, we have not been advised by our suppliers of any supply constraints in fulfilling these agreements.

Our location in the cooler Northeastern United States and access to cheap power allows us to cool our miners at lower cost than if we were located in warmer regions and also affords us the flexibility to buy power off the grid when the cost of such power is cheaper than our cost of production, resulting in our ability to maximize crypto asset mining operations through low variable costs and cost per MW. Our current focus is on mining Bitcoin, which we may convert to USD to the extent necessary to fund our development.

We believe that buyers of the Bitcoin we mine may ascribe value to the environmentally-beneficial manner in which it was mined in the United States. Furthermore, while our focus is currently on Bitcoin, we may utilize our miners for other crypto assets depending on market conditions, including the relative values of such other crypto assets, and other factors. We intend to operate with flexibility and a goal of maximizing value from our operations. To this end, our business strategy continues to be acquiring power generating assets that allow us to generate electricity at competitive rates in an environmentally-beneficial fashion, securing miners with the latest technology to utilize such power generation capabilities, and re-investing proceeds from our crypto asset mining operations in acquiring additional power generating assets and miners.

Bitcoin and Bitcoin Mining

Bitcoin, a form of cryptocurrency, is a crypto asset that is designed to work as a secure and decentralized medium of exchange. Digital assets exist on a blockchain which is a network of computers that together store the history of transactions and validate new transactions without the need for a trusted, central intermediary. Using a blockchain, value can be sent from one account to another in a matter of minutes and with full certainty without requiring the involvement of a bank or financial institution. Each computer on the network stores a copy of all the past transactions and the balance of every account.

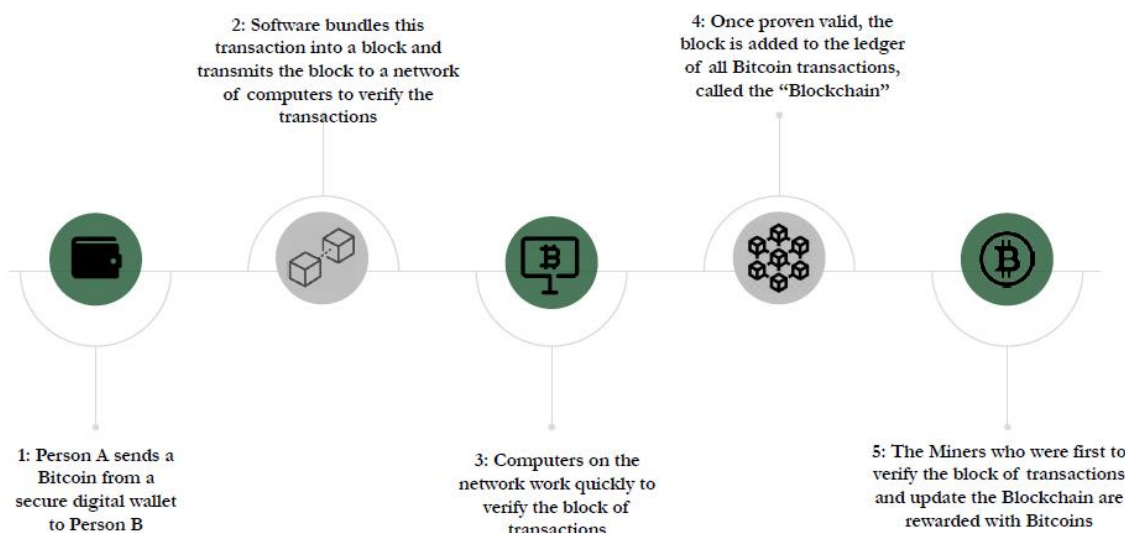
Each account is identified by a “public key,” the address to which funds are sent to and from. To access the account, however, a “private key” is needed. This private key is closely guarded by the holders of crypto assets, as anyone who possesses the private key for an account can access that account and transfer value. As a result of the relationship between public keys and private keys, every transaction ever done on the blockchain is available for public viewing in perpetuity, but the owners of the accounts may be anonymous.

The Bitcoin network infrastructure is collectively maintained by a decentralized, public user base who are either volunteers or are rewarded with Bitcoin. As the network is decentralized, it does not rely on either governmental authorities or financial institutions to create, transmit or determine the value of the coins and instead value is determined by supply and demand.

Most blockchains, including Bitcoin blockchains, validate transactions via a process called “proof of work,” which requires that computers compete to solve a complex cryptographic puzzle. Solving this puzzle essentially requires random guesswork and computers generate millions of guesses to arrive at the correct answer, which is referred to as “mining.” The computer that solves the puzzle is rewarded with the crypto asset. Recognizing that over time the computing power devoted to mining can increase or decrease, every 10 minutes the Bitcoin network re-calibrates the difficulty of the puzzle to keep a 10 minute delay between each time the puzzle is solved. This delay is known as the “block time.”

We plan to mine Bitcoin by using our miners to solve this complex cryptographic puzzle. In return for solving a block, we receive a Bitcoin or other crypto asset reward, depending on the blockchain, which we hold for our account and attempt to sell opportunistically on the market or directly to purchasers to generate a profit. Miners measure their capability in terms of processing power, which is known in the industry as “hashing” power. Hashing power is measured in terms of the number of hashing algorithms solved (or “hashes”) per second, which is the miner’s “hash rate.” Generally speaking, miners with greater hashing power relative to other miners attempting to

solve a block have a higher chance of solving the block and receiving a crypto asset award. See below for an illustration of how Bitcoin mining works.



Since the inception of the Bitcoin network, more and more miners have entered the market competing for the limited number of blocks that are regularly added to the Bitcoin blockchain. The resulting tremendous increase in network hash rate has resulted in increasing levels of "difficulty" being implemented by the Bitcoin network over time. As a result, an individual miner's chances of adding a new block to the blockchain in a given period of time has decreased, creating volatility in a miner's revenue stream. To address this challenge, Bitcoin mining operators began to combine their mining resources into "mining pools" to better compete and reduce volatility in Bitcoin mining revenue. Combining mining devices in a mining pool allows for faster output and better odds of finding a block at the group level, rather than the individual level. As part of our mining operations, we contribute our hash rate to certain pools, subject to their terms of service. Participation in such pools is generally terminable at any time by either party and our risk is limited, as we are able to switch pools at any time or simply not participate in any pools and mine independently. As a participant in such pools, in exchange for providing computing power, we receive a share of the theoretical global mining rewards based on our percent contribution to the Bitcoin mining network, less fees payable to the pool.

While we currently only mine Bitcoin, we continue to monitor and evaluate the crypto asset market and may in the future mine other crypto assets. We will consider factors such as market acceptance, value of the underlying crypto asset, cost to mine, mining equipment and resources required, and impact on our results of operation in making any future determination on the type of crypto assets to mine. Further, while we currently intend to acquire Bitcoins only through our mining efforts, it is possible that we may in the future acquire Bitcoins or other crypto assets through other means, such as exchanging crypto assets for other crypto assets instead of fiat currency.

Recent Developments

Acquisitions

On March 3, 2021, SDM entered into a non-binding letter of intent (the "Olympus LOI") with Olympus Power, LLC ("Olympus") for the purchase of (i) a 30% limited partnership interest in Scrubgrass LP from Aspen Scrubgrass LP, a subsidiary of Olympus ("Aspen"), which represented all of Aspen's ownership interest in Scrubgrass LP (the "Aspen Interest"), (ii) the Panther Creek Plant, and (iii) the Third Plant.

On April 1, 2021, Aspen and Q Power entered into, and Q Power subsequently assigned to us, an Acquisition and Contribution Agreement pursuant to which we acquired the Aspen Interest as contemplated by the Olympus LOI. The consideration paid in respect of the Aspen Interest was \$2.0 million in cash and 200,000 newly issued shares of Series A Preferred Stock of Stronghold Inc. Our acquisition of the Aspen Interest was consummated contemporaneously with the Reorganization, and pursuant to the Reorganization, the Aspen Interest was contributed to Stronghold LLC in order to consolidate all of the equity interests of Scrubgrass LP, including those which we already owned, at Stronghold LLC. For more detail with respect to the acquisition of the Aspen Interest, and subsequent contribution thereof to Stronghold LLC, see the sections entitled “—Corporate Reorganization” and “Corporate Reorganization.”

On July 9, 2021, we entered into a purchase agreement for the Panther Creek Acquisition, as contemplated by the Olympus LOI, from Panther Creek Reclamation Holdings, LLC, a subsidiary of Olympus Power, LLC. The Panther Creek Acquisition includes all of the assets of Panther Creek Power Operating LLC (“Panther Creek”), comprised primarily of the Panther Creek Plant. The Panther Creek Plant is an 80-MW waste coal-fired power station located near Nesquehoning, Pennsylvania. The consideration for the Panther Creek Plant is approximately \$3.0 million in cash and 400,000 Series A Preferred Units of Stronghold LLC, or in the event that all Series A Preferred Units of Stronghold LLC have been converted into common units of Stronghold LLC (“Stronghold LLC Units”), an equivalent amount of Stronghold LLC Units, together with a corresponding number of shares of Class V common stock. The Panther Creek Acquisition is subject to customary closing conditions and regulatory approvals.

We continue to evaluate the acquisition of the Third Plant as contemplated by the Olympus LOI. The consideration for the Third Plant is expected to be approximately \$3.0 million in cash and \$6,250,000 of Stronghold LLC Units, together with a corresponding number of shares of Class V common stock. If acquired, we plan to store newly acquired miners at or near the Third Plant and use power generated by the Third Plant to power crypto asset mining operations in an environmentally conscious manner.

Private Placements

On April 1, 2021, we issued and sold 3,400,000 shares of Series A Convertible Redeemable Preferred Stock (the “Series A Preferred Stock”) in a private offering at a price of \$25.00 per share to various accredited investors in reliance upon exemptions from registration pursuant to Section 4(a)(2) under the Securities Act of 1933, as amended (the “Securities Act”), and Regulation D thereunder for aggregate consideration of \$85.0 million (the “Series A Private Placement”).

Simultaneous with the closing of the Series A Private Placement, we entered into a registration rights agreement (the “Series A Registration Rights Agreement”) with the investors in the Series A Private Placement, pursuant to which, among other things, we agreed to prepare and file a registration statement covering the resale of all Registrable Securities (as defined in the Series A Registration Rights Agreement) not already covered by an existing and effective registration statement on or prior to the 120th day following the closing of the Series A Private Placement. See “Description of Capital Stock—Registration Rights Agreements” for additional information.

Further, pursuant to the Series A Stock Purchase Agreement, Stronghold Inc., the investors in the Series A Private Placement and certain beneficial owners of common stock of Stronghold Inc. (the “Key Holders”) entered into a Right of First Refusal and Co-Sale Agreement (the “Series A ROFR Agreement”). Under the Series A ROFR Agreement, the Key Holders agreed to grant a right of first refusal to Stronghold Inc. to purchase all or any portion of capital stock of Stronghold Inc. held by a Key Holder or issued to a Key Holder after the date of the Series A ROFR Agreement, not including any shares of Series A Preferred Stock or common stock issued or issuable upon conversion of the Series A Preferred Stock. The Key Holders also granted a secondary refusal right to the investors in the Series A Private Placement to purchase all or any eligible capital stock not purchased by Stronghold Inc. pursuant to their right of first refusal. The Series A ROFR Agreement also provides certain co-sale rights to investors in the Series A Private Placement to participate in any sale or similar transfer of any shares of common stock owned by a Key Holder or issued to a Key Holder after the Series A Private Placement, on the terms and conditions specified in a written notice from a Key Holder. The investors, however, are not obligated to participate in such sales or similar transfers. The co-sale and rights of first refusal under the Series A ROFR Agreement will terminate upon the consummation of this offering.

On May 14, 2021, we issued and sold 630,915 shares of Series B Convertible Redeemable Preferred Stock (the “Series B Preferred Stock”) in a private offering at a price of \$31.70 per share to various accredited investors in reliance upon exemptions from registration pursuant to Section 4(a)(2) of the Securities Act and Regulation D thereunder, for aggregate consideration of \$20.0 million (the “Series B Private Placement” and, together with the Series A Private Placement, the “Private Placements”). The terms of the Series B Preferred Stock are substantially similar to the Series A Preferred Stock, except for differences in the stated value of such shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or certain deemed liquidation events.

Simultaneous with the closing of the Series B Private Placement, we entered into a registration rights agreement (the “Series B Registration Rights Agreement” and, together with the Series A Registration Rights Agreement, the “Registration Rights Agreements”) with the investors in the Series B Private Placement, pursuant to which, among other things, we agreed to prepare and file a registration statement covering the resale of all Registrable Securities (as defined in the Series B Registration Rights Agreement) not already covered by an existing and effective registration statement on or prior to the 120th day following the closing of the Series A Private Placement. See “Description of Capital Stock—Registration Rights Agreements” for additional information.

Further, pursuant to the Series B Stock Purchase Agreement, Stronghold Inc., the investors in the Series B Private Placement and certain beneficial owners of common stock of Stronghold Inc. entered into a Right of First Refusal and Co-Sale Agreement (the “Series B ROFR Agreement” and, together with the Series A ROFR Agreement, the “ROFR Agreements”), on substantially the same terms as the Series A ROFR Agreement.

Reorganization

On April 1, 2021, we effected the Reorganization. See “—Corporate Reorganization” and “Corporate Reorganization” for more information.

Equipment Financing Transactions

Arctos/NYDIG Financing Agreement

On June 25, 2021, Stronghold Digital Mining LLC entered into a master equipment financing agreement (the “Arctos/NYDIG Financing Agreement”) with Arctos Credit, LLC (“Arctos”) whereby Arctos agreed to lend to us an aggregate amount not to exceed \$34,481,700 (the “Maximum Advance Amount”) to finance the purchase of certain Bitcoin miners and related equipment (the “Arctos/NYDIG-Financed Equipment”). The aggregate principal outstanding bears interest of 10% and will be repaid in 24 monthly payments, with a 1.25% fee due if the Maximum Advance Amount is not requested prior to August 15, 2021. Outstanding borrowings under the Arctos/NYDIG Financing Agreement are secured by the Arctos/NYDIG-Financed Equipment and the contracts to acquire the Arctos/NYDIG-Finance Equipment. The Arctos/NYDIG Financing Agreement includes customary restrictions on additional liens on the Arctos/NYDIG-Financed Equipment. At July 19, 2021, approximately \$9.8 million remains available to be drawn under the Arctos/NYDIG Financing Agreement. The Arctos/NYDIG Financing Agreement may not be terminated by us or prepaid in whole or in part. In conjunction with the Arctos/NYDIG Financing Agreement, we issued 43,845 shares of Class A common stock to Arctos and may issue additional shares of Class A common stock to Arctos in consideration of future financings.

WhiteHawk Financing Agreement

On June 30, 2021, Stronghold Digital Mining Equipment, LLC entered into an equipment financing agreement (the “WhiteHawk Financing Agreement”) with WhiteHawk Finance LLC (“WhiteHawk”) whereby WhiteHawk agreed to lend to us an aggregate amount not to exceed \$40,000,000 (the “Total Advance”) to finance the purchase of certain Bitcoin miners and related equipment (the “WhiteHawk-Financed Equipment”). At July 19, 2021, the entirety of the Total Advance was drawn under the WhiteHawk Financing Agreement. The aggregate principal outstanding bears interest of 10% and will be repaid in 24 monthly payments. Outstanding borrowings under the WhiteHawk Financing Agreement are secured by the WhiteHawk-Financed Equipment and the contracts to acquire the WhiteHawk-Financed Equipment. The WhiteHawk Financing Agreement includes customary restrictions on additional liens on the WhiteHawk-Financed Equipment and is guaranteed by the Company. The WhiteHawk Financing Agreement may be terminated early if we, among other things, pay the Early Termination Fee (as defined

therein). In conjunction with the WhiteHawk Financing Agreement, we issued a stock purchase warrant to WhiteHawk, which provides for the purchase of a number of shares of Class A common stock at \$0.01 per share, equal to approximately \$2,000,000, subject to adjustment as described in the warrant agreement. The warrant expires on June 30, 2031.

Corporate Reorganization

Stronghold Digital Mining Inc. was incorporated as a Delaware corporation on March 19, 2021. On April 1, 2021, contemporaneously with the Series A Private Placement (as defined herein), we underwent a corporate reorganization pursuant to that certain Master Transaction Agreement dated as of April 1, 2021, by and among the Company, Q Power, SDM, EIF Scrubgrass, LLC (“EIF Scrubgrass”), Falcon Power LLC (“Falcon”), Scrubgrass Power LLC (“Scrubgrass Power”), Scrubgrass LP, Gregory A. Beard and William Spence (the “Master Transaction Agreement”), which we refer to herein as the “Reorganization.”

Our organizational structure following the Reorganization is commonly referred to as an umbrella partnership-C corporation (or “Up-C”) structure. Pursuant to this structure, following this offering Stronghold Inc. will hold a number of Stronghold LLC Units equal to the number of shares of Class A common stock issued and outstanding, and holders of Stronghold LLC Units (each, a “Stronghold Unit Holder”) (other than Stronghold Inc.) will hold a number of Stronghold LLC Units equal to the number of shares of Class V common stock issued and outstanding. The Up-C structure was selected in order to (i) allow Q Power the option to continue to hold its economic ownership in Stronghold LLC in “pass-through” form for U.S. federal income tax purposes through its ownership of the Stronghold LLC Units, and (ii) potentially allow Q Power and Stronghold Inc. to benefit from net cash tax savings that Stronghold Inc. might realize as more fully described in “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.”

Immediately prior to the Reorganization, Q Power directly held all of the equity interests in SDM, and indirectly held 70% of the limited partner interests, and all of the general partner interests, in Scrubgrass LP, through wholly-owned subsidiaries EIF Scrubgrass, Falcon and Falcon’s wholly-owned subsidiary Scrubgrass Power. Aspen held the remaining 30% of the limited partner interests in Scrubgrass LP. Scrubgrass LP is a Delaware limited partnership originally formed on December 1, 1990 under the name of Scrubgrass Generating Company, L.P. SDM is a Delaware limited liability company originally formed on February 12, 2020 under the name Stronghold Power LLC.

Contemporaneously with the Reorganization, Stronghold Inc. acquired the Aspen Interest in exchange for 200,000 newly issued shares of Series A Preferred Stock of Stronghold Inc. and a portion of the proceeds from the Series A Private Placement. Pursuant to the Reorganization, Q Power contributed all of its ownership interests in EIF Scrubgrass, Falcon and SDM to Stronghold LLC in exchange for 9,400,000 Stronghold LLC Units, Stronghold Inc. contributed cash (using the remaining proceeds from the Series A Private Placement, net of fees, expenses and amounts paid to Aspen), 9,400,000 shares of Class V common stock of Stronghold Inc. and the Aspen Interest to Stronghold LLC in exchange for 3,600,000 preferred units of Stronghold LLC, and Stronghold LLC immediately thereafter distributed the 9,400,000 shares of Class V common stock to Q Power. In addition, effective as of April 1, 2021, Stronghold Inc. acquired 5,000 Stronghold LLC Units held by Q Power (along with an equal number of shares of Class V common stock) in exchange for 5,000 newly issued shares of Class A common stock.

As a result of the Reorganization, the acquisition of the Aspen Interest and the acquisition of Stronghold LLC Units by Stronghold Inc. discussed above, (i) Q Power acquired and retained 9,395,000 Stronghold LLC Units, 5,000 shares of Class A common stock of Stronghold Inc., and 9,395,000 shares of Class V common stock of Stronghold Inc., effectively giving Q Power approximately 72% of the voting power of Stronghold Inc. and approximately 72% of the economic interest in Stronghold LLC, (ii) Stronghold Inc. acquired 3,600,000 preferred units of Stronghold LLC and 5,000 Stronghold LLC Units, effectively giving Stronghold Inc. approximately 28% of the economic interest in Stronghold LLC, (iii) Stronghold Inc. became the sole managing member of Stronghold LLC and is responsible for all operational, management and administrative decisions relating to Stronghold LLC’s business and will consolidate financial results of Stronghold LLC and its subsidiaries, (iv) Stronghold Inc. became a holding company whose only material asset consists of membership interests in Stronghold LLC, and (v) Stronghold

LLC directly or indirectly owns all of the outstanding equity interests in the subsidiaries through which we operate our assets, including Scrubgrass LP and SDM.

See the sections entitled “Certain Relationships and Related Party Transactions—Tax Receivable Agreement” and “Corporate Reorganization” for additional information on our organizational structure, including the Tax Receivable Agreement.

Pursuant to the terms of the Preferred Stock (as defined herein), on (i) the date that a registration statement registering the shares of Class A common stock issuable upon the conversion of the Preferred Stock is declared effective by the SEC or (ii) the date on which a “Significant Transaction Event” occurs, as defined in our amended and restated certificate of incorporation, such shares of Preferred Stock will automatically convert into shares of Class A common stock of Stronghold Inc. on a one-to-one basis, subject to certain adjustments as set forth in our amended and restated certificate of incorporation. Correspondingly, pursuant to the Stronghold LLC Agreement, preferred units in Stronghold LLC automatically convert into Stronghold LLC Units on a one-to-one basis under like circumstances (subject to corresponding adjustments). All of the outstanding shares of Preferred Stock will automatically convert into shares of Class A common stock in connection with this offering (the “Preferred Stock Conversion”) and, correspondingly, all of the preferred units in Stronghold LLC will automatically convert into Stronghold LLC Units.

After giving effect to the offering contemplated by this prospectus and the Preferred Stock Conversion, Stronghold Inc. will own an approximate % interest in Stronghold LLC (or % if the underwriters’ option to purchase additional shares is exercised in full), and the Stronghold Unit Holders will own an approximate % interest in Stronghold LLC (or % if the underwriters’ option to purchase additional shares is exercised in full) and all of the Class V common stock. Please see “Principal Stockholders.” Each share of Class V common stock has no economic rights but entitles its holder to one vote on all matters to be voted on by stockholders generally. Holders of Class A common stock and Class V common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or by our amended and restated certificate of incorporation. Stronghold Inc. does not intend to list Class V common stock on any exchange.

Under the Second Amended and Restated Limited Liability Company Agreement of Stronghold LLC, as amended from time to time (the “Stronghold LLC Agreement”), each Stronghold Unit Holder, other than Stronghold Inc., subject to certain limitations, has the right (the “Redemption Right”) to cause Stronghold LLC to acquire all or a portion of its Stronghold LLC Units for, at Stronghold LLC’s election, (i) shares of our Class A common stock at a redemption ratio of one share of Class A common stock for each Stronghold LLC Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions or (ii) an approximately equivalent amount of cash as determined pursuant to the Stronghold LLC Agreement. Alternatively, upon the exercise of the Redemption Right, Stronghold Inc. (instead of Stronghold LLC) has the right (the “Call Right”), for administrative convenience, to acquire each tendered Stronghold LLC Unit directly from the redeeming Stronghold Unit Holder for, at its election, (x) one share of Class A common stock, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions, or (y) an approximately equivalent amount of cash as determined pursuant to the terms of the Stronghold LLC Agreement. In addition, Stronghold Inc. has the right to require (i) upon the acquisition by Stronghold Inc. of substantially all of the Stronghold LLC Units, certain minority unitholders or (ii) upon a change of control of Stronghold Inc., each Stronghold Unit Holder (other than Stronghold Inc.), in each case, to exercise its Redemption Right with respect to some or all of such unitholder’s Stronghold LLC Units. In connection with any redemption of Stronghold LLC Units pursuant to the Redemption Right or the Call Right, the corresponding number of shares of Class V common stock will be cancelled. See “Certain Relationships and Related Party Transactions—Stronghold LLC Agreement.”

Stronghold Inc.’s acquisition (or deemed acquisition for U.S. federal income tax purposes) of Stronghold LLC Units pursuant to an exercise of the Redemption Right or the Call Right is expected to result in adjustments to the tax basis of the tangible and intangible assets of Stronghold LLC, and such adjustments will be allocated to Stronghold Inc. These adjustments would not have been available to Stronghold Inc. absent its acquisition or

deemed acquisition of Stronghold LLC Units and are expected to reduce the amount of cash tax that Stronghold Inc. would otherwise be required to pay in the future.

In connection with the Reorganization, Stronghold Inc. entered into a Tax Receivable Agreement with Q Power and an agent named by Q Power (the “Tax Receivable Agreement”). The Tax Receivable Agreement generally provides for the payment by Stronghold Inc. to Q Power (or its permitted assignees) of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax (computed using the estimated impact of state and local taxes) that Stronghold Inc. actually realizes (or is deemed to realize in certain circumstances) as a result of (i) certain increases in tax basis that occur as a result of its acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of Stronghold Unit Holders’ Stronghold LLC Units pursuant to an exercise of the Redemption Right or the Call Right and (ii) imputed interest deemed to be paid by Stronghold Inc. as a result of, and additional tax basis arising from, any payments Stronghold Inc. makes under the Tax Receivable Agreement.

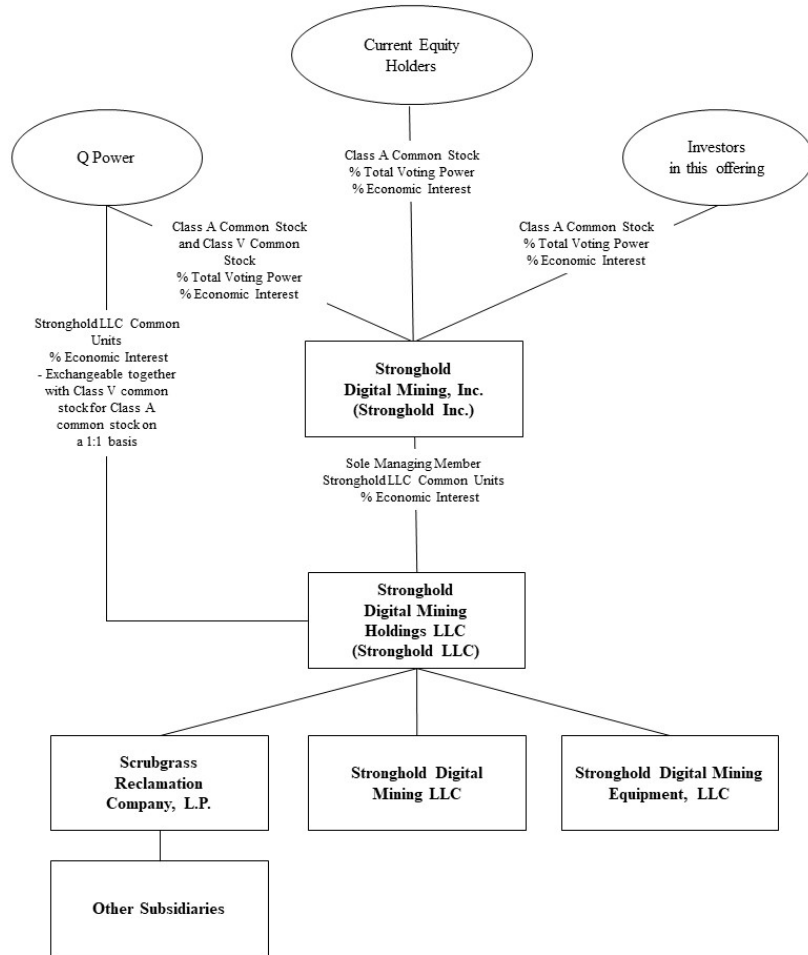
Payments will generally be made under the Tax Receivable Agreement as Stronghold Inc. realizes actual cash tax savings from the tax benefits covered by the Tax Receivable Agreement. However, if Stronghold Inc. experiences a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations) or the Tax Receivable Agreement terminates early (at Stronghold Inc.’s election or as a result of Stronghold Inc.’s breach), Stronghold Inc. would be required to make an immediate payment equal to the present value of the future payments it would be required to make if it realized deemed tax savings pursuant to the Tax Receivable Agreement (determined by applying a discount rate equal to one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points, and using numerous assumptions to determine deemed tax savings) and such early termination payment is expected to be substantial and may exceed the future tax benefits realized by Stronghold Inc. Stronghold Inc. will be dependent on Stronghold LLC to make distributions to Stronghold Inc. in an amount sufficient to cover Stronghold Inc.’s obligations under the Tax Receivable Agreement.

Estimating the amount and timing of Stronghold Inc.’s realization of tax benefits subject to the Tax Receivable Agreement is by its nature imprecise and unknown at this time and will vary based on a number of factors, many of which are outside of our control. Solely for purposes of illustration, we expect that if there were a redemption of all of the Stronghold LLC Units held by Q Power immediately after this offering (which is not likely or anticipated), the estimated tax benefits to Stronghold Inc. subject to the Tax Receivable Agreement could be up to \$ million (to the extent Stronghold Inc. has actual tax liability equal to or in excess of this amount) to be utilized over at least 15 years from the date of this offering as and when such benefits are realized (or in some cases, deemed realized). This illustration is almost certainly not accurate as it is based on stylized assumptions that are not realistic, and the actual or deemed benefits (and corresponding payments under the Tax Receivable Agreement) are likely to be significantly different. Moreover, any estimate we provide would necessarily be based on numerous uncertain assumptions, including but not limited to a \$ per share trading price of Class A common stock, a 21% U.S. federal corporate income tax rate and estimated applicable state and local income tax rates, no material change in U.S. federal, state or local income tax law, and that Stronghold Inc. will have sufficient taxable income on a current basis to utilize such estimated tax benefits. Utilizing this estimate as an illustration, Q Power would be entitled to payments under the Tax Receivable Agreement equal to 85% of the \$ million of tax benefits, or approximately \$ million, as and when such benefits are realized (or in some cases, deemed realized).

As noted above, the foregoing numbers are merely estimates for purposes of this illustration and the actual tax benefits and the amount and timing of the payments under the Tax Receivable Agreement to Q Power could differ materially as a result of a number of factors, including changes to Stronghold LLC’s balance sheet, the timing of the redemption of Stronghold LLC Units, the price of Class A common stock at the time of each exchange, the extent to which such exchanges are taxable, the amount and timing of the taxable income Stronghold Inc. generates in the future and the tax rate then applicable, and the portion of the payments under the Tax Receivable Agreement constituting imputed interest or depreciable or amortizable tax basis, as more fully described in “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.” Moreover, if tax benefits are deemed realized in certain circumstances (such as a change of control or other early termination of the Tax Receivable Agreement), the actual amount and timing of tax benefits may substantially differ from the deemed timing and amount, and the payments made by Stronghold Inc. under the Tax Receivable Agreement could exceed the actual net cash tax savings resulting from the “Up-C” structure. Payments under the Tax Receivable Agreement will not be conditioned upon Q Power having an ownership interest in Stronghold Inc. or Stronghold LLC. In addition, certain

rights of Q Power (including the right to receive payments) under the Tax Receivable Agreement will be transferable in connection with transfers permitted under the Stronghold LLC Agreement of the corresponding Stronghold LLC Units or after the corresponding Stronghold LLC Units have been acquired pursuant to the Redemption Right or Call Right. For a more detailed discussion of the Tax Receivable Agreement, see “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.”

The following diagram indicates our simplified ownership structure immediately following this offering and the transactions related thereto (assuming that the underwriters’ option to purchase additional shares is not exercised):



Our Legacy Owners

Upon completion of this offering (and taking into account the Preferred Stock Conversion), the existing owners of Stronghold Inc., including, but not limited to, Q Power and the holders of Series A Preferred Stock and Series B Preferred Stock (the “Legacy Owners”) will initially own _____ shares of Class A common stock, representing approximately _____ % of the voting power of the Company (or _____ % if the underwriters exercise their option to purchase additional shares in full), and Q Power will own _____ shares of Class V common stock,

representing approximately _____ % of the voting power of the Company (or _____ % if the underwriters exercise their option to purchase additional shares in full). For more information on our Reorganization and the ownership of our common stock by our principal stockholders, see “– Corporate Reorganization” and “Corporate Reorganization.”

Summary Risk Factors

Investing in our Class A common stock involves risks. You should read carefully the section of this prospectus entitled “Risk Factors” beginning on page 29 for an explanation of these risks before investing in our Class A common stock. In particular, the following considerations may offset our competitive strengths or have a negative effect on our strategy or operating activities, which could cause a decrease in the price of our Class A common stock and a loss of all or part of your investment.

- We have a hybrid business model which is highly dependent on the price of Bitcoin. A decline in the price of Bitcoin could result in significant losses.
- If we fail to effectively manage our growth or to raise additional capital needed to grow our business, our business, financial condition and results of operations may be harmed.
- We have an evolving business model which is subject to various uncertainties.
- The loss of any of our management team could adversely affect our business.
- We may be unable to successfully enter into definitive purchase agreements for or close on the additional plants or miners described herein, or any other potential acquisitions.
- We are dependent on third-party brokers to source some of our miners.
- If crypto assets are determined to be investment securities, we may inadvertently violate the Investment Company Act of 1940, as amended (the “Investment Company Act”), and incur large losses and potentially be required to register as an investment company.
- Regulatory changes or actions may alter the nature of an investment in us or restrict the use of Bitcoin in a manner that adversely affects our business, prospects or operations.
- The open-source structure of the certain crypto asset network protocol, including Bitcoin, means that the contributors to the protocol are generally not directly compensated for their contributions in maintaining and developing the protocol. A failure to properly monitor and upgrade the protocol could damage that network and an investment in us.
- The further development and acceptance of crypto asset networks and other crypto assets are subject to a variety of factors that are difficult to evaluate.
- We may not be able to compete with other companies, some of whom have greater resources and experience.
- The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or other alternatives.
- The loss or destruction of private keys required to access any crypto assets held in custody for our own account may be irreversible.
- The nature of our business requires the application of complex financial accounting rules, and there is limited guidance from accounting standard setting bodies. If financial accounting standards undergo significant changes, our operating results could be adversely affected.

- The Bitcoin reward for successfully uncovering a block will halve several times in the future and Bitcoin value may not adjust to compensate us for the reduction in the rewards we receive from our mining efforts.
- Our future success will depend upon the value of Bitcoin; the value of Bitcoin may be subject to pricing risk and has historically been subject to wide swings.
- Cryptocurrencies, including those maintained by or for us, may be exposed to cybersecurity threats and hacks.
- If the Bitcoin reward for solving blocks and transaction fees is not sufficiently high, we may not have an adequate incentive to continue mining and may cease mining operations.
- The limited rights of legal recourse against us, and our lack of insurance protection expose us and our shareholders to the risk of loss of our crypto assets for which no person is liable.
- Natural or manmade events may cause our power production to fall below our expectations.
- We may not be able to operate the power generation facility as planned.
- Land reclamation requirements may be burdensome and expensive.
- Changes in tax credits related to coal refuse power generation could have a material adverse effect on our business, financial condition, results of operations and future development efforts.
- Competition in power markets may have a material adverse effect on our results of operations, cash flows and the market value of our assets.
- Because our power-generating reclamation facility is a member of PJM Interconnection (“PJM”), a regional transmission organization, we may be required to supply power to the grid at a time that is not optimal to our operations.
- Our business is subject to substantial energy regulation, and we are required to obtain, and to comply with, government permits and approvals.
- Operation of power generation facilities involves significant risks and hazards.
- We are a holding company whose sole material asset is our equity interests in Stronghold LLC.
- If we experience any material weaknesses in the future or otherwise fail to develop or maintain an effective system of internal controls in the future, we may not be able to accurately report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our Class A common stock.
- The Legacy Owners will own a significant amount of our voting stock, and their interests may conflict with those of our other stockholders.
- In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, Stronghold Inc. realizes.
- Investors in this offering will experience immediate and substantial dilution of \$ per share.
- We do not intend to pay cash dividends on our Class A common stock.
- Future sales of our Class A common stock in the public market could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

- We may issue preferred stock whose terms could adversely affect the voting power or value of our Class A common stock.

See “Risk Factors” immediately following this prospectus summary for a more thorough discussion of these and other risks and uncertainties we face.

Emerging Growth Company and Smaller Reporting Company Status

As a company with less than \$1.07 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include:

- We are not required to engage an auditor to report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”);
- We are not required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board (the “PCAOB”) regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- We are not required to submit certain executive compensation matters to stockholder advisory votes, such as “say-on-pay,” “say-on-frequency” and “say-on-golden parachutes”; and
- We are not required to disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer’s compensation to median employee compensation.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the completion of this offering or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company upon the earliest of: (i) the last day of the first fiscal year in which our annual gross revenues are \$1.07 billion or more; (ii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (iii) the date on which we are deemed to be a “large accelerated filer,” which will occur as of the end of any fiscal year in which we (x) have an aggregate market value of our common stock held by non-affiliates of \$700 million or more as of the last business day of our most recently completed second fiscal quarter, (y) have been required to file annual and quarterly reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), for a period of at least 12 months and (z) have filed at least one annual report pursuant to the Exchange Act.

We have elected to take advantage of the reduced disclosure obligations listed above in this prospectus, and may elect to take advantage of other reduced reporting requirements in future filings. In particular, we have elected to adopt the reduced disclosure with respect to our executive compensation disclosure. As a result of this election, the information that we provide stockholders may be different than you might get from other public companies.

The JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to use this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for private companies. Our election to use the transition periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the extended transition periods permitted under the JOBS Act and that will comply with new or revised financial accounting standards. If we were to subsequently elect instead to comply with public company effective dates, such election would be irrevocable pursuant to the JOBS Act.

For additional descriptions of the qualifications and other requirements applicable to emerging growth companies and certain elections that we have made due to our status as an emerging growth company, see “Risk Factors—Risks Related to this Offering and Our Class A Common Stock—For as long as we are an emerging

growth company, we will not be required to comply with certain reporting requirements, including those relating to accounting standards and disclosure about our executive compensation, that apply to other public companies.”

Additionally, we are a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our common stock held by non-affiliates exceeds \$250 million as of the end of that fiscal year’s second fiscal quarter and (2) our annual revenues exceeded \$100 million during such completed fiscal year and the market value of our common stock held by non-affiliates exceeds \$700 million as of the end of that fiscal year’s second fiscal quarter.

Our Offices

Our principal executive offices are located at 595 Madison Avenue, 29th Floor, New York, New York 10022, and our telephone number at that address is (212) 967-5294. Our website address is www.strongholddigitalmining.com. Information contained on our website does not constitute part of this prospectus.

The Offering

Issuer	Stronghold Digital Mining Inc.
Class A common stock offered by us	shares.
Option to purchase additional shares of Class A common stock	The underwriters have the option to purchase up to an aggregate of additional shares of Class A common stock from us at the initial public offering price, less the underwriting discount and commissions. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.
Class A common stock to be outstanding immediately after completion of this offering	shares (or shares if the underwriters' option to purchase additional shares is exercised in full), taking into account the Preferred Stock Conversion.
Class V common stock to be outstanding immediately after completion of this offering	shares, all of which will be owned by Q Power. Class V shares do not have economic rights. In connection with any redemption of Stronghold LLC Units pursuant to the Redemption Right or our Call Right, the corresponding number of shares of Class V common stock will be cancelled.
Voting power of Class A common stock after giving effect to this offering	(or % if the underwriters' option to purchase additional shares of Class A common stock is exercised in full), taking into account the Preferred Stock Conversion.
Voting power of Class V common stock after giving effect to this offering	(or if the underwriters' option to purchase additional shares of Class A common stock is exercised in full), taking into account the Preferred Stock Conversion.
Voting rights	Each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally. Each share of our Class V common stock entitles its holder to one vote on all matters to be voted on by stockholders generally. Holders of our Class A common stock and Class V common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or by our amended and restated certificate of incorporation. See "Description of Capital Stock."
Use of proceeds	<p>We expect to receive approximately \$ million of net proceeds from the sale of Class A common stock offered by us in this offering after deducting underwriting discounts and estimated offering expenses payable by us (or approximately \$ of net proceeds if the underwriters' option to purchase additional shares of Class A common stock is exercised in full).</p> <p>We intend to contribute the net proceeds of this offering to Stronghold LLC in exchange for Stronghold LLC Units. Stronghold LLC will use the net proceeds for general corporate purposes, including for acquisitions of miners and power generating assets. Please see "Use of Proceeds."</p>

Dividend policy

We currently anticipate that we will retain all future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in the foreseeable future.

Redemption rights of Stronghold Unit Holders

Under the Stronghold LLC Agreement, each Stronghold Unit Holder (other than Stronghold Inc.), subject to certain limitations, has the right, pursuant to the Redemption Right, to cause Stronghold LLC to acquire all or a portion of its Stronghold LLC Units for, at Stronghold LLC's election, (i) shares of our Class A common stock at a redemption ratio of one share of Class A common stock for each Stronghold LLC Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions or (ii) an approximately equivalent amount of cash as determined pursuant to the terms of the Stronghold LLC Agreement. Alternatively, upon the exercise of the Redemption Right, Stronghold Inc. (instead of Stronghold LLC) has the right, pursuant to the Call Right, to acquire each tendered Stronghold LLC Unit directly from the redeeming Stronghold Unit Holder for, at its election, (x) one share of Class A common stock, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions, or (y) an approximately equivalent amount of cash as determined pursuant to the terms of the Stronghold LLC Agreement. In addition, Stronghold Inc. has the right to require (i) upon the acquisition by Stronghold Inc. of substantially all of the Stronghold LLC Units, certain minority unitholders or (ii) upon a change of control of Stronghold Inc., each Stronghold Unit Holder (other than Stronghold Inc.), in each case, to exercise its Redemption Right with respect to some or all of such unitholder's Stronghold LLC Units. In connection with any redemption of Stronghold LLC Units pursuant to the Redemption Right or the Call Right, the corresponding number of shares of Class V common stock will be cancelled. See "Certain Relationships and Related Party Transactions—Stronghold LLC Agreement."

Tax Receivable Agreement

Stronghold Inc. has entered into the Tax Receivable Agreement, which provides for the payment by Stronghold Inc. to Q Power (or its permitted assignees) of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax (computed using the estimated impact of state and local taxes) that Stronghold Inc. actually realizes (or is deemed to realize in certain circumstances) as a result of certain tax basis increases and certain tax benefits attributable to imputed interest. Stronghold Inc. will retain the remaining net cash savings, if any. See "Risk Factors—Risks Related to this Offering and Our Class A Common Stock" and "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

Proposed listing symbol

We intend to apply to list our Class A common stock on The Nasdaq Global Market under the symbol "SDIG."

Risk factors

You should carefully read and consider the information beginning on page 29 of this prospectus set forth under the heading “Risk Factors” and all other information set forth in this prospectus before deciding to invest in our Class A common stock.

Directed share program

The underwriters have reserved for sale at the initial public offering price up to % of the shares of Class A common stock being offered by this prospectus for sale to our employees, executive officers, directors and related persons who have expressed an interest in purchasing common stock in this offering. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they make will reduce the number of shares available to the general public. Please see “Underwriting.”

Summary Historical and Pro Forma Combined Financial and Operating Data

Stronghold Inc. was incorporated on March 19, 2021. The following table presents the summary historical and certain pro forma financial data and other data for our accounting predecessor and its subsidiaries. The historical results presented below are not necessarily indicative of the results to be expected for any future period, and should be read together with “Use of Proceeds,” “Unaudited Pro Forma Combined Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Corporate Reorganization” and our combined financial statements and related notes included elsewhere in this prospectus.

The summary historical financial data as of December 31, 2020 and 2019 and for the fiscal years ended December 31, 2020 and 2019 was derived from the audited historical financial statements included elsewhere in this prospectus. The summary historical financial data as of March 31, 2021 and 2020 and for the three months ended March 31, 2021 and 2020 was derived from the unaudited historical financial statements included elsewhere in this prospectus.

The summary unaudited pro forma combined statements of operations data for the year ended December 31, 2020 and the three months ended March 31, 2021 present our combined results of operations after giving effect to (i) the Private Placements and the Reorganization, as described under “Corporate Reorganization,” as if such transactions occurred on January 1, 2020, (ii) the Panther Creek Acquisition, (iii) the WhiteHawk Financing Agreement and related stock purchase warrant issued, (iv) this offering and our receipt of the estimated net proceeds from this offering and the subsequent contribution of such net proceeds to Stronghold LLC in exchange for Stronghold LLC Units, (v) the Preferred Stock Conversion, and (vi) a provision for corporate income taxes on the income attributable to Stronghold Inc. at an effective rate of 28.9% for the fiscal year ended December 31, 2020 and 28.9% for the three months ended March 31, 2021, inclusive of all U.S. federal, state and local income taxes (collectively, the “pro forma adjustments”). The unaudited pro forma condensed combined balance sheet as of March 31, 2021 gives effect to the pro forma adjustments, including this offering, as if the same had occurred on March 31, 2021. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect their impact, on a pro forma basis, on the historical financial information of our accounting predecessor. The summary unaudited pro forma combined financial information is derived from, and should be read in conjunction with, our combined financial statements and related notes and the combined financial statements and related notes of Panther Creek included elsewhere in this prospectus, together with the more detailed information as set forth under “Unaudited Pro Forma Combined Financial Information.” The summary unaudited pro forma combined financial information is included for informational purposes only and does not purport to reflect the results of operations or financial position of Stronghold Inc. that would have occurred had Stronghold Inc. been in existence or operated as a public company or otherwise during the periods presented. The unaudited pro forma combined financial information should not be relied upon as being indicative of our results of operations or financial position had the described transactions occurred on the dates assumed. The unaudited pro forma combined financial information also does not project our results of operations or financial position for any future period or date.

	Accounting Predecessor				Pro Forma Stronghold Inc.(1)	Pro Forma Stronghold Inc.(1)
	Three Months Ended March 31,		Years Ended December 31,		Three Months Ended March 31, 2021	Year Ended December 31, 2020
	2021	2020	2020	2019		
	(unaudited)				(unaudited)	(unaudited)
Combined Statement of Operations Data:						
Operating Revenues						
Energy	\$ 1,915,856	\$ 87,260	\$ 518,397	\$ 7,047,237		
Capacity	687,690	752,528	2,816,457	3,832,457		
Crypto asset hosting	555,747	—	252,413	—		
Crypto asset mining	516,259	21,906	339,456	33,337		
Other	122,782	14,907	191,661	136,299		
Total operating revenues	<u>3,798,334</u>	<u>876,602</u>	<u>4,118,384</u>	<u>11,049,330</u>		
Operating Expenses						
Fuel	2,172,109	193,468	425,126	8,435,990		
Operations and maintenance	1,370,688	743,200	3,305,833	5,637,118		
General and administrative	910,876	374,117	2,269,525	3,072,285		
Depreciation and amortization	517,443	145,255	558,630	483,658		
Total operating expenses	<u>4,971,117</u>	<u>1,456,041</u>	<u>6,559,114</u>	<u>17,629,051</u>		
Operating loss	(1,172,783)	(579,439)	(2,440,730)	(6,579,921)		
Other Income (Expense)						
Interest income	—	—	2,982	4,177		
Interest expense	(78,640)	(47,750)	(205,480)	(192,961)		
Gain on extinguishment of EIDL advance	—	—	10,000	—		
Gain on extinguishment of PPP loan	638,000	—	—	—		
Realized gain (loss) on sale of digital currencies	143,881	1,483	31,810	(1,516)		
Commission on sale of ash	—	—	—	590,832		
Derivative contracts, net	—	1,207,131	1,207,131	2,244,810		
Waste coal credit	211,890	26,337	1,188,210	2,011,044		
Renewable energy credits	—	—	35,493	105,532		
Other	17,895	—	25,590	(33,640)		
Total other income/ (expense)	<u>933,827</u>	<u>1,187,201</u>	<u>2,295,736</u>	<u>4,728,278</u>		
Pretax income (loss)	<u>(238,956)</u>	<u>607,762</u>	<u>(144,994)</u>	<u>(1,851,443)</u>		
Pro forma income taxes						
Net income (loss)	<u>(238,956)</u>	<u>607,761</u>	<u>(144,994)</u>	<u>(1,851,443)</u>		
Less: Net income attributable to non-controlling interest	—	—	(147,546)	(564,980)		
Net income (loss) attributable to Stronghold LLC and Stronghold	—	—	2,552	(1,286,463)		
Pro Forma Per Share Data(2)						
Pro forma net income (loss) per share						
Basic						
Diluted						
Pro forma weighted average shares outstanding						
Basic						
Diluted						
Combined Statement of Cash Flows Data:						
Cash flows (used in) provided by operating activities	3,016,332	476,389	587,223	755,182		
Cash flows (used in) provided by investing activities	(2,715,167)	1,483	(1,827,786)	17,982		
Cash flows (used in) provided by financing activities	732,306	(414,847)	1,409,607	(826,242)		
Other Financial Data:						
Adjusted EBITDA(3)	357,127	800,766	616,134	(1,179,001)		
Combined Balance Sheet Data						
(at end of period):						
Total assets	13,117,686	7,637,583	9,362,316	7,950,960		

Long-term debt	822,526	758,152	1,757,371	1,356,197
Total liabilities	17,43,749	10,132,716	13,409,417	10,731,916
Total members' equity/stockholders' equity (deficit)	(4,286,063)	(2,495,133)	(4,047,101)	(2,780,956)

- (1) Pro forma figures give effect to the transactions, including this offering, described under "Unaudited Pro Forma Combined Financial Information." Please see "Unaudited Pro Forma Combined Financial Information" for a detailed presentation of the unaudited pro forma information, including a description of the transactions and assumptions underlying the pro forma adjustments.
- (2) Pro forma net income (loss), pro forma net income (loss) per share and pro forma weighted average shares outstanding reflect the estimated number of shares of Class A common stock we expect to have outstanding, taking into account the Preferred Stock Conversion and this offering, and after the Reorganization. The pro forma data does not assume the exchange of any Stronghold LLC Units (and the corresponding cancellation of the outstanding shares of Class V common stock) for Class A common stock and any related adjustments to pro forma net income (loss) or pro forma net income (loss) per share. The pro forma data includes additional pro forma income tax expense of \$ for the fiscal year ended December 31, 2020 and \$ for the three months ended March 31, 2021 associated with the income tax effects of the Reorganization described under "—Corporate Reorganization." Stronghold Inc. is a corporation and is subject to U.S. federal income tax. Our accounting predecessor was not subject to U.S. federal income tax at an entity level. As a result, the consolidated and combined net income in our historical financial statements does not reflect the tax expense we would have incurred if we were subject to U.S. federal income tax at an entity level during such periods.
- (3) Adjusted EBITDA is a non-GAAP financial measure. For the definition of Adjusted EBITDA and a reconciliation to our most directly comparable financial measure calculated and presented in accordance with GAAP, please read "—Non-GAAP Financial Measure."

Non-GAAP Financial Measure

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net income (loss) before interest, taxes, depreciation and amortization, further adjusted by the removal of one-time transaction costs, impairment, realized gains and losses on the sale of long-term assets, expenses related to stock-based compensation, and unrealized gains and losses on derivative contracts. There are no adjustments for certain of these items in the periods presented.

Our board of directors and management team use Adjusted EBITDA to assess our financial performance because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense and income), asset base (such as depreciation, amortization, impairment, and realized gains and losses on sale of long-term assets) and other items (such as one-time transaction costs, expenses related to stock-based compensation, and unrealized gains and losses on derivative contracts) that impact the comparability of financial results from period to period. We present Adjusted EBITDA because we believe it provides useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP. Adjusted EBITDA is not a financial measure presented in accordance with GAAP. We believe that the presentation of this non-GAAP financial measure will provide useful information to investors and analysts in assessing our financial performance and results of operations across reporting periods by excluding items we do not believe are indicative of our core operating performance. Net income (loss) is the GAAP measure most directly comparable to Adjusted EBITDA. Our non-GAAP financial measure should not be considered as an alternative to the most directly comparable GAAP financial measure. You are encouraged to evaluate each of these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in such presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA in the future, and any such modification may be material. Adjusted EBITDA has important limitations as an analytical tool and you should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA may be defined differently by other companies in our industry, our definition of this non-GAAP financial measure may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

The following table presents a reconciliation of Adjusted EBITDA to the GAAP financial measure of net income (loss) for the three months ended March 31, 2021 and 2020 and for the years ended December 31, 2020 and 2019.

	Three Months Ended March 31,		Years Ended December 31,	
	2021	2020	2020	2019
	(in thousands)		(in thousands)	
	(unaudited)			
Net income (loss)	(239.0)	(607.8)	(145.0)	(1,851.4)
Interest	78.6	47.7	202.5	188.8
Income taxes	—	—	—	—
Depreciation and amortization	517.4	145.3	558.6	483.7
One-time transaction costs	—	—	—	—
Impairment	—	—	—	—
Realized gains and losses on the sale of long-term assets	—	—	—	—
Expenses related to stock-based compensation	—	—	—	—
Losses on derivative contracts	—	—	—	—
Adjusted EBITDA	357.1	800.8	906.1	2,523.9

Summary Historical Financial Data of Panther Creek

The summary historical financial data as of December 31, 2020 and 2019 and for the fiscal years ended December 31, 2020 and 2019 was derived from the audited historical financial statements of Panther Creek included elsewhere in this prospectus. The summary historical financial data as of March 31, 2021 and 2020 and for the three months ended March 31, 2021 and 2020 was derived from the unaudited historical financial statements of Panther Creek included elsewhere in this prospectus.

The unaudited condensed financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of Panther Creek's management, include all adjustments necessary for a fair presentation of the information set forth therein. The results of interim periods are not necessarily indicative of results that may be expected for the full year or any future periods.

	<u>Three Months Ended March 31,</u>		<u>Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	(unaudited)			
Statements of Operations Data:				
Operating Revenues				
Energy	\$ 1,883,751	\$ 1,896,280	\$ 3,941,942	\$ 8,969,769
Other Revenue	2,500	35,263	424,474	75,952
Total operating revenues	1,886,251	1,931,543	4,366,416	9,045,721
Operating Expenses				
Fuel	776,821	1,858,880	1,916,161	3,418,740
Operations and maintenance	1,336,777	1,471,599	4,512,277	6,923,515
Depreciation	102,087	105,450	417,581	535,091
Total operating expenses	2,215,684	3,435,929	6,846,019	10,877,346
Loss from operations	(329,432)	(1,504,386)	(2,479,603)	(1,831,625)
Other Income (Expense)				
Interest income	(7,318)	(2,992)	—	1,209
Interest expense	—	—	(26,629)	(7,721)
Waste coal credit	—	—	345,005	179,474
Other expense	—	—	(400,000)	—
Total other income (expense)	(7,318)	(2,992)	(81,624)	172,962
Loss before income taxes	(336,750)	(1,507,378)	(2,561,227)	(1,658,663)
Net income (loss)	(336,750)	(1,507,378)	(2,561,227)	(1,658,663)
Statement of Cash Flows Data:				
Cash flows provided by operating activities	57,977	174,280	57,825	49,855
Cash flows used in investing activities	—	—	(823)	—
Cash flows used in financing activities	(18,777)	(17,425)	(40,431)	(93,526)
Balance Sheet Data (at end of period):				
Total assets	8,334,720	8,871,424	8,871,424	10,623,586
Total liabilities	4,077,593	4,277,547	4,277,547	3,468,482
Total members' equity	4,257,127	4,593,877	4,593,877	7,155,104

RISK FACTORS

Investing in our Class A common stock involves risks. You should carefully consider the information in this prospectus, including the matters addressed under “Cautionary Note Regarding Forward-Looking Statements” and the following risks before making an investment decision. Our business, financial condition and results of operations could be materially adversely affected by any of these risks or uncertainties. The trading price of our Class A common stock could decline due to any of these risks, and you may lose all or part of your investment.

Risks Related to Our Business

We have a hybrid business model which is highly dependent on the price of Bitcoin. A decline in the price of Bitcoin could result in significant losses.

We have a hybrid business model. We are an independent power generation company that maintains the flexibility to both sell power to PJM, a regional transmission organization that coordinates the movement of wholesale electricity in all or part of 13 states and the District of Columbia, at higher prices and draw on PJM at lower prices. During 2018 and 2019, we began providing Bitcoin mining services to third parties and also began operating our own Bitcoin mining equipment to generate Bitcoin, which we then exchange for U.S. Dollars. Our current strategy will continue to expose us to the numerous risks and volatility associated within this sector. If the dollar value of Bitcoin decreases, we could incur future losses and these losses could be significant as we incur costs and expenses associated with recent investments and potential future acquisitions, as well as legal and administrative related expenses. We are closely monitoring our cash balances, cash needs and expense levels. Our mining operations are costly and our expenses may increase in the future. This expense increase may not be offset by a corresponding increase in revenue. Our expenses may be greater than we anticipate, and our investments to make our business more efficient may not succeed and may outpace monetization efforts. Increases in our costs without a corresponding increase in our revenue would increase our losses and could seriously harm our business and financial performance.

If we fail to effectively manage our growth, our business, financial condition and results of operations would be harmed.

We are a development stage company with a small management team and are subject to the strains of ongoing development and growth, which will place significant demands on our management and our operational and financial infrastructure. Although we may not grow as we expect, if we fail to manage our growth effectively or to develop and expand our managerial, operational and financial resources and systems, our business and financial results would be materially harmed.

We may not be able to manage growth effectively, which could damage our reputation, limit our growth and negatively affect our operating results. Further, we cannot provide any assurance that we will successfully identify all emerging trends and growth opportunities in this business sector and we may lose out on those opportunities. Such circumstances could have a material adverse effect on our business, prospects or operations.

We have an evolving business model which is subject to various uncertainties.

We operate a coal refuse power generation facility and crypto asset mining operation in Pennsylvania and are seeking to acquire additional power generation facilities in and around Pennsylvania. As crypto assets and blockchain technologies become more widely available, we expect the services and products associated with them to evolve. Future regulations may require us to change our business in order to comply fully with federal and state laws regulating power generation, crypto asset (including Bitcoin) mining, or provision of Bitcoin and crypto asset mining services to third parties. In order to stay current with the industry, our business model may need to evolve as well. From time to time, we may modify aspects of our business model relating to our strategy. We cannot offer any assurance that these or any other modifications will be successful or will not result in harm to our business.

We may be unable to raise additional capital needed to grow our business.

We may operate at a loss as we continue to establish our business model, or if Bitcoin prices decline. In addition, we expect to need to raise additional capital to expand our operations, pursue our growth strategies and to

respond to competitive pressures or unanticipated working capital requirements. We may not be able to obtain additional debt or equity financing on favorable terms, if at all, which could impair our growth and adversely affect our existing operations. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests, and the per share value of our Class A common stock could decline. Furthermore, if we engage in additional debt financing, the holders of debt likely would have priority over the holders of our Class A common stock on order of payment preference. We may be required to accept terms that restrict our ability to incur additional indebtedness, take other actions including terms that require us to maintain specified liquidity or other ratios that could otherwise not be in the interests of our stockholders.

Our loss of any of our management team, our inability to execute an effective succession plan, or our inability to attract and retain qualified personnel, could adversely affect our business.

Our success and future growth will depend to a significant degree on the skills and services of our management team, including Gregory A. Beard, William Spence, Ricardo Larroudé and Richard J. Shaffer. We will need to continue to grow our management team in order to alleviate pressure on our existing team and in order to continue to develop our business. If our management team, including any new hires that we may make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed. Furthermore, if we fail to execute an effective contingency or succession plan with the loss of any member of management team, the loss of such management personnel may significantly disrupt our business.

The loss of key members of management team could inhibit our growth prospects. Our future success also depends in large part on our ability to attract, retain and motivate key management and operating personnel. As we continue to develop and expand our operations, we may require personnel with different skills and experiences, and who have a sound understanding of our business and the Bitcoin industry. The market for highly qualified personnel in this industry is very competitive and we may be unable to attract such personnel. If we are unable to attract such personnel, our business could be harmed.

We may be unable to successfully enter into definitive purchase agreements for or close on the additional plants or miners described herein, or any other potential acquisition, on the terms described or at all.

There is no assurance that we will enter into a definitive purchase agreement for the additional plants or miners described herein, or any other potential acquisition. We could determine through a market analysis, a review of historical and projected financial statements of the company or other due diligence that the target assets do not meet our investment standards. We also may be unable to come to an agreement. Additionally, there is no assurance that we will successfully close an acquisition once a purchase agreement has been signed, or that we will realize the expected benefits from any potential acquisition.

We have entered into a definitive agreement with Olympus for the purchase of the Panther Creek Plant, a coal refuse plant with 94 MW of electricity generation capacity located near Nesquehoning, and a non-binding letter of intent with Olympus for the purchase of the Third Plant, a coal refuse plant with 134 MW of electricity generation capacity located in Pennsylvania. The closing of the Panther Creek Acquisition is subject to customary closing conditions and regulatory approvals. There can be no assurances that we will complete the Panther Creek Acquisition. In addition, there is no assurance we will enter into a definitive agreement with Olympus relating to the acquisition of the Third Plant. Furthermore, should we enter into a definitive agreement with Olympus for the acquisition of the Third Plant, we anticipate that the consummation of any potential transaction will be subject to a number of conditions, and there can be no assurances that such conditions will be satisfied or waived or that the transaction will be completed in a timely manner or at all.

We are dependent on third-party brokers to source some of our miners, and failure to properly manage these relationships, or the failure of these brokers to perform as expected, could have a material adverse effect on our business, prospects or operations.

We currently rely on third-party brokers to source some of our miners. We have no assurance that business interruptions will not occur as a result of the failure by these brokers to perform as expected, including the failure to locate acceptable or sufficient miners for our purchase. Many of the competitors in our industry have also been purchasing mining equipment at scale, which has caused a world-wide shortage of mining equipment and extended

the corresponding delivery schedules for new miner purchases. We cannot ensure that our brokers will continue to perform services to our satisfaction or on commercially reasonable terms. The recent increased demand for miners has also limited the supply of miners that brokers may source for us. Our brokers may also decline our orders to fulfill those of our competitors, putting us at competitive harm. There are no assurances that any miner manufacturers will be able to keep pace with the surge in demand for mining equipment. If our brokers are not able to provide the agreed services at the level of quality and quantity we require or become unable to handle the volume of miners we seek, we may not be able to replace such broker in a timely manner. Any delays, interruption or increased costs could have a material adverse effect on our business, prospects or operations.

We cannot predict the outcome of the legal proceedings with respect to our current and past business activities. An adverse determination could have a material adverse effect on our business, financial condition and results of operations.

We are involved in legal proceedings, claims and litigation arising out of our business operations, including disputes with suppliers of raw materials to our power generation facility, with truckers on whom we rely for the delivery of coal refuse and other raw materials, labor and employment disputes, and other commercial disputes. We cannot predict the ultimate outcome of these matters, nor can we reasonably estimate the costs or liabilities that could potentially result from a negative outcome in each case.

COVID-19 or any pandemic, epidemic or outbreak of an infectious disease in the United States or elsewhere may adversely affect our business.

The COVID-19 virus has had unpredictable and unprecedented impacts in the United States and around the world. The World Health Organization has declared the outbreak of COVID-19 as a “pandemic,” or a worldwide spread of a new disease. Many countries around the world have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus. In the United States, federal, state and local governments have enacted restrictions on travel, gatherings, and workplaces, with exceptions made for essential workers and businesses. We are still assessing the effect on our business from COVID-19 and any actions implemented by the federal, state and local governments. We may experience disruptions to our business operations resulting from quarantines, self-isolations, or other movement and restrictions on the ability of our employees to perform their jobs. If we are unable to effectively service our miners, our ability to mine Bitcoin will be adversely affected as miners go offline, which would have an adverse effect on our business and the results of our operations.

China has also limited the shipment of products in and out of its borders, which could negatively impact our ability to receive mining equipment from China-based suppliers. Third-party manufacturers, suppliers, sub-contractors and customers have been and will continue to be disrupted by worker absenteeism, quarantines, restrictions on employees’ ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, or other travel or health-related restrictions. Depending on the magnitude of such effects on our supply chain, shipments of parts for our existing miners, as well as any new miners we purchase, may be delayed. As our miners require repair or become obsolete and require replacement, our ability to obtain adequate replacements or repair parts from their manufacturer may therefore be hampered. Supply chain disruptions could therefore negatively impact our operations. If not resolved quickly, the impact of the COVID-19 global pandemic could have a material adverse effect on our business.

Regulatory Related Risks

If we were deemed to be an investment company under the Investment Company Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations.

Under Sections 3(a)(1)(A) and (C) of the Investment Company Act, a company generally will be deemed to be an “investment company” for purposes of the Investment Company Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe

that we are an “investment company,” as such term is defined in either of those sections of the Investment Company Act.

As the sole managing member of Stronghold LLC, we will control and operate Stronghold LLC. On that basis, we believe that our interest in Stronghold LLC is not an “investment security” as that term is used in the Investment Company Act. However, if we were to cease participation in the management of Stronghold LLC, our interest in Stronghold LLC could be deemed an “investment security” for purposes of the Investment Company Act. We and Stronghold LLC intend to conduct our operations so that we will not be deemed an investment company.

Additionally, we believe that we are not engaged in the business of investing, reinvesting, or trading in securities, and we do not hold ourselves out as being engaged in those activities. As a result of our investments and our crypto asset mining activities, it is possible that the investment securities we hold in the future could exceed 40% of our total assets, exclusive of cash items and, accordingly, we could determine that we have become an inadvertent investment company. To date the U.S. Securities and Exchange Commission (the “SEC”) staff have treated Bitcoin as a commodity, but it is possible that the SEC may deem Bitcoins and other crypto assets an investment security in the future, although we do not believe any of the Bitcoin we own, acquire or mine are securities. An inadvertent investment company can avoid being classified as an investment company if it can rely on one of the exclusions under the Investment Company Act. One such exclusion, Rule 3a-2 under the Investment Company Act, allows an inadvertent investment company a grace period of one year from the earlier of (a) the date on which an issuer owns securities and/or cash having a value exceeding 50% of the issuer’s total assets on either a consolidated or unconsolidated basis and (b) the date on which an issuer owns or proposes to acquire investment securities having a value exceeding 40% of the value of such issuer’s total assets (exclusive of government securities and cash items) on an unconsolidated basis. As of December 31, 2020, we do not believe we are an inadvertent investment company. If we do become an inadvertent investment company in the future, we may take actions to cause the investment securities held by us to be less than 40% of our total assets, which may include acquiring assets with our cash and Bitcoin on hand or liquidating our investment securities or Bitcoin or seeking a no-action letter from the SEC if we are unable to acquire sufficient assets or liquidate sufficient investment securities in a timely manner. Liquidating our investment securities or Bitcoin could result in losses.

As the Rule 3a-2 exception is available to a company no more than once every three years, and assuming no other exclusion were available to us, we would have to keep within the 40% limit for at least three years after we cease being an inadvertent investment company. This may limit our ability to make certain investments or enter into joint ventures that could otherwise have a positive impact on our earnings. In any event, we do not intend to become an investment company engaged in the business of investing and trading securities.

Classification as an investment company under the Investment Company Act requires registration with the SEC. If an investment company fails to register, it would have to stop doing almost all business, and its contracts would become voidable. Registration is time consuming and restrictive and would require a restructuring of our operations, and we would be very constrained in the kind of business we could do as a registered investment company. Further, we would become subject to substantial regulation concerning management, operations, transactions with affiliated persons and portfolio composition, and would need to file reports under the Investment Company Act regime. The cost of such compliance would result in the Company incurring substantial additional expenses, and the failure to register if required would have a materially adverse impact to conduct our operations. Furthermore, our classification as an investment company could adversely affect our ability to engage in future combinations, acquisitions or other transactions on a tax-free basis.

We are subject to a highly-evolving regulatory landscape and any adverse changes to, or our failure to comply with, any laws and regulations could adversely affect our business, prospects or operations.

Our business is subject to extensive laws, rules, regulations, policies and legal and regulatory guidance, including those governing securities, commodities, crypto asset custody, exchange and transfer, data governance, data protection, cybersecurity and tax. Many of these legal and regulatory regimes were adopted prior to the advent of the Internet, mobile technologies, crypto assets and related technologies. As a result, they do not contemplate or address unique issues associated with the cryptoeconomy, are subject to significant uncertainty, and vary widely across U.S. federal, state and local and international jurisdictions. These legal and regulatory regimes, including the laws, rules and regulations thereunder, evolve frequently and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another. Moreover, the complexity

and evolving nature of our business and the significant uncertainty surrounding the regulation of the cryptoeconomy requires us to exercise our judgement as to whether certain laws, rules and regulations apply to us, and it is possible that governmental bodies and regulators may disagree with our conclusions. To the extent we have not complied with such laws, rules and regulations, we could be subject to significant fines and other regulatory consequences, which could adversely affect our business, prospects or operations. As Bitcoin has grown in popularity and in market size, the Federal Reserve Board, U.S. Congress and certain U.S. agencies (e.g., the Commodity Futures Trading Commission, the SEC, the Financial Crimes Enforcement Network (“FinCEN”) and the Federal Bureau of Investigation) have begun to examine the operations of the Bitcoin network, Bitcoin users and the Bitcoin exchange market.

Ongoing and future regulatory actions may impact our ability to continue to operate, and such actions could affect our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations.

The cryptoeconomy is novel and has little to no access to policymakers or lobbying organizations, which may harm our ability to effectively react to proposed legislation and regulation of crypto assets or crypto asset platforms adverse to our business.

As crypto assets have grown in both popularity and market size, various U.S. federal, state, and local and foreign governmental organizations, consumer agencies and public advocacy groups have been examining the operations of crypto networks, users and platforms, with a focus on how crypto assets can be used to launder the proceeds of illegal activities, fund criminal or terrorist enterprises, and the safety and soundness of platforms and other service providers that hold crypto assets for users. Many of these entities have called for heightened regulatory oversight, and have issued consumer advisories describing the risks posed by crypto assets to users and investors. For instance, in July 2019, then-U.S. Treasury Secretary Steven Mnuchin stated that he had “very serious concerns” about crypto assets. Outside the United States, several jurisdictions have banned so-called initial coin offerings, such as China and South Korea, while Canada, Singapore, Hong Kong, have opined that token offerings may constitute securities offerings subject to local securities regulations. In July 2019, the United Kingdom’s Financial Conduct Authority proposed rules to address harm to retail customers arising from the sale of derivatives and exchange-traded notes that reference certain types of crypto assets, contending that they are “ill-suited” to retail investors due to extreme volatility, valuation challenges and association with financial crimes.

The cryptoeconomy is novel and has little to no access to policymakers and lobbying organizations in many jurisdictions. Competitors from other, more established industries, including traditional financial services, may have greater access to lobbyists or governmental officials, and regulators that are concerned about the potential for crypto assets for illicit usage may effect statutory and regulatory changes with minimal or discounted inputs from the cryptoeconomy. As a result, new laws and regulations may be proposed and adopted in the United States and internationally, or existing laws and regulations may be interpreted in new ways, that harm the cryptoeconomy or crypto asset platforms, which could adversely impact our business.

Bitcoin’s status as a “security,” a “commodity” or a “financial instrument” in any relevant jurisdiction is subject to a high degree of uncertainty and if we are unable to properly characterize a crypto asset, we may be subject to regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect our business, operating results, and financial condition.

The SEC and its staff have taken the position that certain crypto assets fall within the definition of a “security” under the U.S. federal securities laws. To date, the SEC staff have treated Bitcoin as a commodity. The legal test for determining whether any given crypto asset is a security is a highly complex, fact-driven analysis that evolves over time, and the outcome is difficult to predict. The SEC generally does not provide advance guidance or confirmation on the status of any particular crypto asset as a security. Furthermore, the SEC’s views in this area have evolved over time and it is difficult to predict the direction or timing of any continuing evolution. It is also possible that a change in the governing administration or the appointment of new SEC commissioners could substantially impact the views of the SEC and its staff. Public statements by senior officials at the SEC indicate that the SEC does not intend to take the position that Bitcoin or Ether are securities (in their current form). Bitcoin and Ether are the only crypto assets as to which senior officials at the SEC have publicly expressed such a view. Moreover, such statements are not official policy statements by the SEC and reflect only the speakers’ views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other crypto asset. With respect to all other crypto

assets, there is currently no certainty under the applicable legal test that such assets are not securities, notwithstanding the conclusions we may draw based on our risk-based assessment regarding the likelihood that a particular crypto asset could be deemed a “security” under applicable laws. Similarly, though the SEC’s Strategic Hub for Innovation and Financial Technology published a framework for analyzing whether any given crypto asset is a security in April 2019, this framework is also not a rule, regulation or statement of the SEC and is not binding on the SEC.

Several foreign jurisdictions have taken a broad-based approach to classifying crypto assets as “securities,” while other foreign jurisdictions, such as Switzerland, Malta, and Singapore, have adopted a narrower approach. As a result, certain crypto assets may be deemed to be a “security” under the laws of some jurisdictions but not others. Various foreign jurisdictions may, in the future, adopt additional laws, regulations, or directives that affect the characterization of crypto assets as “securities.” If Bitcoin or any other supported crypto asset is deemed to be a security under any U.S. federal, state, or foreign jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences for such supported crypto asset. For instance, all transactions in such supported crypto asset would have to be registered with the SEC or other foreign authority, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability and transactability. Moreover, the networks on which such supported crypto assets are utilized may be required to be regulated as securities intermediaries, and subject to applicable rules, which could effectively render the network impracticable for its existing purposes. Further, it could draw negative publicity and a decline in the general acceptance of the crypto asset. Also, it may make it difficult for such supported crypto asset to be traded, cleared, and custodied as compared to other crypto assets that are not considered to be securities.

Our business is subject to substantial energy regulation and may be adversely affected by legislative or regulatory changes, as well as liability under, or any future inability to comply with, existing or future energy regulations or requirements. We are required to obtain, and to comply with, government permits and approvals.

Our business is subject to extensive U.S. federal, state and local laws. Compliance with, or changes to, the requirements under these legal and regulatory regimes may cause us to incur significant additional costs or adversely impact our ability to compete on favorable terms with competitors. Failure to comply with such requirements could result in the shutdown of a non-complying facility, the imposition of liens, fines, and/or civil or criminal liability and/or costly litigations before the agencies and/or in state or federal court.

The regulatory environment has undergone significant changes in the last several years due to state and federal policies affecting wholesale competition and the creation of incentives for the addition of large amounts of new renewable generation and, in some cases, transmission. These changes are ongoing, and we cannot predict the future design of the wholesale power markets or the ultimate effect that the changing regulatory environment will have on our business. In addition, in some of these markets, interested parties have proposed material market design changes, including the elimination of a single clearing price mechanism, as well as proposals to reinstate the vertically-integrated monopoly model of utility ownership or to require divestiture by generating companies to reduce their market share. If competitive restructuring of the electric power markets is reversed, discontinued, delayed or materially altered, our business prospects and financial results could be negatively impacted. In addition, since 2010, there have been a number of reforms to the regulation of the derivatives markets, both in the United States and internationally. These regulations, and any further changes thereto, or adoption of additional regulations, including any regulations relating to position limits on futures and other derivatives or margin for derivatives, could negatively impact our ability to hedge its portfolio in an efficient, cost-effective manner by, among other things, potentially decreasing liquidity in the forward commodity and derivatives markets or limiting our ability to utilize non-cash collateral for derivatives transactions.

We are subject to environmental laws and regulations that could increase our costs of doing business and adversely impact our business, financial condition and results of operations.

Our operations are subject to stringent federal, state and local laws and regulations governing air and water quality, hazardous and solid waste disposal and other environmental matters. See “Business – Environmental Matters” for more discussion on these matters. One or more of these developments could adversely impact our operations, increase our environmental compliance costs and potentially reduce the extent of our business, any of which could have a material adverse effect on our business, results of operations and financial condition.

Our operations are subject to a number of risks arising out of the threat of climate change, which could result in increased operating and capital costs for us and reduce the extent of our business.

The threat of climate change continues to attract considerable attention in the United States and foreign countries and, as a result, our operations are subject to regulatory, political, litigation and financial risks associated with the use of fossil fuels, including coal refuse, and emission of greenhouse gases (“GHGs”). See “Business – Environmental Matters” for more discussion on the risks associated with attention to the threat of climate change and restriction of GHG emissions. New or amended legislation, executive actions, regulations or other regulatory initiatives that impose more stringent standards on us with respect to our GHG emissions could result in increased compliance costs or costs of consuming fossil fuels, including coal refuse. Additionally, political, financial and litigation risks may result in us restricting, delaying or canceling the extent of our business activities, incurring liability for infrastructure damages as a result of climatic changes, or impairing the ability to continue to operate in an economic manner. Fuel conservation measures, alternative fuel requirements and increasing consumer demand for alternative energy sources (such as wind, solar, geothermal and tidal) could also reduce demand for coal refuse-fired power generation facility activities. The occurrence of one or more of these developments could have a material adverse effect on our business, financial condition and results of operations.

Our cost of compliance with existing and new environmental laws could have a material adverse effect on us.

We are subject to extensive environmental regulation by governmental authorities, including the United States Environmental Protection Agency, or EPA, and state environmental agencies and/or attorneys general. We may incur significant additional costs beyond those currently contemplated to comply with these regulatory requirements. If we fail to comply with these regulatory requirements, we could be forced to reduce or discontinue operations or become subject to administrative, civil or criminal liabilities and fines. Existing environmental regulations could be revised or reinterpreted, new laws and regulations could be adopted or become applicable to us or our facilities, and future changes in environmental laws and regulations could occur, including potential regulatory and enforcement developments related to air emissions, all of which could result in significant additional costs beyond those currently contemplated to comply with existing requirements. Any of the foregoing could have a material adverse effect on us.

The EPA has recently finalized or proposed several regulatory actions establishing new requirements for control of certain emissions from sources, including electricity generation facilities. In the future, the EPA may also propose and finalize additional regulatory actions that may adversely affect our existing generation facility or our ability to cost-effectively develop new generation facilities. There is no assurance that the currently installed emissions control equipment at our generation facility will satisfy the requirements under any future EPA or state environmental regulations. Future federal and/or state regulatory actions could require us to install significant additional control equipment, resulting in potentially material costs of compliance for our generation units, including capital expenditures, higher operating and fuel costs and potential production curtailments. These costs could have a material adverse effect on us.

We may not be able to obtain or maintain all required environmental regulatory approvals. If there is a delay in obtaining any required environmental regulatory approvals, if we fail to obtain, maintain or comply with any such approval or if an approval is retroactively disallowed or adversely modified, the operation of our generation facility could be stopped, disrupted, curtailed or modified or become subject to additional costs. Any such stoppage, disruption, curtailment, modification or additional costs could have a material adverse effect on us.

In addition, we may be responsible for any on-site liabilities associated with the environmental condition of facilities that we have acquired, leased, developed or sold, regardless of when the liabilities arose and whether they are now known or unknown. In connection with certain acquisitions and sales of assets, we may obtain, or be required to provide, indemnification against certain environmental liabilities. Another party could, depending on the circumstances, assert an environmental claim against us or fail to meet its indemnification obligations to us.

We could be materially and adversely affected if current regulations are implemented or if new federal or state legislation or regulations are adopted to address global climate change, or if we are subject to lawsuits for alleged damage to persons or property resulting from greenhouse gas emissions.

There is attention and interest nationally and internationally about global climate change and how GHG emissions, such as CO₂, contribute to global climate change. Over the last several years, the U.S. Congress and state

and federal authorities have considered and debated several proposals intended to address climate change using different approaches, including a cap on carbon emissions with emitters allowed to trade unused emission allowances (cap-and-trade), a tax on carbon or GHG emissions, incentives for the development of low-carbon technology and federal renewable portfolio standards. A number of federal court cases have been filed in recent years asserting damage claims related to GHG emissions, and the results in those proceedings could establish adverse precedent that might apply to companies (including us) that produce GHG emissions. We could be materially and adversely affected if new federal and/or state legislation or regulations are adopted to address global climate change or if we are subject to lawsuits for alleged damage to persons or property resulting from GHG emissions.

The availability and cost of emission allowances could adversely impact our costs of operations.

We are required to maintain, through either allocations or purchases, sufficient emission allowances for SO₂, CO₂ and NO_x to support our operations in the ordinary course of operating our power generation facilities. These allowances are used to meet the obligations imposed on us by various applicable environmental laws. If our operational needs require more than our allocated allowances, we may be forced to purchase such allowances on the open market, which could be costly. If we are unable to maintain sufficient emission allowances to match our operational needs, we may have to curtail our operations so as not to exceed our available emission allowances or install costly new emission controls. As we use the emission allowances that we have purchased on the open market, costs associated with such purchases will be recognized as operating expense. If such allowances are available for purchase, but only at significantly higher prices, the purchase of such allowances could materially increase our costs of operations in the affected markets.

Our future results may be impacted by changing customer expectations and demands including heightened emphasis on environmental, social and governance concerns.

Our business outcomes are influenced by the expectations of our customers and stakeholders. Those expectations are based on the core fundamentals of reliability and affordability but are also increasingly focused on our ability to meet rapidly changing demands for new and varied products, services and offerings. Additionally, the risks of global climate change continues to shape our customers' sustainability goals and energy needs. Failure to meet those expectations or to adequately address the risks and external pressures from regulators, investors and other stakeholders may impact favorable outcomes in future rate cases and our results of operations.

Crypto Asset Mining Related Risks

The open-source structure of the certain crypto asset network protocol, including Bitcoin, means that the contributors to the protocol are generally not directly compensated for their contributions in maintaining and developing the protocol. A failure to properly monitor and upgrade the protocol could damage that network and an investment in us.

The Bitcoin network, for example, operates based on an open-source protocol maintained by contributors, largely on the Bitcoin Core project on GitHub. As an open source project, Bitcoin is not represented by an official organization or authority. As the Bitcoin network protocol is not sold and its use does not generate revenues for contributors, contributors are generally not compensated for maintaining and updating the Bitcoin network protocol. Although the MIT Media Lab's Digital Currency Initiative funds the current maintainer Wladimir J. van der Laan, among others, this type of financial incentive is not typical. The lack of guaranteed financial incentive for contributors to maintain or develop the Bitcoin network and the lack of guaranteed resources to adequately address emerging issues with the Bitcoin network may reduce incentives to address the issues adequately or in a timely manner. Changes to a crypto asset network which we are mining on may adversely affect an investment in us.

The further development and acceptance of crypto asset networks and other crypto assets, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of crypto asset systems may adversely affect an investment in us.

Crypto assets built on blockchain technology were only introduced in 2008 and remain in the early stages of development. The use of crypto assets to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs crypto assets, including Bitcoin, based upon

a computer-generated mathematical and/or cryptographic protocol. The further growth and development of any crypto assets and their underlying networks and other cryptographic and algorithmic protocols governing the creation, transfer and usage of crypto assets represent a new and evolving paradigm that is subject to a variety of factors that are difficult to evaluate, including:

- continued worldwide growth in the adoption and use of crypto assets as a medium to exchange;
- governmental and quasi-governmental regulation of Bitcoin and its use, or restrictions on or regulation of access to and operation of the Bitcoin network or similar crypto asset systems;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of the network, including software updates and changes to network protocols that could introduce bugs or security risks;
- the increased consolidation of contributors to the Bitcoin blockchain through mining pools;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- the use of the networks supporting crypto assets for developing smart contracts and distributed applications;
- general economic conditions and the regulatory environment relating to crypto assets; and
- negative consumer sentiment and perception of Bitcoin specifically and crypto assets generally.

The outcome of these factors could have negative effects on our ability to continue as a going concern or to pursue our business strategy at all, which could have a material adverse effect on our business, prospects or operations as well as potentially negative effect on the value of any Bitcoin we mine or otherwise acquire or hold for our own account, which would harm investors in our securities.

Our reliance on a third-party mining pool service provider for our mining revenue payouts may have a negative impact on our operations such as a result of cyber-attacks against the mining pool operator and/or our limited recourse against the mining pool operator with respect to rewards paid to us.

We receive crypto asset mining rewards from our mining activity through a third-party mining pool operator. Mining pools allow miners to combine their processing power, increasing their chances of solving a block and getting paid by the network. The rewards are distributed by the pool operator, proportionally to our contribution to the pool's overall mining power, used to generate each block. Should the pool operator's system suffer downtime due to a cyber-attack, software malfunction or other similar issues, it will negatively impact our ability to mine and receive revenue. Furthermore, we are dependent on the accuracy of the mining pool operator's record keeping to accurately record the total processing power provided to the pool for a given Bitcoin mining application in order to assess the proportion of that total processing power we provided.

While we have internal methods of tracking both our power provided and the total used by the pool, the mining pool operator uses its own recordkeeping to determine our proportion of a given reward. We have little means of recourse against the mining pool operator if we determine the proportion of the reward paid out to us by the mining pool operator is incorrect, other than leaving the pool. If we are unable to consistently obtain accurate proportionate rewards from our mining pool operators, we may experience reduced reward for our efforts, which would have an adverse effect on our business and operations.

Banks and financial institutions vary in the services they provide to businesses that engage in Bitcoin-related activities or that accept Bitcoin as payment.

Although a number of significant U.S. banks and investment institutions, such as Goldman Sachs, Citi Group, J. P. Morgan and BlackRock, allow customers to carry and invest in Bitcoin and other crypto assets, the acceptance

and use by banks of crypto assets, including Bitcoin, varies. Additionally, a number of companies and individuals or businesses associated with crypto assets may have had and may continue to have their existing banking services discontinued with financial institutions in response to government action, particularly in China, where regulatory response to crypto assets has been to exclude their use for ordinary consumer transactions. However, in 2020, the Office of the Comptroller of the Currency of the U.S. Treasury Department announced that national banks and federal savings associations may provide crypto asset custody services for customers. While we expect Bitcoin to continue to gain greater acceptance by banks and investment institutions, we cannot accurately predict the level and scope of services that these institutions will offer to businesses engaging in Bitcoin or other crypto asset related activities.

The usefulness of Bitcoin, the only crypto asset we currently mine, as a payment system and the public perception of Bitcoin could be damaged if banks or financial institutions were to close the accounts of businesses engaging in Bitcoin and/or other crypto asset-related activities. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and derivatives on commodities exchanges, the over-the-counter market, and the Depository Trust Company, which, if any of such entities adopts or implements similar policies, rules or regulations, could negatively affect our relationships with financial institutions and impede our ability to convert Bitcoin to fiat currencies. Such factors could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and harm investors.

We may face risks of Internet disruptions, which could have an adverse effect on the price of Bitcoin.

A disruption of the Internet may affect the use of Bitcoin and other crypto assets and subsequently the value of our Class A common stock. Generally, Bitcoin and our business of mining Bitcoin is dependent upon the Internet. A significant disruption in Internet connectivity could disrupt a currency's network operations until the disruption is resolved and have an adverse effect on the price of Bitcoin and our ability to mine Bitcoin.

The impact of geopolitical and economic events on the supply and demand for crypto assets, including Bitcoin, is uncertain.

Geopolitical crises may motivate large-scale purchases of Bitcoin and other crypto assets, which could increase the price of Bitcoin and other crypto assets rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior dissipates, adversely affecting the value of our inventory following such downward adjustment. Such risks are similar to the risks of purchasing commodities in general uncertain times, such as the risk of purchasing, holding or selling gold. Alternatively, as an emerging asset class with limited acceptance as a payment system or commodity, global crises and general economic downturn may discourage investment in Bitcoin as investors focus their investment on less volatile asset classes as a means of hedging their investment risk.

As an alternative to fiat currencies that are backed by central governments, Bitcoin, which is relatively new, is subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is largely uncertain but could be harmful to us and investors in our Class A common stock. Political or economic crises may motivate large-scale acquisitions or sales of Bitcoin either globally or locally. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin we mine or otherwise acquire or hold for our own account.

Governmental actions may have a materially adverse effect on the crypto asset mining industry as a whole, which would have an adverse effect on our business and results of operations.

China is the world's largest producer of Bitcoin and the large majority of the world's crypto asset mining power (some observers estimate that China produces as high as 80% of the world's crypto asset mining power). China has already made transacting in crypto assets illegal for Chinese citizens in mainland China, and additional restrictions may follow. However, thus far, China has permitted Bitcoin mining on a national scale, but provincial governments have taken action to restrict and even ban Bitcoin mining within their province. For example, actions were taken in March 2021 by the governmental authorities for the Chinese province of Inner Mongolia, which represents roughly 8% of the world's total mining power, to ban Bitcoin mining in the province due to the industry's intense electrical

power demands and its negative environmental impacts (both in terms of the waste produced by mining the rare earth metals used to manufacture miners and the production of electrical power used in Bitcoin mining). While we have yet to see whether these miners will be able to relocate to another location in China to continue mining, we cannot quantify the effects of this regulatory action on our industry as a whole. If further regulation follows, it is possible that our industry may not be able to cope with the sudden and extreme loss of mining power.

Additionally, on May 3, 2021, a bill was presented to the New York Senate's Environmental Conservation Committee that, if passed, would establish a three-year moratorium on the operation of cryptocurrency mining centers pending an environmental impact study on the greenhouse gas emissions caused by the Bitcoin mining industry in the State of New York. Because we are unable to influence or predict future regulatory actions taken by governments in China, the United States or elsewhere, we may have little opportunity or ability to respond to rapidly evolving regulatory positions which may have a materially adverse effect on our industry and, therefore, our business and results of operations. If further extreme regulatory action is taken by various governmental entities, our business may suffer and investors in our securities may lose part or all of their investment.

We may not be able to compete with other companies, some of whom have greater resources and experience.

We may not be able to compete successfully against present or future competitors. We do not have the resources to compete with larger providers of similar services at this time. The crypto asset industry has attracted various high-profile and well-established operators, some of which have substantially greater liquidity and financial resources than we do. With the limited resources we have available, we may experience great difficulties in expanding and improving our network of computers to remain competitive. Competition from existing and future competitors, particularly those that have access to competitively priced energy, could result in our inability to secure acquisitions and partnerships that we may need to expand our business in the future. This competition from other entities with greater resources, experience and reputations may result in our failure to maintain or expand our business, as we may never be able to successfully execute our business plan. If we are unable to expand and remain competitive, our business could be negatively affected which would have an adverse effect on the trading price of our Class A common stock, which would harm investors in our Company.

The properties included in our mining network may experience damages, including damages that are not covered by insurance.

Our current mining operation in Venango County in Western Pennsylvania is, and any future mining operations we establish will be, subject to a variety of risks relating to physical condition and operation, including:

- the presence of construction or repair defects or other structural or building damage;
- any noncompliance with or liabilities under applicable environmental, health or safety regulations or requirements or building permit requirements;
- any damage resulting from natural disasters, such as hurricanes, earthquakes, fires, floods and windstorms; and
- claims by employees and others for injuries sustained at our properties.

For example, our mining operations could be rendered inoperable, temporarily or permanently, as a result of a fire or other natural disaster or by a terrorist or other attack on the facilities where miners are located. The security and other measures we take to protect against these risks may not be sufficient. Our property insurance covers both plant and mining equipment, and includes business interruption for both power plant and mining operations, subject to certain deductibles. Therefore, our insurance may not be adequate to cover the losses we suffer as a result of any of these events. In the event of an uninsured loss, including a loss in excess of insured limits, at any of the mines in our network, such mines may not be adequately repaired in a timely manner or at all and we may lose some or all of the future revenues anticipated to be derived from such mines. The potential impact on our business is currently magnified because we are only operating from a single location.

Acceptance and/or widespread use of Bitcoin and other crypto assets is uncertain.

Currently, there is a relatively limited use of any crypto assets, with Bitcoin being the most utilized, in the retail and commercial marketplace, thus contributing to price volatility that could adversely affect an investment in our Class A common stock. Banks and other established financial institutions may refuse to process funds for Bitcoin transactions, process wire transfers to or from Bitcoin exchanges, Bitcoin-related companies or service providers, or maintain accounts for persons or entities transacting in Bitcoin. Conversely, a significant portion of Bitcoin demand is generated by investors seeking a long-term store of value or speculators seeking to profit from the short- or long-term holding of the asset. Price volatility undermines Bitcoin's role as a medium of exchange, as retailers are much less likely to accept it as a form of payment. Market capitalization for Bitcoin as a medium of exchange and payment method may always be low.

The relative lack of acceptance of Bitcoin in the retail and commercial marketplace, or a reduction of such use, limits the ability of end users to use them to pay for goods and services. Such lack of acceptance or decline in acceptances could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of Bitcoin we mine or otherwise acquire or hold for our own account.

The characteristics of crypto assets have been, and may in the future continue to be, exploited to facilitate illegal activity such as fraud, money laundering, tax evasion and ransomware scams; if any of our customers do so or are alleged to have done so, it could adversely affect us.

Digital currencies and the digital currency industry are relatively new and, in many cases, lightly regulated or largely unregulated. Some types of digital currency have characteristics, such as the speed with which digital currency transactions can be conducted, the ability to conduct transactions without the involvement of regulated intermediaries, the ability to engage in transactions across multiple jurisdictions, the irreversible nature of certain digital currency transactions and encryption technology that anonymizes these transactions, that make digital currency particularly susceptible to use in illegal activity such as fraud, money laundering, tax evasion and ransomware scams. Two prominent examples of marketplaces that accepted digital currency payments for illegal activities include Silk Road, an online marketplace on the dark web that, among other things, facilitated the sale of illegal drugs and forged legal documents using digital currencies and AlphaBay, another darknet market that utilized digital currencies to hide the locations of its servers and identities of its users. Both of these marketplaces were investigated and closed by U.S. law enforcement authorities. U.S. regulators, including the SEC, Commodity Futures Trading Commission, and Federal Trade Commission, as well as non-U.S. regulators, have taken legal action against persons alleged to be engaged in Ponzi schemes and other fraudulent schemes involving digital currencies. In addition, the Federal Bureau of Investigation has noted the increasing use of digital currency in various ransomware scams.

While we believe that our risk management and compliance framework, which includes thorough reviews we conduct as part of our due diligence process (either in connection with onboarding new customers or monitoring existing customers), is reasonably designed to detect any such illicit activities conducted by our potential or existing customers (or, in the case of digital currency exchanges, their customers), we cannot ensure that we will be able to detect any such illegal activity in all instances. Because the speed, irreversibility and anonymity of certain digital currency transactions make them more difficult to track, fraudulent transactions may be more likely to occur. We or our potential banking counterparties may be specifically targeted by individuals seeking to conduct fraudulent transfers, and it may be difficult or impossible for us to detect and avoid such transactions in certain circumstances. If one of our customers (or in the case of digital currency exchanges, their customers) were to engage in or be accused of engaging in illegal activities using digital currency, we could be subject to various fines and sanctions, including limitations on our activities, which could also cause reputational damage and adversely affect our business, financial condition and results of operations.

The decentralized nature of crypto asset systems may lead to slow or inadequate responses to crises, which may negatively affect our business.

The decentralized nature of the governance of crypto asset systems may lead to ineffective decision making that slows development or prevents a network from overcoming emergent obstacles. Governance of many crypto asset systems is by voluntary consensus and open competition with no clear leadership structure or authority. To the

extent lack of clarity in corporate governance of the Bitcoin system leads to ineffective decision making that slows development and growth of Bitcoin, the value of our securities may be adversely affected.

It may be illegal now, or in the future, to acquire, own, hold, sell or use Bitcoin or other crypto assets, participate in blockchains or utilize similar crypto assets in one or more countries, the ruling of which would adversely affect us.

Although currently crypto assets generally are not regulated or are lightly regulated in most countries, one or more countries such as China and Russia, which have taken harsh regulatory action in the past, may take regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use these crypto assets or to exchange for fiat currency. In many nations, particularly in China and Russia, it is illegal to accept payment in Bitcoin and other crypto assets for consumer transactions and banking institutions are barred from accepting deposits of Bitcoin. Such restrictions may adversely affect us as the large-scale use of Bitcoin as a means of exchange is presently confined to certain regions globally. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin we mine or otherwise acquire or hold for our own account, and harm investors.

There is a lack of liquid markets, and possible manipulation of blockchain/ crypto assets.

Cryptocurrencies that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers; requiring them to be subjected to rigorous listing standards and rules, and monitor investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The laxer a distributed ledger platform is about vetting issuers of crypto asset assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of the ledger due to a control event. These factors may decrease liquidity or volume or may otherwise increase volatility of investment securities or other assets trading on a ledger-based system, which may adversely affect us. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin we mine or otherwise acquire or hold for our own account, and harm investors.

Crypto assets may have concentrated ownership and large sales or distributions by holders of such crypto assets could have an adverse effect on the market price of such crypto asset.

As of December 31, 2020, the largest 100 Bitcoin wallets held approximately 14% of the Bitcoins in circulation. Moreover, it is possible that other persons or entities control multiple wallets that collectively hold a significant number of Bitcoins, even if they individually only hold a small amount, and it is possible that some of these wallets are controlled by the same person or entity. Similar or more concentrated levels of concentrated ownership may exist for other crypto assets as well. As a result of this concentration of ownership, large sales or distributions by such holders could have an adverse effect on the market price of Bitcoin and other crypto assets.

Our operations, investment strategies and profitability may be adversely affected by competition from other methods of investing in Bitcoin.

We compete with other users and/or companies that are mining Bitcoin and other potential financial vehicles, including securities backed by or linked to Bitcoin through entities similar to us. Market and financial conditions, and other conditions beyond our control, may make it more attractive to invest in other financial vehicles, or to invest in Bitcoin directly, which could limit the market for our shares and reduce their liquidity. The emergence of other financial vehicles and exchange-traded funds have been scrutinized by regulators and such scrutiny and the negative impressions or conclusions resulting from such scrutiny could be applicable to us and impact our ability to successfully pursue our strategy or operate at all, or to establish or maintain a public market for our securities. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin we mine or otherwise acquire or hold for our own account, and harm investors.

The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or other alternatives.

The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or an alternative to distributed ledgers altogether. Our business utilizes presently existent digital ledgers and blockchains and we could face difficulty adapting to emergent digital ledgers, blockchains, or alternatives thereto. This may adversely affect us and our exposure to various blockchain technologies and prevent us from realizing the anticipated profits from our investments. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin we mine or otherwise acquire or hold for our own account, and harm investors.

The loss or destruction of private keys required to access any crypto assets held in custody for our own account may be irreversible. If we are unable to access our private keys or if we experience a hack or other data loss relating to our ability to access any crypto assets, it could cause regulatory scrutiny, reputational harm, and other losses.

Crypto assets are generally controllable only by the possessor of the unique private key relating to the digital wallet in which the crypto assets are held. While blockchain protocols typically require public addresses to be published when used in a transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the crypto assets held in such a wallet. To the extent that any of the private keys relating to our hot wallet or cold storage containing crypto assets held for our own account or for our customers is lost, destroyed, or otherwise compromised or unavailable, and no backup of the private key is accessible, we will be unable to access the crypto assets held in the related wallet. Further, we cannot provide assurance that our wallet will not be hacked or compromised. Digital assets and blockchain technologies have been, and may in the future be, subject to security breaches, hacking, or other malicious activities. Any loss of private keys relating to, or hack or other compromise of, digital wallets used to store our customers' crypto assets could adversely affect our ability to access or sell our crypto assets, and subject us to significant financial losses. As such, any loss of private keys due to a hack, employee or service provider misconduct or error, or other compromise by third parties could hurt our brand and reputation, result in significant losses, and adversely impact our business. The total value of crypto assets in our possession and control is significantly greater than the total value of insurance coverage that would compensate us in the event of theft or other loss of funds.

Cryptocurrencies including Bitcoin face significant scaling obstacles that can lead to high fees or slow transaction settlement times.

Cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times, and attempts to increase the volume of transactions may not be effective. Scaling crypto assets is essential to the widespread acceptance of crypto assets as a means of payment, which widespread acceptance is necessary to the continued growth and development of our business. Many crypto asset networks, including the Bitcoin network, face significant scaling challenges. For example, crypto assets are limited with respect to how many transactions can occur per second. Participants in the crypto asset ecosystem debate potential approaches to increasing the average number of transactions per second that the network can handle and have implemented mechanisms or are researching ways to increase scale, such as increasing the allowable sizes of blocks, and therefore the number of transactions per block, and sharding (a horizontal partition of data in a database or search engine), which would not require every single transaction to be included in every single miner's or validator's block. However, there is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of crypto assets and, specifically, Bitcoin transactions will be effective, or how long they will take to become effective, which could adversely affect an investment in our securities.

The price of Bitcoin may be affected by the sale of Bitcoin by other vehicles investing in Bitcoin or tracking Bitcoin markets.

The global market for Bitcoin is characterized by supply constraints that differ from those present in the markets for commodities or other assets such as gold and silver. The mathematical protocols under which Bitcoin is mined permit the creation of a limited, predetermined amount of currency, while others have no limit established on total supply. To the extent that other vehicles investing in Bitcoin or tracking Bitcoin markets form and come to

represent a significant proportion of the demand for Bitcoin, large redemptions of the securities of those vehicles and the subsequent sale of Bitcoin by such vehicles could negatively affect Bitcoin prices and therefore affect the value of the Bitcoin inventory we hold. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin we mine or otherwise acquire or hold for our own account.

The nature of our business requires the application of complex financial accounting rules, and there is limited guidance from accounting standard setting bodies. If financial accounting standards undergo significant changes, our operating results could be adversely affected.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board (“FASB”), the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. Recent actions and public comments from the FASB and the SEC have focused on the integrity of financial reporting and internal controls. In addition, many companies’ accounting policies are being subject to heightened scrutiny by regulators and the public. Further, there has been limited precedents for the financial accounting of crypto assets and related valuation and revenue recognition, and no official guidance has been provided by the FASB or the SEC. As such, there remains significant uncertainty on how companies can account for crypto asset transactions, crypto assets, and related revenue. Uncertainties in or changes to in regulatory or financial accounting standards could result in the need to changing our accounting methods and restate our financial statements and impair our ability to provide timely and accurate financial information, which could adversely affect our financial statements, result in a loss of investor confidence, and more generally impact our business, operating results, and financial condition.

There are risks related to technological obsolescence, the vulnerability of the global supply chain to Bitcoin hardware disruption, and difficulty in obtaining new hardware which may have a negative effect on our business.

Our mining operations can only be successful and ultimately profitable if the costs of mining Bitcoin, including hardware and electricity costs, associated with mining Bitcoin are lower than the price of a Bitcoin. As our mining facility operates, our miners experience ordinary wear and tear and general hardware breakdown, and may also face more significant malfunctions caused by a number of extraneous factors beyond our control. The physical degradation of our miners will require us to, over time, replace those miners which are no longer functional. Additionally, as the technology evolves, we may be required to acquire newer models of miners to remain competitive in the market. Reports have been released which indicate that players in the mining equipment business adjust the prices of miners according to Bitcoin mining revenues, so the cost of new machines is unpredictable but could be extremely high. As a result, at times, we may obtain miners and other hardware from third parties at premium prices, to the extent they are available. In order to keep pace with technological advances and competition from other mining companies, it will be necessary to purchase new miners, which will eventually need to be repaired or replaced along with other equipment from time to time to stay competitive. This upgrading process requires substantial capital investment, and we may face challenges in doing so on a timely and cost-effective basis. Also, because we expect to depreciate all new miners, our reported operating results will be negatively affected.

The global supply chain for Bitcoin miners is presently constrained due to unprecedented demand coupled with a global semiconductor (including microchip) shortage, with a significant portion of available miners being acquired by companies with substantial resources. Semiconductors are utilized in various devices and products and are a crucial component of miners; supply chain constraints coupled with increasing demand has led to increased pricing and limited availability for semiconductors. Prices for both new and older models of miners have been on the rise and these supply constraints are expected to continue for the foreseeable future. China, a major supplier of Bitcoin miners, has seen a production slowdown as a result of COVID-19. Should similar outbreaks or other disruptions to the China-based global supply chain for Bitcoin hardware occur, we may not be able to obtain adequate replacement parts for our existing miners or to obtain additional miners on a timely basis, if at all, or we may only be able to acquire miners at premium prices. Such events could have a material adverse effect on our ability to pursue our strategy, which could have a material adverse effect on our business and the value of our securities.

We may not adequately respond to price fluctuations and rapidly changing technology, which may negatively affect our business.

Competitive conditions within the Bitcoin industry require that we use sophisticated technology in the operation of our business. The industry for blockchain technology is characterized by rapid technological changes, new product introductions, enhancements and evolving industry standards. New technologies, techniques or products could emerge that might offer better performance than the software and other technologies we currently utilize, and we may have to manage transitions to these new technologies to remain competitive. We may not be successful, generally or relative to our competitors in the Bitcoin industry, in timely implementing new technology into our systems, or doing so in a cost-effective manner. During the course of implementing any such new technology into our operations, we may experience system interruptions and failures during such implementation. Furthermore, there can be no assurances that we will recognize, in a timely manner or at all, the benefits that we may expect as a result of our implementing new technology into our operations. As a result, our business and operations may suffer, and there may be adverse effects on the value of our securities.

The Bitcoin reward for successfully uncovering a block will halve several times in the future and Bitcoin value may not adjust to compensate us for the reduction in the rewards we receive from our mining efforts.

Halving is a process incorporated into many proof-of-work consensus algorithms that reduces the coin reward paid to miners over time according to a pre-determined schedule. This reduction in reward spreads out the release of crypto assets over a long period of time resulting in an ever smaller number of coins being mined, reducing the risk of coin-based inflation. At a predetermined block, the mining reward is cut in half, hence the term “halving.” For Bitcoin, the reward was initially set at 50 Bitcoin currency rewards per block and this was cut in half to 25 on November 28, 2012 at block 210,000, then again to 12.5 on July 9, 2016 at block 420,000. The most recent halving for Bitcoin happened on May 11, 2020 at block 630,000 and the reward reduced to 6.25. The next halving will likely occur in 2024. This process will reoccur until the total amount of Bitcoin currency rewards issued reaches 21 million, which is expected around 2140. While Bitcoin price has had a history of price fluctuations around the halving of its rewards, there is no guarantee that the price change will be favorable or would compensate for the reduction in mining reward. If a corresponding and proportionate increase in the trading price of Bitcoin or a proportionate decrease in mining difficulty does not follow these anticipated halving events, the revenue we earn from our Bitcoin mining operations would see a corresponding decrease, which would have a material adverse effect on our business and operations.

Our future success will depend upon the value of Bitcoin and other crypto assets; the value of Bitcoin may be subject to pricing risk and has historically been subject to wide swings.

Our operating results will depend on the value of Bitcoin because it is the only crypto asset we currently mine. Specifically, our revenues from our Bitcoin mining operations are based on two factors: (1) the number of Bitcoin rewards we successfully mine and (2) the value of Bitcoin. In addition, our operating results are directly impacted by changes in the value of Bitcoin, because under the value measurement model, both realized and unrealized changes will be reflected in our statement of operations (i.e., we will be marking Bitcoin to fair value each quarter). This means that our operating results will be subject to swings based upon increases or decreases in the value of Bitcoin. Further, our current miners are principally utilized for mining Bitcoin and do not generally mine other crypto assets, such as Ether, that are not mined utilizing the “SHA-256 algorithm.” If other crypto assets were to achieve acceptance at the expense of Bitcoin causing the value of Bitcoin to decline, or if Bitcoin were to switch its proof of work encryption algorithm from SHA-256 to another algorithm for which our miners are not specialized, or the value of Bitcoin were to decline for other reasons, particularly if such decline were significant or over an extended period of time, our operating results would be adversely affected, and there could be a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations, and harm investors.

The market price of Bitcoin, which has historically been volatile and is impacted by a variety of factors (including those discussed herein), is determined primarily using data from various exchanges, over-the-counter markets and derivative platforms. Furthermore, such prices may be subject to factors such as those that impact commodities, more so than business activities, which could be subjected to additional influence from fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory or other conditions. Pricing may be the result of, and may continue to result in, speculation regarding future appreciation in the value of Bitcoin, or

our share price, inflating and making their market prices more volatile or creating “bubble” type risks for both Bitcoin and shares of our securities.

Demand for Bitcoin is driven, in part, by its status as the most prominent and secure crypto asset. It is possible that crypto assets other than Bitcoin could have features that make them more desirable to a material portion of the crypto asset user base, resulting in a reduction in demand for Bitcoin, which could have a negative impact on the price of Bitcoin and adversely affect an investment in us.

Bitcoin, as an asset, holds “first-to-market” advantages over other crypto assets. This first-to-market advantage is driven in large part by having the largest user base and, more importantly, the largest mining power in use to secure its blockchain and transaction verification system. Having a large mining network results in greater user confidence regarding the security and long-term stability of a crypto asset’s network and its blockchain; as a result, the advantage of more users and miners makes a crypto asset more secure, which makes it more attractive to new users and miners, resulting in a network effect that strengthens the first-to-market advantage.

Despite the marked first-mover advantage of the Bitcoin network over other crypto asset networks, it is possible that another crypto asset could become materially popular due to either a perceived or exposed shortcoming of the Bitcoin network protocol that is not immediately addressed by the Bitcoin contributor community or a perceived advantage of an altcoin that includes features not incorporated into Bitcoin. If a crypto asset obtains significant market share (either in market capitalization, mining power or use as a payment technology), this could reduce Bitcoin’s market share as well as other crypto assets we may become involved in and have a negative impact on the demand for, and price of, such crypto assets and could adversely affect an investment in us. It is possible that we will mine alternative crypto assets in the future, but we may not have as much experience to date in comparison to our experience mining Bitcoin, which may put us at a competitive disadvantage.

We may not be able to realize the benefits of forks. Forks in a crypto asset network may occur in the future which may affect the value of Bitcoin held by us.

To the extent that a significant majority of users and miners on a crypto asset network install software that changes the crypto asset network or properties of a crypto asset, including the irreversibility of transactions and limitations on the mining of new crypto asset, the crypto asset network would be subject to new protocols and software. However, if less than a significant majority of users and miners on the crypto asset network consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “fork” of the network, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the crypto asset running in parallel, yet lacking interchangeability and necessitating exchange-type transaction to convert currencies between the two forks. Additionally, it may be unclear following a fork which fork represents the original asset and which is the new asset. Different metrics adopted by industry participants to determine which is the original asset include: referring to the wishes of the core developers of a crypto asset, blockchains with the greatest amount of hashing power contributed by miners or validators; or blockchains with the longest chain. A fork in the Bitcoin network could adversely affect an investment in our securities or our ability to operate.

We may not be able to realize the economic benefit of a fork, either immediately or ever, which could adversely affect an investment in our securities. If we hold Bitcoin at the time of a hard fork into two crypto assets, industry standards would dictate that we would be expected to hold an equivalent amount of the old and new assets following the fork. However, we may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. For instance, we may determine that there is no safe or practical way to custody the new asset, that trying to do so may pose an unacceptable risk to our holdings in the old asset, or that the costs of taking possession and/or maintaining ownership of the new crypto asset exceed the benefits of owning the new crypto asset. Additionally, laws, regulation or other factors may prevent us from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset.

There is a possibility of Bitcoin mining algorithms transitioning to proof of stake validation and other mining related risks, which could make us less competitive and ultimately adversely affect our business and the value of our stock.

Proof of stake is an alternative method for validating Bitcoin transactions. Should Bitcoin's algorithm shift from a proof of work validation method to a proof of stake method, mining would require less energy and may render any company that maintains advantages in the current climate (for example, from lower priced electricity, processing, real estate, or hosting) less competitive. We, as a result of our efforts to optimize and improve the efficiency of our Bitcoin mining operations, may be exposed to the risk in the future of losing the benefit of our capital investments and the competitive advantage we hope to gain from this as a result, and may be negatively impacted if a switch to proof of stake validation were to occur. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin we mine or otherwise acquire or hold for our own account.

If a malicious actor or botnet obtains control in excess of 50% of the processing power active on any crypto asset network, including the Bitcoin network, it is possible that such actor or botnet could manipulate the blockchain in a manner that adversely affects an investment in us.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on any crypto asset network, including the Bitcoin network, it may be able to alter the blockchain by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the blockchain can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new crypto assets or transactions using such control. Using alternate blocks, the malicious actor could "double-spend" its own crypto assets (i.e., spend the same crypto assets in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power or the crypto asset community does not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Such changes could adversely affect an investment in us.

For example, in late May and early June 2014, a mining pool known as GHash.io approached and, during a 24- to 48-hour period in early June may have exceeded, the threshold of 50% of the processing power on the Bitcoin network. To the extent that GHash.io did exceed 50% of the processing power on the network, reports indicate that such threshold was surpassed for only a short period, and there are no reports of any malicious activity or control of the blockchain performed by GHash.io. Furthermore, the processing power in the mining pool appears to have been redirected to other pools on a voluntary basis by participants in the GHash.io pool, as had been done in prior instances when a mining pool exceeded 40% of the processing power on the Bitcoin network.

The approach towards and possible crossing of the 50% threshold indicate a greater risk that a single mining pool could exert authority over the validation of crypto asset transactions. To the extent that the crypto assets ecosystems do not act to ensure greater decentralization of crypto asset mining processing power, the feasibility of a malicious actor obtaining in excess of 50% of the processing power on any crypto asset network (e.g., through control of a large mining pool or through hacking such a mining pool) will increase, which may adversely impact an investment in us.

Cryptocurrencies, including those maintained by or for us, may be exposed to cybersecurity threats and hacks.

As with any computer code generally, flaws in crypto asset codes, including Bitcoin codes, may be exposed by malicious actors. Several errors and defects have been found previously, including those that disabled some functionality for users and exposed users' information. Exploitations of flaws in the source code that allow malicious actors to take or create money have previously occurred. Despite our efforts and processes to prevent breaches, our devices, as well as our miners, computer systems and those of third parties that we use in our operations, are vulnerable to cyber security risks, including cyber-attacks such as viruses and worms, phishing attacks, denial-of-service attacks, physical or electronic break-ins, employee theft or misuse, and similar disruptions from unauthorized tampering with our miners and computer systems or those of third parties that we use in our operations. Such events could have a material adverse effect on our ability to continue as a going concern or to

pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin we mine or otherwise acquire or hold for our own account.

If the award of Bitcoin reward for solving blocks and transaction fees, is not sufficiently high, we may not have an adequate incentive to continue mining and may cease mining operations, which will likely lead to our failure to achieve profitability.

As the number of Bitcoins awarded for solving a block in a blockchain decreases, our ability to achieve profitability worsens. Decreased use and demand for Bitcoin rewards may adversely affect our incentive to expend processing power to solve blocks. If the award of Bitcoin rewards for solving blocks and transaction fees are not sufficiently high, we may not have an adequate incentive to continue mining and may cease our mining operations. Miners ceasing operations would reduce the collective processing power on the network, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which blocks are added to a blockchain until the next scheduled adjustment in difficulty for block solutions) and make the Bitcoin network more vulnerable to a malicious actor or botnet obtaining control in excess of 50 percent of the processing power active on a blockchain, potentially permitting such actor or botnet to manipulate a blockchain in a manner that adversely affects our activities. A reduction in confidence in the confirmation process or processing power of the network could result and be irreversible. Such events could have a material adverse effect on our ability to continue to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin we mine or otherwise acquire or hold for our own account.

Transactional fees may decrease demand for Bitcoin and prevent expansion that could adversely impact an investment in us.

As the number of Bitcoins currency rewards awarded for solving a block in a blockchain decreases, the incentive for miners to continue to contribute to the Bitcoin network may transition from a set reward to transaction fees. In order to incentivize miners to continue to contribute to the Bitcoin network, the Bitcoin network may either formally or informally transition from a set reward to transaction fees earned upon solving a block. This transition could be accomplished by miners independently electing to record in the blocks they solve only those transactions that include payment of a transaction fee. If transaction fees paid for Bitcoin transactions become too high, the marketplace may be reluctant to accept Bitcoin as a means of payment and existing users may be motivated to switch from Bitcoin to another crypto asset or to fiat currency. Either the requirement from miners of higher transaction fees in exchange for recording transactions in a blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for Bitcoin and prevent the expansion of the Bitcoin network to retail merchants and commercial businesses, resulting in a reduction in the price of Bitcoin that could adversely impact an investment in our securities. Decreased use and demand for Bitcoins that we have accumulated may adversely affect their value and may adversely impact an investment in us.

Because the number of Bitcoin awarded for solving a block in the Bitcoin network blockchain continually decreases, miners must invest in increasing processing power to maintain their yield of Bitcoins, which might make Bitcoin mining uneconomical for us.

The award of new Bitcoin for solving blocks continually declines, so that Bitcoin miners must invest in increasing processing power in order to maintain or increase their yield of Bitcoin. If the pricing of Bitcoin were to decline significantly, there can be no assurance that we would be able to recover our investment in the computer hardware and processing power required to upgrade our mining operations. There can, moreover, be no assurance that we will have the resources to upgrade our processing power in order to maintain the continuing profitability of our mining operations. Also, the developers of the Bitcoin network or other programmers could propose amendments to the network's protocols and software that, if accepted, might require us to modify our Bitcoin operations, and increase our investment in Bitcoin, in order to maintain profitability. There can be no assurance, however, that we will be able to do so.

Bitcoin mining is capital intensive.

Remaining competitive in the Bitcoin mining industry requires significant capital expenditure on new chips and other hardware necessary to increase processing power as the Bitcoin network difficulty increases. If we are unable

to fund our capital expenditures, either through our revenue stream or through other sources of capital, we may be unable to remain competitive and experience a deterioration in our result of operations and financial condition.

Our crypto assets may be subject to loss, damage, theft or restriction on access.

There is a risk that part or all of our crypto assets could be lost, stolen or destroyed. We believe that our crypto assets will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal our crypto assets. We cannot guarantee that we will prevent loss, damage or theft, whether caused intentionally, accidentally or by act of God. Access to our crypto assets could also be restricted by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack). Any of these events may adversely affect the Company's operations and, consequently, an investment in us.

The limited rights of legal recourse against us, and our lack of insurance protection expose us and our shareholders to the risk of loss of our crypto assets for which no person is liable.

The crypto assets held by us are not insured. Therefore, a loss may be suffered with respect to our crypto assets which is not covered by insurance and for which no person is liable in damages which could adversely affect our operations and, consequently, an investment in us.

Digital assets held by us are not subject to FDIC or SIPC protections.

We do not hold our crypto assets with a banking institution or a member of the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC") and, therefore, our crypto assets are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions.

Intellectual property rights claims may adversely affect the operation of some or all crypto asset networks.

Third parties may assert intellectual property claims relating to the holding and transfer of crypto assets and their source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in some or all crypto asset networks' long-term viability or the ability of end-users to hold and transfer crypto assets may adversely affect an investment in us. Additionally, a meritorious intellectual property claim could prevent us and other end-users from accessing some or all crypto asset networks or holding or transferring their crypto assets. As a result, an intellectual property claim against us or other large crypto asset network participants could adversely affect an investment in us.

Power Generation Related Risks

Our financial performance, as relating to both our power sales and Bitcoin mining operations, may be impacted by price fluctuations in the wholesale power market, as well as fluctuations in coal markets and other market factors that are beyond our control.

Our revenues, cost of doing business, results of operations and operating cash flows generally may be impacted by price fluctuations in the wholesale power market and other market factors beyond our control. Market prices for power, capacity, ancillary services, natural gas, coal and oil are unpredictable and tend to fluctuate substantially. Unlike most other commodities, electric power can only be stored on a very limited basis and generally must be produced concurrently with its use. As a result, power prices are subject to significant volatility due to supply and demand imbalances, especially in the day-ahead and spot markets. Long- and short-term power prices may also fluctuate substantially due to other factors outside of our control, including:

- changes in generation capacity in our markets, including the addition of new supplies of power as a result of the development of new plants, expansion of existing plants, the continued operation of uneconomic power plants due to state subsidies, or additional transmission capacity;
- environmental regulations and legislation;
- electric supply disruptions, including plant outages and transmission disruptions;
- changes in power transmission infrastructure;

- fuel transportation capacity constraints or inefficiencies;
- changes in law, including judicial decisions;
- weather conditions, including extreme weather conditions and seasonal fluctuations, including the effects of climate change;
- changes in commodity prices and the supply of commodities, including but not limited to natural gas, coal and oil;
- changes in the demand for power or in patterns of power usage, including the potential development of demand-side management tools and practices, distributed generation, and more efficient end-use technologies;
- development of new fuels, new technologies and new forms of competition for the production of power;
- fuel price volatility;
- economic and political conditions;
- supply and demand for energy commodities;
- availability of competitively priced alternative energy sources, which are preferred by some customers over electricity produced from coal and customer-usage of energy-efficient equipment that reduces energy demand;
- ability to procure satisfactory levels of inventory, such as coal refuse; and
- changes in capacity prices and capacity markets.

Such factors and the associated fluctuations in power and prices could affect wholesale power generation profitability and cost of power for crypto asset mining activities.

Maintenance, expansion and refurbishment of power generation facilities involve significant risks that could result in unplanned power outages or reduced output and could have a material adverse effect on our Bitcoin mining and power sales revenues, results of operations, cash flows and financial condition. We are subject to liability risks relating to our competitive power generation business operations.

Our current power generation facility and plants that we may acquire in the future require periodic maintenance and repair. Any unexpected failure, including failure associated with breakdowns, forced outages or any unanticipated capital expenditures could result in reduced profitability.

We cannot be certain of the level of capital expenditures that will be required due to changing environmental and safety laws (including changes in the interpretation or enforcement thereof), needed facility repairs and unexpected events (such as natural disasters or terrorist attacks). The unexpected requirement of large capital expenditures could have a material adverse effect on our liquidity and financial condition. If we significantly modify a unit, we may be required to install the best available control technology or to achieve the lowest achievable emission rates as such terms are defined under the new source review provisions of the federal Clean Air Act, as amended from time to time (“CAA”), which would likely result in substantial additional capital expenditures.

The conduct of our physical and commercial operations subjects us to many risks, including risks of potential physical injury, property damage or other financial liability, caused to or by employees, customers, contractors, vendors, contractual or financial counterparties and other third parties.

Natural or manmade events may cause our power production to fall below our expectations.

Our electricity generation depends upon our ability to maintain the working order of our coal refuse power generation facility. A natural or manmade disaster, severe weather such as snow and ice storms, or accident could impede our ability to access the coal refuse that is necessary for our plant to operate, damage our transmission line preventing us from distributing power to the PJM grid and our miners or require us to shut down our plant or related equipment and facilities. To the extent we experience a prolonged interruption at our plant or a transmission outage due to natural or manmade events, our electricity generation levels could materially decrease. We may also incur significant repair and clean-up costs associated with these events. The effect of the failure of our plant to operate as planned as described above could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to operate the power generation facility as planned, which may increase our expenses and decrease our revenues and have an adverse effect on our financial performance.

Our operation of the power generation facility, information technology systems and other assets and conduct of other activities subjects us to a variety of risks, including the breakdown or failure of equipment, accidents, security breaches, viruses or outages affecting information technology systems, labor disputes, obsolescence, delivery/transportation problems and disruptions of fuel supply and performance below expected levels. These events may impact our ability to conduct our businesses efficiently and lead to increased costs, expenses or losses. Planned and unplanned outages at our power generation facilities may require us to purchase power at then-current market prices to satisfy our commitments or, in the alternative, pay penalties and damages for failure to satisfy them. Having to purchase power at then-market rates could also have a negative impact on the cost structure of our crypto asset mining operations.

Although we maintain customary insurance coverage for certain of these risks, no assurance can be given that such insurance coverage will be sufficient to compensate us fully in the event losses occur.

Changes in tax credits related to coal refuse power generation could have a material adverse effect on our business, financial condition, results of operations and future development efforts.

Our profitability depends, in part, on the continued availability of state renewable energy tax credits offered by the Commonwealth of Pennsylvania through programs such as the one established under The Alternative Energy Portfolio Standards Act of 2004 or the Coal Refuse Energy and Reclamation Tax Credit Program established by Act 84 of July 13, 2016. This tax credit program could be changed or eliminated as a result of state budget considerations or otherwise. Reduction or elimination of such credits could materially and adversely harm our business, financial condition, results of operations and future development efforts.

Land reclamation requirements may be burdensome and expensive.

We operate in partnership with PADEP and local environmental authorities to reclaim coal refuse piles. Reclamation may include requirements to control dispersion of potentially deleterious effluents, treat ground and surface water to drinking water standards and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations, we must allocate financial resources that might otherwise be spent on implementing our business plan. We have established reserves for our reclamation obligations, but these reserves may not be adequate. If the costs associated with our reclamation work are higher than we anticipate, our financial position could be adversely affected.

Fluctuations in fuel costs could affect our business, financial condition and results of operations.

We rely on third party carriers for delivery of the coal refuse used at our plant. The price and supply of fuel is unpredictable and fluctuates based on events beyond our control, including among others, geopolitical developments, supply and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regional production patterns. Because fuel is needed to deliver coal refuse to our facility, any future increases in shipping rates could have a material adverse effect on our business, financial condition and results of operations.

Competition in power markets may have a material adverse effect on our results of operations, cash flows and the market value of our assets.

We have numerous competitors in all aspects of our business, and additional competitors may enter the industry. New parties may offer wholesale electricity bundled with other products or at prices that are below our rates.

Other companies with which we compete may have greater liquidity, greater access to credit and other financial resources, lower cost structures, more effective risk management policies and procedures, greater ability to incur losses or greater flexibility in the timing of their sale of generation capacity and ancillary services than we do. Competitors may also have better access to subsidies or other out-of-market payments that put us at a competitive disadvantage.

Our competitors may be able to respond more quickly to new laws or regulations or emerging technologies, or to devote greater resources to marketing of wholesale power than we can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Accordingly, it is possible that new competitors or alliances among current and new competitors may emerge and rapidly gain significant market share. There can be no assurance that we will be able to compete successfully against current and future competitors, and any failure to do so would have a material adverse effect on our business, financial condition, results of operations and cash flow.

Changes in technology may negatively impact the value of our power generation facility.

Research and development activities are ongoing in the industry to provide alternative and more efficient technologies to produce power. There are alternate technologies to supply electricity, most notably fuel cells, micro turbines, batteries, windmills and photovoltaic (solar) cells, the development of which has been expanded due to global climate change concerns. Research and development activities are ongoing to seek improvements in alternate technologies. It is possible that advances will reduce the cost of alternative generation to a level that is equal to or below that of certain central station production. Also, as new technologies are developed and become available, the quantity and pattern of electricity usage (the “demand”) by customers could decline, with a corresponding decline in revenues derived by generators. These alternative energy sources could result in a decline to the dispatch and capacity factors of our plants. As a result of all of these factors, the value of our generation facilities could be significantly reduced.

Our results of operations and financial condition could be materially and adversely affected if energy market participants continue to construct additional generation facilities (i.e., new-build) or expand or enhance existing generation facilities despite relatively low power prices and such additional generation capacity results in a reduction in wholesale power prices.

Given the overall attractiveness of certain of the markets in which we operate, and certain tax benefits associated with renewable energy, among other matters, energy market participants have continued to construct new generation facilities (i.e., new-build) or invest in enhancements or expansions of existing generation facilities despite relatively low wholesale power prices. If this market dynamic continues, and/or if our crypto asset mining competitors begin to build or acquire their own power plants to fuel their crypto asset mining operations, our results of operations and financial condition could be materially and adversely affected if such additional generation capacity results in a cheaper supply of electricity to our crypto asset mining competitors.

We sell capacity, energy, and ancillary services to the wholesale power grid managed by PJM. Our business may be affected by state interference in the competitive wholesale marketplace.

We sell capacity, energy, and ancillary services to the wholesale power grid managed by PJM. The competitive wholesale marketplace may be impacted by out-of-market subsidies provided by states or state entities, including bailouts of uneconomic nuclear plants, imports of power from Canada, renewable mandates or subsidies, mandates to sell power below its cost of acquisition and associated costs, as well as out-of-market payments to new or existing generators. These out-of-market subsidies to existing or new generation undermine the competitive wholesale marketplace, which can lead to premature retirement of existing facilities, including those owned by us. If these measures continue, capacity and energy prices may be suppressed, and we may not be successful in our efforts to insulate the competitive market from this interference. Our wholesale power revenue may be materially impacted by

rules or regulations that allow regulated utilities to participate in competitive wholesale markets or to own and operate rate-regulated facilities that provide capacity, energy and ancillary services that could be provided by competitive market participants.

Because our coal refuse power generation facility is a member of PJM, a regional transmission organization, we may be required to supply power to the grid at a time that is not optimal to our operations.

As a member of PJM, we are subject to the operations of PJM, and our coal refuse power generation facility is under dispatch control of PJM. PJM balances its participants' power requirements with the power resources available to supply those requirements. Based on this evaluation of supply and demand, PJM schedules and dispatches available generating facilities throughout its region in a manner intended to meet the demand for energy in the most reliable and cost-effective manner. Thus we may be required to supply power to PJM, diverting capacity away from our mining operations, at a time that is not economical for our business strategy. To the extent we are required to supply power to PJM for a sustained period of time, we could experience unplanned and extended outages of our mining operations, which could have a material adverse effect on our business, financial condition and results of operations.

We are required to obtain, and to comply with, government permits and approvals.

We are required to obtain, and to comply with, numerous permits and licenses from federal, state and local governmental agencies. The process of obtaining and renewing necessary permits and licenses can be lengthy and complex and can sometimes result in the establishment of conditions that make the project or activity for which the permit or license was sought unprofitable or otherwise unattractive. In addition, such permits or licenses may be subject to denial, revocation or modification under various circumstances. Failure to obtain or comply with the conditions of permits or licenses, or failure to comply with applicable laws or regulations, may result in the delay or temporary suspension of our operations and electricity sales or the curtailment of our delivery of electricity to our customers and may subject us to penalties and other sanctions. Although various regulators routinely renew existing permits and licenses, renewal of our existing permits or licenses could be denied or jeopardized by various factors, including (i) failure to provide adequate financial assurance for closure, (ii) failure to comply with environmental, health and safety laws and regulations or permit conditions, (iii) local community, political or other opposition and (iv) executive, legislative or regulatory action.

Our inability to procure and comply with the permits and licenses required for our operations, or the cost to us of such procurement or compliance, could have a material adverse effect on us. In addition, new environmental legislation or regulations, if enacted, or changed interpretations of existing laws, may cause activities at our facilities to need to be changed to avoid violating applicable laws and regulations or elicit claims that historical activities at our facilities violated applicable laws and regulations. In addition to the possible imposition of fines in the case of any such violations, we may be required to undertake significant capital investments and obtain additional operating permits or licenses, which could have a material adverse effect on us.

Operation of power generation facilities involves significant risks and hazards customary to the power industry that could have a material adverse effect on our revenues and results of operations, and we may not have adequate insurance to cover these risks and hazards. Our employees, contractors, customers and the general public may be exposed to a risk of injury due to the nature of our operations.

Power generation involves hazardous activities, including acquiring, transporting and unloading fuel, operating large pieces of equipment and delivering electricity to transmission and distribution systems, including the transmission lines that run from our power generation facility to our Bitcoin mining operations. In addition to natural risks such as earthquake, flood, lightning, hurricane and wind, other human-made hazards, such as nuclear accidents, dam failure, gas or other explosions, mine area collapses, fire, structural collapse, machinery failure and other dangerous incidents are inherent risks in our operations. These and other hazards can cause significant personal injury or loss of life, severe damage to and destruction of property, plant, equipment, and transmission lines, contamination of, or damage to, the environment and suspension of operations. Further, our employees and contractors work in, and customers and the general public may be exposed to, potentially dangerous environments at or near our operations. As a result, employees, contractors, customers and the general public are at risk for serious injury, including loss of life.

The occurrence of any one of these events may result in us being named as a defendant in lawsuits asserting claims for substantial damages, including for environmental cleanup costs, personal injury and property damage and fines and/or penalties. We maintain an amount of insurance protection that we consider adequate, but we cannot provide any assurance that our insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which we may be subject and, even if we do have insurance coverage for a particular circumstance, we may be subject to a large deductible and maximum cap. A successful claim for which we are not fully insured could hurt our financial results and materially harm our financial condition. Further, due to rising insurance costs and changes in the insurance markets, we cannot provide any assurance that our insurance coverage will continue to be available at all or at rates or on terms similar to those presently available. Any losses not covered by insurance could have a material adverse effect on our financial condition, results of operations or cash flows.

Adverse economic conditions could adversely affect our wholesale power business, financial condition, results of operations and cash flows.

Adverse economic conditions and declines in wholesale energy prices, partially resulting from adverse economic conditions, may impact the results of our operations. The breadth and depth of negative economic conditions may have a wide-ranging impact on the U.S. business environment, including our wholesale power businesses. In addition, adverse economic conditions also reduce the demand for energy commodities. Reduced demand from negative economic conditions continues to impact the key domestic wholesale energy markets we serve. The combination of lower demand for power and increased supply of natural gas has put downward price pressure on wholesale energy markets in general, further impacting our energy marketing results. In general, economic and commodity market conditions will continue to impact our unhedged future energy margins, liquidity, earnings growth and overall financial condition. In addition, adverse economic conditions, declines in wholesale energy prices, reduced demand for power and other factors may negatively impact the value of our securities and impact forecasted cash flows, which may require us to evaluate its goodwill and other long-lived assets for impairment. Any such impairment could have a material impact on our financial statements.

Our use of hedging instruments could impact our liquidity.

We use various hedging instruments, including forwards, futures, financial transmission rights, and options, to manage our power market price risks. These hedging instruments generally include collateral requirements that require us to deposit funds or post letters of credit with counterparties when a counterparty's credit exposure to us is in excess of agreed upon credit limits. When commodity prices decrease to levels below the levels where we have hedged future costs, we may be required to use a material portion of our cash or liquidity facilities to cover these collateral requirements. Additionally, existing or new regulations related to the use of hedging instruments may impact our access to and use of hedging instruments.

Financial, Tax and Accounting-Related Risks

Future developments regarding the treatment of crypto assets for U.S. federal income and foreign tax purposes could adversely impact our business.

Due to the new and evolving nature of crypto assets and the absence of comprehensive legal guidance with respect to crypto asset products and transactions, many significant aspects of the U.S. federal income and foreign tax treatment of transactions involving crypto assets, such as Bitcoin, are uncertain, and it is unclear what guidance may be issued in the future on the treatment of crypto asset transactions, including mining, for U.S. federal income and foreign tax purposes. Current IRS guidance indicates that crypto assets such as Bitcoin should be treated and taxed as property, and that transactions involving the payment of crypto assets such as Bitcoin for goods and services should be treated as barter transactions. While this treatment creates a potential tax reporting requirement for circumstances in which a Bitcoin passes from one person to another, usually by means of Bitcoin transactions (including off-blockchain transactions), it preserves the right to apply capital gains (as opposed to ordinary income) treatment to those transactions generally.

There can be no assurance that the IRS or other foreign tax authority will not alter its existing position with respect to crypto assets in the future or that a court would uphold the treatment of Bitcoin or other crypto assets as property, rather than currency. Any such alteration of existing IRS and foreign tax authority positions or additional guidance regarding crypto asset products and transactions could result in adverse tax consequences for holders of

digital assets and could have an adverse effect on the value of crypto assets and the broader crypto assets markets. Future technological and operational developments that may arise with respect to crypto assets may increase the uncertainty of the treatment of crypto assets for U.S. federal income and foreign tax purposes. The uncertainty regarding the tax treatment of crypto asset transactions, as well as the potential promulgation of new U.S. federal income, state or foreign tax laws or guidance relating to crypto asset transactions, or changes to existing laws or guidance, could adversely impact the price of Bitcoin or other crypto assets, our business and the trading price of our Class A common stock.

Changes to applicable U.S. tax laws and regulations or exposure to additional income tax liabilities could affect our and Stronghold LLC's business and future profitability.

We have no material assets other than our equity interests in Stronghold LLC, which holds, directly or indirectly, all of the operating assets of our business. Stronghold LLC generally is not subject to U.S. federal income tax, but may be subject to certain U.S. state and local and non-U.S. taxes. We are a U.S. corporation that is subject to U.S. corporate income tax on our worldwide operations, including our share of income of Stronghold LLC. Moreover, our operations and customers are located in the United States, and as a result, we and Stronghold LLC are subject to various U.S. federal, state and local taxes. New U.S. laws and policy relating to taxes may have an adverse effect on us and our business and future profitability. Further, existing U.S. tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us or Stronghold LLC.

For example, on December 22, 2017, legislation sometimes known as the Tax Cuts and Jobs Act (the "TCJA"), was signed into law making significant changes to the Code, and certain provisions of the TCJA may adversely affect us or Stronghold LLC. In particular, sweeping changes were made to the U.S. taxation of foreign operations. Changes include, but are not limited to, a permanent reduction to the corporate income tax rate, limiting interest deductions, a reduction to the maximum deduction allowed for net operating losses generated in tax years after December 31, 2017, the elimination of carrybacks of net operating losses, adopting elements of a territorial tax system, assessing a repatriation tax or "toll-charge" on undistributed earnings and profits of U.S.-owned foreign corporations, and introducing certain anti-base erosion provisions, including a new minimum tax on global intangible low-taxed income and base erosion and anti-abuse tax. The TCJA could be subject to potential amendments and technical corrections, and is subject to interpretations and implementing regulations by the Treasury and the Internal Revenue Service (the "IRS"), any of which could mitigate or increase certain adverse effects of the legislation.

In addition to the impact of the TCJA on our U.S. federal income taxes, the TCJA may adversely affect the taxation of us or Stronghold LLC in other jurisdictions, including with respect to state income taxes as state legislatures may not have had sufficient time to respond to the TCJA. Accordingly, there is uncertainty as to how the laws will apply in various state jurisdictions. Additionally, other foreign governing bodies may enact changes to their tax laws in reaction to the TCJA that could result in changes to our global tax profile and materially adversely affect our business and future profitability.

President Joe Biden has set forth several tax proposals that would, if enacted, make significant changes to U.S. tax laws (including provisions enacted pursuant to the TCJA). Such proposals include, but are not limited to, (i) an increase in the U.S. income tax rate applicable to corporations (including us) from 21% to 28%, (ii) an increase in the maximum U.S. federal income tax rate applicable to individuals, (iii) a minimum book income tax on certain large corporations, (iv) the modification or replacement of the minimum tax on global intangible low-taxed income and base erosion and anti-abuse tax and (v) an increase in the U.S. federal income tax rate for long-term capital gain for certain taxpayers with income in excess of a threshold amount. Additionally, the Biden Administration has proposed expanding cryptocurrency information and transaction reporting requirements. Congress may consider, and could include, some or all of these proposals in connection with tax reform to be undertaken by the current administration. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. The passage of any legislation as a result of these proposals and other similar changes in U.S. federal income tax laws could adversely affect our or Stronghold LLC's business and future profitability.

In the event our business expands internationally or domestically, including to jurisdictions in which tax laws may not be favorable, our and Stronghold LLC's obligations may change or fluctuate, become significantly more

complex or become subject to greater risk of examination by taxing authorities, any of which could adversely affect our or Stronghold LLC's after-tax profitability and financial results.

In the event our operating business expands domestically or internationally, our and Stronghold LLC's effective tax rates may fluctuate widely in the future. Future effective tax rates could be affected by operating losses in jurisdictions where no tax benefit can be recorded under U.S. GAAP, changes in deferred tax assets and liabilities, or changes in tax laws. Additionally, we may be subject to tax on more than one-hundred percent of our income and Stronghold LLC may be subject to tax on more than one-hundred percent of its income as a result of such income being subject to tax in multiple state, local or non-U.S. jurisdictions. Factors that could materially adversely affect our and Stronghold LLC's future effective tax rates include, but are not limited to: (a) changes in tax laws or the regulatory environment, (b) changes in accounting and tax standards or practices, (c) changes in the composition of operating income by tax jurisdiction and (d) pre-tax operating results of our business.

Additionally, we and Stronghold LLC may be subject to significant income, withholding and other tax obligations in the United States and may become subject to taxation in numerous additional state, local and non-U.S. jurisdictions with respect to income, operations and subsidiaries related to those jurisdictions. Our and Stronghold LLC's after-tax profitability and financial results could be subject to volatility or be affected by numerous factors, including (a) the availability of tax deductions, credits, exemptions, refunds and other benefits to reduce tax liabilities, (b) changes in the valuation of deferred tax assets and liabilities, if any, (c) the expected timing and amount of the release of any tax valuation allowances, (d) the tax treatment of stock-based compensation, (e) changes in the relative amount of earnings subject to tax in the various jurisdictions, (f) the potential business expansion into, or otherwise becoming subject to tax in, additional jurisdictions, (g) changes to existing intercompany structure (and any costs related thereto) and business operations, (h) the extent of intercompany transactions and the extent to which taxing authorities in relevant jurisdictions respect those intercompany transactions and (i) the ability to structure business operations in an efficient and competitive manner. Outcomes from audits or examinations by taxing authorities could have an adverse effect on our or Stronghold LLC's after-tax profitability and financial condition. Additionally, the IRS and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and services and the use of intangibles. Tax authorities could disagree with our or Stronghold LLC's intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. If we or Stronghold LLC, as applicable, do not prevail in any such disagreements, our profitability may be adversely affected.

Our or Stronghold LLC's after-tax profitability and financial results may also be adversely affected by changes in relevant tax laws and tax rates, treaties, regulations, administrative practices and principles, judicial decisions and interpretations thereof, in each case, possibly with retroactive effect.

Risks Relating to Us and our Organizational Structure

Q Power owns the majority of our voting stock and will have the right to appoint a majority of our board members, and its interests may conflict with those of other stockholders.

Q Power owns the majority of our voting stock and will initially appoint the majority of our board of directors. Upon completion of this offering and taking into account the Preferred Stock Conversion, Q Power and its affiliates will own approximately % of our voting stock (or approximately % if the underwriters' option to purchase additional shares is exercised in full), assuming no purchases by any of our affiliates in our directed share program. As a result, subject to certain approval rights of holders of our preferred stock included in our amended and restated certificate of incorporation, Q Power will be able to substantially influence matters requiring our stockholder or board approval, including the election of directors, approval of any potential acquisition of us, changes to our organizational documents and significant corporate transactions, and certain decisions we make as the managing member of Stronghold LLC. This concentration of ownership makes it unlikely that any other holder or group of holders of our common stock or preferred stock will be able to affect the way we and Stronghold LLC are managed or the direction of our business. The interests of Q Power with respect to matters potentially or actually involving or affecting us, such as future acquisitions, financings and other corporate opportunities and attempts to acquire us, may conflict with the interests of our other stockholders.

For example, Q Power may have different tax positions from us, especially in light of the Tax Receivable Agreement, that could influence its decisions regarding whether and when to support the disposition of assets, the

incurrence or refinancing of new or existing indebtedness, the timing or amount of distributions by Stronghold LLC, or the termination of the Tax Receivable Agreement and acceleration of our obligations thereunder. In addition, the determination of future tax reporting positions, the structuring of future transactions and the handling of any challenge by any taxing authority to our tax reporting positions may take into consideration tax or other considerations of Q Power, including the effect of such positions on our obligations under the Tax Receivable Agreement and with respect to the amount of tax distributions, which may differ from the considerations of us or other stockholders. These decisions could adversely affect our liquidity or financial condition.

We are a holding company whose sole material asset is our equity interests in Stronghold LLC; accordingly, we will be dependent upon distributions from Stronghold LLC to pay taxes, make payments under the Tax Receivable Agreement and cover our corporate and other overhead expenses.

We are a holding company and we have no material assets other than our equity interests in Stronghold LLC and no independent means of generating revenue or cash flow. To the extent Stronghold LLC has available cash and subject to the terms of any current or future debt instruments, the Stronghold LLC Agreement requires Stronghold LLC to make *pro rata* cash distributions to holders of Stronghold LLC Units, in an amount sufficient to allow us to pay our taxes and to make payments under the Tax Receivable Agreement. We generally expect Stronghold LLC to fund such distributions out of available cash, and if payments under the Tax Receivable Agreement are accelerated, we generally expect to fund such accelerated payment out of the proceeds of the change of control transaction giving rise to such acceleration. When Stronghold LLC makes regular distributions, the holders of Stronghold LLC Units are entitled to receive proportionate distributions based on their interests in Stronghold LLC at the time of such distribution. In addition, the Stronghold LLC Agreement requires Stronghold LLC to make non-*pro rata* payments to us to reimburse us for our corporate and other overhead expenses, which payments are not treated as distributions under the Stronghold LLC Agreement. To the extent that we need funds and Stronghold LLC or its subsidiaries do not have sufficient funds, or are restricted from making such distributions or payments under applicable law or regulation or under the terms of any current or future financing arrangements, or are otherwise unable to provide such funds, our liquidity and financial condition could be materially adversely affected.

Moreover, because we will have no independent means of generating revenue, our ability to make tax payments and payments under the Tax Receivable Agreement is dependent on the ability of Stronghold LLC to make distributions to us in an amount sufficient to cover our tax obligations and obligations under the Tax Receivable Agreement. This ability, in turn, may depend on the ability of Stronghold LLC's subsidiaries to make distributions to it. The ability of Stronghold LLC, its subsidiaries and other entities in which it directly or indirectly holds an equity interest to make such distributions will be subject to, among other things, (i) the applicable provisions of Delaware law (or other applicable jurisdiction) that may limit the amount of funds available for distribution and (ii) restrictions in relevant debt instruments issued by Stronghold LLC or its subsidiaries and other entities in which it directly or indirectly holds an equity interest. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid.

We are required to make payments under the Tax Receivable Agreement for certain tax benefits that we may receive or be deemed to receive, and the amounts of such payments could be significant.

We entered into a Tax Receivable Agreement on April 1, 2021 with Q Power and an agent named by Q Power. This agreement generally provides for the payment by us to Q Power (or its permitted assignees) of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax (computed using simplifying assumptions to address the impact of state and local taxes) that we actually realize (or are deemed to realize in certain circumstances) as a result of certain increases in tax basis available to us as a result of this or prior offerings, the acquisition of Stronghold LLC Units pursuant to an exercise of the Redemption Right or the Call Right and payments under the Tax Receivable Agreement, and certain benefits attributable to imputed interest. We will retain the remaining net cash savings, if any.

The term of the Tax Receivable Agreement commenced on April 1, 2021 and will continue until all tax benefits that are subject to the Tax Receivable Agreement have been utilized or expired, and all required payments are made, unless we exercise our right to terminate the Tax Receivable Agreement (or the Tax Receivable Agreement is terminated due to other circumstances, including our breach of a material obligation thereunder or certain mergers or other changes of control), in which case we will make the termination payment specified in the Tax Receivable Agreement. In addition, payments we make under the Tax Receivable Agreement will be increased by any interest

accrued from the due date (without extensions) of the corresponding tax return. In the event that the Tax Receivable Agreement is not terminated early, the payments under the Tax Receivable Agreement are anticipated to continue for at least years after the date of the last redemption of Stronghold LLC Units.

The payment obligations under the Tax Receivable Agreement are our obligations and not obligations of Stronghold LLC, and we expect that the payments we will be required to make under the Tax Receivable Agreement will be substantial. Estimating the amount and timing of our realization of tax benefits subject to the Tax Receivable Agreement is by its nature imprecise. The actual increases in tax basis covered by the Tax Receivable Agreement, as well as the amount and timing of our ability to use any deductions (or decreases in gain or increases in loss) arising from such increases in tax basis, are dependent upon future events, including but not limited to the timing of redemptions of Stronghold LLC Units, the value of our common stock at the time of each redemption, the extent to which such redemptions are taxable transactions, the amount of the redeeming member's tax basis in its Stronghold LLC Units at the time of the relevant redemption, the depreciation and amortization periods that apply to the increase in tax basis, the amount, character, and timing of taxable income we generate in the future, the timing and amount of any earlier payments that we may have made under the Tax Receivable Agreement, the U.S. federal income tax rate then applicable, and the portion of our payments under the Tax Receivable Agreement that constitute imputed interest or give rise to depreciable or amortizable tax basis. Accordingly, estimating the amount and timing of payments that may become due under the Tax Receivable Agreement is also by its nature imprecise. For purposes of the Tax Receivable Agreement, net cash savings in tax generally are calculated by comparing our actual tax liability (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income tax rate) to the amount we would have been required to pay had we not been able to utilize any of the tax benefits subject to the Tax Receivable Agreement. Thus, the amount and timing of any payments under the Tax Receivable Agreement are also dependent upon significant future events, including those noted above in respect of estimating the amount and timing of our realization of tax benefits. Any distributions made by Stronghold LLC to us to enable us to make payments under the Tax Receivable Agreement, as well as any corresponding *pro rata* distributions made to the other holders of Stronghold LLC Units, could have an adverse impact on our liquidity.

Payments under the Tax Receivable Agreement are not conditioned upon a holder of rights under the Tax Receivable Agreement having an ownership interest in us or Stronghold LLC. In addition, certain rights of the holders of Stronghold LLC Units (including the right to receive payments) under the Tax Receivable Agreement are transferable in connection with transfers permitted under the Stronghold LLC Agreement of the corresponding Stronghold LLC Units or after the corresponding Stronghold LLC Units have been acquired pursuant to the Redemption Right or Call Right. For additional information regarding the Tax Receivable Agreement, see "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

If we experience a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations, but generally would not include an initial public offering or combination with a special purpose acquisition company (a "SPAC")) or the Tax Receivable Agreement terminates early (at our election or as a result of our breach), we would be required to make an immediate payment equal to the present value of the future payments we would be required to make if we realized deemed tax savings pursuant to the Tax Receivable Agreement (determined by applying a discount rate equal to one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points, and using numerous assumptions to determine deemed tax savings) and such early termination payment is expected to be substantial and may exceed the future tax benefits realized by Stronghold Inc. The calculation of such future payments will be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, including (i) that we have sufficient taxable income on a current basis to fully utilize the tax benefits covered by the Tax Receivable Agreement, and (ii) that any Stronghold LLC Units (other than those held by us) outstanding on the termination date or change of control date, as applicable, are deemed to be redeemed on such date. Any early termination payment may be made significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the early termination payment relates.

If we experience a change of control (as defined under the Tax Receivable Agreement) or the Tax Receivable Agreement otherwise terminates early (at our election or as a result of our breach), our obligations under the Tax

Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms of business combinations or changes of control. For example, if the Tax Receivable Agreement were terminated immediately after this offering, the estimated early termination payment would, in the aggregate, be approximately \$ million (calculated using a discount rate equal to one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points, applied against an undiscounted liability of approximately \$ million calculated based on certain assumptions, including but not limited to a \$ per share trading price, a 21% U.S. federal corporate income tax rate and estimated applicable state and local income tax rates, no material change in U.S. federal income tax law, and that Stronghold Inc. will have sufficient taxable income on a current basis to utilize such estimated tax benefits). The foregoing number is merely an estimate for illustrative purposes, and the actual payment could differ materially. If our obligation to make payments under the Tax Receivable Agreement is accelerated as a result of a change of control, we generally expect the accelerated payments due under the Tax Receivable Agreement to be funded out of the proceeds of the change of control transaction giving rise to such acceleration. However, we may be required to fund such payment from other sources, and as a result, any early termination of the Tax Receivable Agreement could have a substantial negative impact on our liquidity. We do not currently expect to cause an acceleration due to our breach, and we do not currently expect that we will elect to terminate the Tax Receivable Agreement early, except in cases where the early termination payment would not be material. There can be no assurance that we will be able to meet our obligations under the Tax Receivable Agreement.

Please read “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.”

If our payment obligations under the Tax Receivable Agreement are accelerated upon certain mergers, other forms of business combinations or other changes of control, the consideration payable to holders of our common stock could be substantially reduced.

If we experience a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations, but generally would not include an initial public offering or a combination with a SPAC), then our obligations under the Tax Receivable Agreement would be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, and in such situations, payments under the Tax Receivable Agreement may be significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the payment relates. As a result of our payment obligations under the Tax Receivable Agreement, holders of our common stock could receive substantially less consideration in connection with a change of control transaction than they would receive in the absence of such obligation. Further, our payment obligations under the Tax Receivable Agreement are not conditioned upon holders of Stronghold LLC Units having a continued interest in us or Stronghold LLC. Accordingly, the interests of the holders of Stronghold LLC Units may conflict with those of the holders of our common stock.

We will not be reimbursed for any payments made under the Tax Receivable Agreement in the event that any tax benefits are subsequently disallowed.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we will determine, and the IRS or another tax authority may challenge all or part of the tax basis increases upon which payment under the Tax Receivable Agreement are based, as well as other related tax positions we take, and a court could sustain such challenge. The holders of Stronghold LLC Units will not reimburse us for any payments previously made under the Tax Receivable Agreement if any tax benefits that have given rise to payments under the Tax Receivable Agreement are subsequently disallowed, except that excess payments made to any holder of Stronghold LLC Units will be netted against future payments that would otherwise be made to such holder of Stronghold LLC Units, if any, after our determination of such excess (which determination may be made a number of years following the initial payment and after future payments have been made). As a result, in such circumstances, we could make payments that are much greater than our actual cash tax savings, if any, and may not be able to recoup those payments, which could materially adversely affect our liquidity.

If Stronghold LLC were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, we and Stronghold LLC might be subject to potentially significant tax inefficiencies, and we would

not be able to recover payments previously made by us under the Tax Receivable Agreement even if the corresponding tax benefits were subsequently determined to have been unavailable due to such status.

We intend to operate such that Stronghold LLC does not become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. A “publicly traded partnership” is a partnership the interests of which are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Under certain circumstances, redemptions of Stronghold LLC Units pursuant to the Redemption Right (or the Call Right) or other transfers of Stronghold LLC Units could cause Stronghold LLC to be treated as a publicly traded partnership. Applicable U.S. Treasury regulations provide for certain safe harbors from treatment as a publicly traded partnership, and we intend to operate such that redemptions or other transfers of Stronghold LLC Units qualify for one or more such safe harbors. For example, we intend to limit the number of holders of Stronghold LLC Units, and the Stronghold LLC Agreement provides for limitations on the ability of holders of Stronghold LLC Units to transfer their Stronghold LLC Units and provides us, as the managing member of Stronghold LLC, with the right to impose restrictions (in addition to those already in place) on the ability of holders of Stronghold LLC Units to redeem their Stronghold LLC Units pursuant to the Redemption Right (or Call Right) to the extent we believe it is necessary to ensure that Stronghold LLC will continue to be treated as a partnership for U.S. federal income tax purposes.

If Stronghold LLC were to become a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, significant tax inefficiencies might result for us and Stronghold LLC, including as a result of our inability to file a consolidated U.S. federal income tax return with Stronghold LLC. In such case, we might not be able to realize tax benefits covered under the Tax Receivable Agreement, and we would not be able to recover any payments we previously made under the Tax Receivable Agreement, even if the corresponding tax benefits (including any claimed increase in the tax basis of Stronghold LLC’s assets) were subsequently determined to have been unavailable.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results of operations and financial condition.

We may be subject to taxes by the U.S. federal, state, and local tax authorities and our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation; or
- changes in tax laws, regulations or interpretations thereof.

In addition, we may be subject to audits of our income, sales and other transaction taxes by U.S. federal, state, and local taxing authorities. Outcomes from these audits could have an adverse effect on our operating results and financial condition.

Risks Related to this Offering and Our Class A Common Stock

The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act, and the requirements of the Sarbanes-Oxley Act, may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

As a public company, we will need to comply with new laws, regulations and requirements, certain corporate governance provisions of the Sarbanes-Oxley Act of 2002, related regulations of the SEC and the requirements of The Nasdaq Stock Market (the “Nasdaq”), with which we are not required to comply as a private company.

Complying with these statutes, regulations and requirements will occupy a significant amount of time of our board of directors and management and will significantly increase our costs and expenses. We will need to:

- institute a more comprehensive compliance function;
- comply with rules promulgated by Nasdaq;
- prepare and distribute periodic public reports in compliance with our obligations under the federal securities laws;
- accurately implement and interpret GAAP;
- establish new internal policies, such as those relating to insider trading; and
- involve and retain to a greater degree outside counsel and accountants in the above activities.

Upon becoming a public company, we will be required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal controls over financial reporting. Although we will be required to disclose changes made in our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal controls over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC. Additionally, we are not required to have our independent registered public accounting firm attest to the effectiveness of our internal controls until our first annual report subsequent to our ceasing to be an "emerging growth company" within the meaning of Section 2(a)(19) of the Securities Act. Accordingly, we may not be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls until as late as our annual report for the fiscal year ending December 31, 2026. Once it is required to do so, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed, operated or reviewed. Compliance with these requirements may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

In addition, we expect that being a public company subject to these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers. We are currently evaluating these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

If we experience any material weaknesses in the future or otherwise fail to develop or maintain an effective system of internal controls in the future, we may not be able to accurately report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our Class A common stock.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. As a result of being a public company, we will be required, under Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting beginning in the year following our first annual report required to be filed with the SEC. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. We will take steps to improve control processes as appropriate, validate through testing that controls are functioning as documented, and implement a continuous reporting and improvement process for our internal control over financial reporting. If we identify one or more material weaknesses in our internal control over financial reporting during the evaluation and testing process, we may be unable to conclude that our internal controls are effective.

Additionally, when we cease to be an “emerging growth company” under the federal securities laws, our independent registered public accounting firm may be required to express an opinion on the effectiveness of our internal controls. If we are unable to confirm that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our Class A common stock to decline.

The initial public offering price of our Class A common stock may not be indicative of the market price of our Class A common stock after this offering. In addition, an active, liquid and orderly trading market for our Class A common stock may not develop or be maintained, and our stock price may be volatile.

Prior to this offering, our Class A common stock was not traded on any market. An active, liquid and orderly trading market for our Class A common stock may not develop or be maintained after this offering. Active, liquid and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors’ purchase and sale orders. The market price of our Class A common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our Class A common stock, you could lose a substantial part or all of your investment in our Class A common stock. The initial public offering price will be negotiated between us and representatives of the underwriters, based on numerous factors which we discuss in “Underwriting,” and may not be indicative of the market price of our Class A common stock after this offering. Consequently, you may not be able to sell shares of our Class A common stock at prices equal to or greater than the price paid by you in this offering.

The following factors could affect our stock price:

- quarterly variations in our financial and operating results;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- failure to obtain additional plants or miners;
- the failure of our operating results to meet the expectations of equity research analysts and investors;
- the failure of research analysts to cover our Class A common stock;
- sales of our Class A common stock by us or other stockholders, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance, interpretations or standards;
- additions or departures of key management personnel;
- general market conditions, including fluctuations in commodity prices or price of Bitcoins and other crypto assets;
- regulatory changes or actions may alter the nature of an investment in us or our business;
- domestic and international economic, legal and regulatory factors unrelated to our performance; and
- the realization of any risks described under this “Risk Factors” section.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our

Class A common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and materially harm our business, operating results and financial condition.

The Legacy Owners will own a significant amount of our voting stock, and their interests may conflict with those of our other stockholders.

Upon completion of this offering and taking into account the Preferred Stock Conversion, the Legacy Owners will own approximately % of our voting stock (or approximately % if the underwriters' option to purchase additional shares is exercised in full), assuming no purchases by any of our affiliates in our directed share program. As a result, the Legacy Owners may be able to influence matters requiring stockholder approval, including the election of directors, approval of any potential acquisition of us, changes to our organizational documents and significant corporate transactions. This concentration of ownership makes it unlikely that any other holder or group of holders of our Class A common stock will be able to affect the way we are managed or the direction of our business. The interests of the Legacy Owners with respect to matters potentially or actually involving or affecting us, such as future acquisitions, financings and other corporate opportunities and attempts to acquire us, may conflict with the interests of our other stockholders.

For example, certain of the Legacy Owners may have different tax positions from us, especially in light of the Tax Receivable Agreement, that could influence their decisions regarding whether and when to support the disposition of assets, the incurrence or refinancing of new or existing indebtedness, or the termination of the Tax Receivable Agreement and acceleration of our obligations thereunder. In addition, the determination of future tax reporting positions, the structuring of future transactions and the handling of any challenge by any taxing authority to our tax reporting positions may take into consideration the Legacy Owners' tax or other considerations which may differ from the considerations of us or our other stockholders. Please read "Certain Relationships and Related Party Transactions—Tax Receivable Agreement."

Certain of our executive officers and directors have significant duties with, and spend significant time serving, entities that may compete with us in seeking business opportunities and, accordingly, may have conflicts of interest in allocating time or pursuing business opportunities.

Certain of our executive officers and directors, who are responsible for managing the direction of our operations, hold positions of responsibility with other entities (including affiliated entities). These executive officers and directors may become aware of business opportunities that may be appropriate for presentation to us as well as to the other entities with which they are or may become affiliated. Due to these existing and potential future affiliations, they may present potential business opportunities to other entities prior to presenting them to us, which could cause additional conflicts of interest. They may also decide that certain opportunities are more appropriate for other entities with which they are affiliated, and as a result, they may elect not to present those opportunities to us. These conflicts may not be resolved in our favor. For additional discussion of our management's business affiliations and the potential conflicts of interest of which our stockholders should be aware, see "Certain Relationships and Related Party Transactions."

Our amended and restated certificate of incorporation and bylaws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our Class A common stock and could deprive our investors of the opportunity to receive a premium for their shares.

Our amended and restated certificate of incorporation authorizes our board of directors to issue preferred stock without stockholder approval in one or more series, designate the number of shares constituting any series, and fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. If our board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire us. In addition, some provisions of our amended and restated certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders. These provisions include:

- providing that all vacancies, including newly created directorships, may, except as otherwise required by law or, if applicable, the rights of holders of a series of preferred stock, only be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- permitting special meetings of our stockholders to be called only by our Chief Executive Officer, the chairman (or any co-chairman) of our board of directors, the President or by a majority of the board of directors, or by a majority of the executive committee (if any), called by the chairman (or any co-chairman) of our board of directors, by our Chief Executive Officer, the President or the Secretary upon written request, in each case with written notice stating the purposes of such meeting, delivered to such office and signed by the holder(s) of at least twenty-five percent (25%) of the issued and outstanding stock entitled to vote at such meeting;
- prohibiting cumulative voting in the election of directors;
- providing that the board of directors is expressly authorized to adopt, or to alter or repeal our bylaws.

In addition, certain change of control events have the effect of accelerating the payment due under the Tax Receivable Agreement, which could be substantial and accordingly serve as a disincentive to a potential acquirer of our company. Please see “—Risks Relating to Us and our Organizational Structure—In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the Tax Receivable Agreement.”

Investors in this offering will experience immediate and substantial dilution of \$ _____ per share.

Based on the initial public offering price of \$ _____ per share (the midpoint of the range set forth on the cover of this prospectus), purchasers of our Class A common stock in this offering will experience an immediate and substantial dilution of \$ _____ per share in the as adjusted net tangible book value per share of Class A common stock from the initial public offering price, and our pro forma as adjusted net tangible book value as of March 31, 2021 after giving effect to this offering would be \$ _____ per share. If the initial public offering price were to increase or decrease by \$1.00 per share, then dilution in pro forma as adjusted net tangible book value per share to new investors in this offering would equal \$ _____ or \$ _____, respectively. This dilution is due to, among other things, earlier investors having paid less than the initial public offering price when they purchased their shares. See “Dilution.”

We do not intend to pay cash dividends on our Class A common stock. Consequently, your only opportunity to achieve a return on your investment is if the price of our Class A common stock appreciates.

We do not plan to declare cash dividends on shares of our Class A common stock in the foreseeable future. Any future credit agreements or financing arrangements may also contain restrictions on our ability to pay cash dividends. Consequently, your only opportunity, while such dividend restrictions remain in place, to achieve a return on your investment in us may be to sell your Class A common stock at a price greater than you paid for it. There is no guarantee that the price of our Class A common stock that will prevail in the market will ever exceed the price that you pay in this offering.

Future sales of our Class A common stock in the public market, or the perception that such sales may occur, could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

We may sell additional shares of Class A common stock in subsequent public offerings. We may also issue additional shares of Class A common stock or convertible securities. After the completion of this offering and taking into account the Preferred Stock Conversion, we will have _____ outstanding shares of Class A common stock (or _____ shares of Class A common stock if the underwriters’ option to purchase additional shares is exercised in full). This number includes _____ shares of Class A common stock that may be issued as part of the Preferred Stock Conversion, _____ shares that we are selling in this offering, and _____ shares that we may sell in this offering if the underwriters’ option to purchase additional shares is fully exercised, which may be resold immediately in the public market. Following the completion of this offering, and assuming full exercise of the underwriters’ option to purchase additional shares, the Legacy Owners will own _____ shares of our Class A

common stock and _____ shares of our Class V common stock, or approximately _____ of our total voting stock outstanding.

In connection with this offering, we intend to file a registration statement with the SEC on Form S-8 providing for the registration of shares of our Class A common stock issued or reserved for issuance under our long term incentive plan. Subject to the satisfaction of vesting conditions, the expiration of lock-up agreements and the requirements of Rule 144, shares registered under the registration statement on Form S-8 may be made available for resale immediately in the public market without restriction.

We cannot predict the size of future issuances of our Class A common stock or securities convertible into Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock will have on the market price of our Class A common stock. Sales of substantial amounts of our Class A common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A common stock.

The underwriters of this offering may waive or release parties to the lock-up agreements entered into in connection with this offering, which could adversely affect the price of our Class A common stock.

We, all of our directors that will own equity in us following the completion of this offering, all of our executive officers and certain of the Legacy Owners have entered or will enter into lock-up agreements pursuant to which we and they will be subject to certain restrictions with respect to the sale or other disposition of our Class A common stock for a period of 180 days following the date of this prospectus. The underwriters, at any time and without notice, may release all or any portion of the Class A common stock subject to the foregoing lock-up agreements. See “Underwriting” for more information on these agreements. If the restrictions under the lock-up agreements are waived, then the Class A common stock, subject to compliance with the Securities Act or exceptions therefrom, will be available for sale into the public markets, which could cause the market price of our Class A common stock to decline and impair our ability to raise capital.

We may issue preferred stock whose terms could adversely affect the voting power or value of our Class A common stock.

Our amended and restated certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our Class A common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our Class A common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the Class A common stock.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements, including those relating to accounting standards and disclosure about our executive compensation, that apply to other public companies.

We are classified as an “emerging growth company” under the JOBS Act. For as long as we are an emerging growth company, which may be up to five full fiscal years, unlike other public companies, we will not be required to, among other things: (i) provide an auditor’s attestation report on management’s assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act; (ii) comply with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; (iii) provide certain disclosures regarding executive compensation required of larger public companies; or (iv) hold nonbinding advisory votes on executive compensation. We will remain an emerging growth company for up to five years, although we will lose that status sooner if we have more than \$1.07 billion of revenues in a fiscal year, have more than \$700.0 million in market value of our Class A common stock held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three-year period.

To the extent that we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. Additionally, we intend to take advantage of the extended transition periods for the adoption of new or revised financial accounting standards under the JOBS Act until we are no longer an emerging growth company. Our election to use the transition periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the extended transition periods permitted under the JOBS Act and who will comply with new or revised financial accounting standards.

Additionally, we are a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our common stock held by non-affiliates equals or exceeds \$250 million as of the end of that fiscal year’s second fiscal quarter, and (2) our annual revenues exceeded \$100 million during such completed fiscal year and the market value of our common stock held by non-affiliates exceeds \$700 million as of the end of that fiscal year’s second fiscal quarter. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible.

If some investors find our Class A common stock to be less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our Class A common stock or if our operating results do not meet their expectations, our stock price could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our Class A common stock or if our operating results do not meet their expectations, our stock price could decline.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus includes “forward-looking statements.” All statements, other than statements of historical fact included in this prospectus, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” included in this prospectus. These forward-looking statements are based on management’s current belief, based on currently available information, as to the outcome and timing of future events.

Forward-looking statements may include statements about:

- the hybrid nature of our business model, which is highly dependent on the price of Bitcoin;
- our dependence on the level of demand and financial performance of the crypto asset industry;
- our ability to manage growth, business, financial results and results of operations;
- uncertainty regarding our evolving business model;
- our ability to raise capital to fund business growth;
- our ability to retain management and key personnel;
- our ability to enter into purchase agreements and acquisitions;
- our ability to maintain our relationships with our third party brokers and our dependence on their performance;
- public health crises, epidemics, and pandemics such as the COVID-19 pandemic;
- our ability to procure crypto asset mining equipment from foreign-based suppliers;
- developments and changes in laws and regulations, including increased regulation of the crypto asset industry through legislative action and revised rules and standards applied by The Financial Crimes Enforcement Network under the authority of the U.S. Bank Secrecy Act and the Investment Company Act;
- the future acceptance and/or widespread use of, and demand for, Bitcoin and other crypto assets;
- our ability to respond to price fluctuations and rapidly changing technology;
- our ability to operate our coal refuse power generation facilities as planned;
- our ability to avail ourselves of tax credits for the clean-up of coal refuse piles; and
- legislative or regulatory changes, and liability under, or any future inability to comply with, existing or future energy regulations or requirements.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, decline in demand for our products and services, the seasonality and volatility of the crypto asset industry, our acquisition strategies, the inability to comply with developments and changes in regulation, cash flow and access to

capital, maintenance of third party relationships, the COVID-19 pandemic and the other risks described under “Risk Factors” in this prospectus.

Should one or more of the risks or uncertainties described in this prospectus occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Any forward-looking statement that we make in this prospectus speaks only as of the date of such statement. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this prospectus.

USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately \$ _____ million, assuming an initial public offering price of \$ _____ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses of approximately \$ _____ million, in the aggregate. If the underwriters exercise in full their option to purchase additional shares of Class A common stock, we expect to receive approximately \$ _____ million of net proceeds.

We intend to contribute all of the net proceeds from this offering to Stronghold LLC in exchange for Stronghold LLC Units. Stronghold LLC will use the net proceeds for general corporate purposes, including for acquisitions of miners and power generating assets and to pay the expenses of this offering.

A \$1.00 increase or decrease in the assumed initial public offering price of \$ _____ per share would cause the net proceeds from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses received by us, to increase or decrease, respectively, by approximately \$ _____ million, assuming the number of shares offered by us as set forth on the cover page of this prospectus remains the same. An increase or decrease of _____ shares offered by us at an assumed offering price of \$ _____ per share would cause the net proceeds from this offering after deducting the underwriting discounts and commissions and estimated offering expenses received by us to increase or decrease, respectively, by approximately \$ _____ million. Any increase or decrease in proceeds due to a change in the initial public offering price or number of shares issued would increase or decrease, respectively, the amount of net proceeds contributed to Stronghold LLC to be used by it for acquisitions and general corporate purposes.

If the proceeds increase due to a higher initial public offering price or due to the issuance of additional shares by us, we would contribute the additional net proceeds received by us to Stronghold LLC in exchange for Stronghold LLC Units. Stronghold LLC intends to use the additional net proceeds for general corporate purposes. If the proceeds decrease due to a lower initial public offering price or a decrease in the number of shares issued by us, then we would decrease the amount of net proceeds contributed to Stronghold LLC and Stronghold LLC would reduce by a corresponding amount the net proceeds directed for general corporate purposes.

DIVIDEND POLICY

We have never paid any cash dividends on our Class A common stock. Holders of our Class V common stock are not entitled to participate in any dividends declared by our board of directors. Our future dividend policy is within the discretion of our board of directors and will depend upon then-existing conditions, including our results of operations, financial condition, leverage or other financial ratios, capital requirements, investment opportunities, statutory restrictions on our ability to pay dividends and other factors our board of directors may deem relevant. Our ability to pay cash dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities that we or our subsidiaries may issue.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2021:

- of our accounting predecessor and its subsidiaries on an actual basis;
- of Stronghold Inc. on an as adjusted basis after giving effect to the Reorganization, the Private Placements and the Panther Creek Acquisition; and
- of Stronghold Inc. on an as further adjusted basis after giving effect to (i) the sale of shares of our Class A common stock in this offering at the initial offering price of \$ _____ per share (the midpoint of the range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, (ii) our receipt of the estimated net proceeds from this offering and the subsequent contribution of such net proceeds to Stronghold LLC in exchange for Stronghold LLC Units, and (iii) the Preferred Stock Conversion.

You should read the following table in conjunction with “Unaudited Pro Forma Combined Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Corporate Reorganization,” “Use of Proceeds” and our historical unaudited condensed combined financial statements and related notes appearing elsewhere in this prospectus.

	As of March 31, 2021		
	Accounting Predecessors Actual(1)	Stronghold Inc. As Adjusted	Stronghold Inc. As Further Adjusted(2)
Cash and cash equivalents	\$ 2,774,030	\$ 95,014,030(3)(4)	(5)
Current Liabilities:			
Current portion of long-term debt	417,822	417,822	
Related-party notes	2,024,250	2,024,250	
Due to related parties	1,017,409	1,017,409	
Long-Term liabilities			
Long-term debt	404,704	404,704	
Economic Injury Disaster Loan	151,402	151,402	
Paycheck Protection Program Loan	841,670	841,670	
Total debt	4,857,257	4,857,257	
Mezzanine Equity			
Series A redeemable convertible preferred stock at redemption value, \$0.0001 par value; 3,600,000 shares issued (as adjusted)		100,000,000	
Series B redeemable convertible preferred stock at redemption value, \$0.0001 par value; 630,915 shares issued (as adjusted)		18,740,000	
Stockholders’ / Partners’ Capital (Deficit):			
General Partners	(2,993,232)	—	
Limited Partners	(1,292,831)	—	
Common Stock - Class A, \$0.0001 par value; 238,000,000 shares authorized and 11,600,000 shares issued (as adjusted); _____ shares authorized and _____ shares issued (as further adjusted)		—	
Common Stock - Class V, \$0.0001 par value; 12,000,000 shares authorized and 9,400,000 shares issued (as adjusted and as further adjusted)		940	
Additional paid-in capital	—	—	
Retained earnings (deficit)	—	(16,384,877)	
Non-controlling interests (6)		(1,574,516)	
Total equity	(4,286,063)	100,781,547	
Total capitalization	(4,286,063)	100,781,547	

- (1) Stronghold Inc. was incorporated on March 19, 2021, and the Reorganization transactions were consummated on April 1, 2021. The data in this table has been derived from the historical unaudited condensed combined financial statements included in this prospectus which pertain to the assets, liabilities and expenses of our accounting predecessor.
- (2) A \$1.00 increase or decrease in the assumed initial public offering price of \$ _____ per share would increase or decrease total equity and total capitalization by approximately \$ _____ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are

offering. An increase or decrease of _____ shares offered by us at an assumed offering price of \$ _____ per share would increase or decrease total equity and total capitalization by approximately \$ _____ million after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

- (3) Reflects \$85 million in proceeds from the Series A Private Placement net of approximately \$6.0 million in expenses and \$20 million in proceeds from the Series B Private Placement net of approximately \$1.3 million in expenses.
- (4) Reflects \$2.5 million paid in expenses in connection with the completion of the Reorganization.
- (5) Reflects \$ _____ million in net proceeds from this offering net of underwriting discounts and commissions and approximately \$ _____ million in expenses.
- (6) On a pro forma basis, includes the membership interests not owned by us, which represents _____ % of Stronghold LLC's outstanding units. Q Power will hold a _____ % non-controlling interest in Stronghold LLC. Stronghold Inc. will hold _____ % of the economic interests in Stronghold LLC and Q Power will hold _____ % of the economic interests in Stronghold LLC.

DILUTION

Purchasers of the Class A common stock in this offering will experience immediate and substantial dilution in the net tangible book value per share of the Class A common stock for accounting purposes. Our net tangible book value as of March 31, 2021, after giving pro forma effect to the transactions described under “Corporate Reorganization,” was approximately \$ _____ million, or \$ _____ per share of Class A common stock. Pro forma net tangible book value per share is determined by dividing our pro forma tangible net worth (tangible assets less total liabilities) by the total number of outstanding shares of Class A common stock that will be outstanding immediately prior to the closing of this offering but giving effect to the Reorganization and the Preferred Stock Conversion. After giving effect to the sale of the shares in this offering, at the assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, and further assuming the receipt of the estimated net proceeds of \$ _____ million (after deducting estimated underwriting discounts and commissions and estimated offering expenses and the application of such proceeds as described in “Use of Proceeds”), our as adjusted pro forma net tangible book value as of March 31, 2021 would have been approximately \$ _____ million, or \$ _____ per share. This represents an immediate decrease in the net tangible book value of \$ _____ per share to the Legacy Owners and an immediate dilution (i.e., the difference between the offering price and the as adjusted pro forma net tangible book value after this offering) to new investors purchasing shares in this offering of \$ _____ per share. The following table illustrates the per share dilution to new investors purchasing shares in this offering (assuming that 100% of the Stronghold LLC Units have been exchanged for Class A common stock):

Assumed initial public offering price per share	\$
Pro forma net tangible book value per share as of March 31, 2021 (before this offering and after giving effect to our Reorganization and the Preferred Stock Conversion)	\$
Less a decrease per share attributable to new investors in this offering	
As adjusted pro forma net tangible book value per share after giving further effect to this offering	_____
Dilution in pro forma reduced net tangible book value per share to new investors in this offering ⁽¹⁾	\$ _____

(1) If the initial public offering price were to increase or decrease by \$1.00 per share, then dilution in pro forma reduced net tangible book value per share to new investors in this offering would equal \$ _____ or \$ _____, respectively.

The following table summarizes, on an as adjusted pro forma basis as of March 31, 2021, the total number of shares of Class A common stock owned by the Legacy Owners (taking into account the Preferred Stock Conversion and assuming that 100% of the Stronghold LLC Units held by Q Power have been exchanged for Class A common stock (and the corresponding shares of Class V common stock have been cancelled)) and to be owned by new investors, the total consideration paid, and the average price per share paid by the Legacy Owners and to be paid by new investors in this offering at \$ _____, calculated before deduction of estimated underwriting discounts and commissions.

	Shares Acquired		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent (in thousands)	
Legacy Owners		%	\$	%	\$
New investors in this offering		%	\$	%	\$
Total		%	\$	%	\$

The data in the table excludes _____ shares of Class A common stock initially reserved for issuance under our long-term incentive plan.

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share of Class A common stock would increase (decrease) the total consideration paid by new investors in this offering and the total consideration paid by all holders of Class A common stock by \$ _____ million, assuming the number of shares of

Class A common stock offered by us remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters' option to purchase additional shares is exercised in full, the number of shares of Class A common stock being offered in this offering will be increased to _____, or approximately _____ % of the total number of shares of Class A common stock.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following unaudited pro forma combined statements of operations for the year ended December 31, 2020 and the three months ended March 31, 2021 present our combined results of operations after giving effect to (i) the Private Placements and the Reorganization, as described under “Corporate Reorganization,” as if such transactions occurred on January 1, 2020, (ii) the Panther Creek Acquisition, (iii) the WhiteHawk Financing Agreement and related stock purchase warrant issued, (iv) this offering and our receipt of the estimated net proceeds from this offering and the subsequent contribution of such net proceeds to Stronghold LLC in exchange for Stronghold LLC Units, (v) the Preferred Stock Conversion, and (vi) a provision for corporate income taxes on the income attributable to Stronghold Inc. at an effective rate of 28.9% for the fiscal year ended December 31, 2020 and 28.9% for the three months ended March 31, 2021, inclusive of all U.S. federal, state and local income taxes (collectively, the “pro forma adjustments”). The unaudited pro forma condensed combined balance sheet as of March 31, 2021 gives effect to the pro forma adjustments, including this offering, as if the same had occurred on March 31, 2021.

We have derived the unaudited pro forma combined financial information for the year ended December 31, 2020 from the audited historical financial statements of our accounting predecessor and its subsidiaries and Panther Creek included elsewhere in this prospectus. We have derived the unaudited pro forma combined financial information as of and for the three months ended March 31, 2021 from the unaudited historical financial statements of our accounting predecessor and its subsidiaries and Panther Creek included elsewhere in this prospectus. The unaudited pro forma financial information should be read in conjunction with the historical financial statements.

The pro forma adjustments are based on currently available information and certain estimates and assumptions. Therefore, the actual adjustments may differ from the pro forma adjustments. However, management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transactions described herein and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma combined financial statements. The assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with these unaudited pro forma combined financial statements.

As a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors’ and officers’ liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, costs associated with hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We have not included any pro forma adjustments relating to these costs.

The unaudited pro forma combined financial information and related notes are presented for illustrative purposes only. The pro forma adjustments are based upon available information and methodologies that are factually supportable and directly related to the described transactions, including this offering. The historical financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are related and/or directly attributable to the transactions, are factually supportable and, in the case of the statements of operations, are expected to have a continuing impact on our operating results. The unaudited pro forma combined financial information includes various estimates which are subject to material change and may not be indicative of what our operations or financial position would have been had the described transactions, including this offering, taken place on the dates indicated, or that may be expected to occur in the future. In addition, future results may vary significantly from the results reflected in the unaudited pro forma combined financial statements and should not be relied on as an indication of our results after the consummation of this offering and other transactions contemplated herein. The pro forma financial information is qualified in its entirety by reference to, and should be read in conjunction with, “Basis of Presentation,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our combined financial statements and the related notes included elsewhere in this prospectus.

Stronghold Inc. and Subsidiaries
Unaudited Pro Forma Combined Balance Sheet
As of March 31, 2021

	Accounting Predecessors	Private Placements and Reorganization	WhiteHawk Finance LLC Debt Financing/ Warrants	Panther Creek Historical	Estimated Panther Creek consideration and preliminary purchase price allocation	As Adjusted	Initial Public Offering	As Further Adjusted
CURRENT ASSETS								
Cash	\$1,622,762	\$95,240,000 (a)(b)	\$39,100,000(f)	\$72,440	\$(3,072,440) (e)	132,962,762	\$(c)	
Digital currencies	403,840					403,840		
Accounts receivable	364,665			111,790		95,716,455		
Due from related party	—							
Inventory	282,142			1,792,563		2,074,705		
Derivative contracts, net	—							
Other current assets	100,621			141,173		241,794		
Total Current Assets	<u>2,774,029</u>	<u>95,240,000</u>	<u>39,100,000</u>	<u>2,117,966</u>	<u>(3,072,440)</u>	<u>136,159,555</u>		
PROPERTY, PLANT AND EQUIPMENT, NET	<u>10,158,411</u>			5,969,885	4,565,330 (e)	<u>20,693,626</u>		
ROAD BOND	185,245					185,245		
SECURITY DEPOSIT				246,869		246,869		
TOTAL ASSETS	<u>\$13,117,685</u>	<u>\$95,240,000</u>	<u>39,100,000</u>	<u>\$8,334,720</u>	<u>\$1,492,890</u>	<u>\$157,285,295</u>	<u>\$—</u>	<u>\$—</u>
CURRENT LIABILITIES								
Current portion of long-term debt	417,822			77,290	(77,290) (e)	417,822		\$—
Related-party notes	2,024,250					2,024,250		
Accounts payable	11,828,011			389,448	(389,448) (e)	11,828,011		
Due to related parties	1,017,409			2,894,882	(2,894,882) (e)	1,017,409		
Accrued liabilities	226,592			529,917	(529,917) (e)	226,592		
Total Current Liabilities	<u>15,514,084</u>	<u>—</u>	<u>—</u>	<u>3,891,537</u>	<u>(3,891,537)</u>	<u>15,514,084</u>		
LONG-TERM LIABILITIES								
Asset retirement obligation	451,889					451,889		
Contract liabilities	40,000					40,000		
Economic Injury Disaster Loan	151,402					151,402		
Paycheck Protection Program Loan	841,670					841,670		
Warrants				1,999,396		1,999,396		
Discount on long-term debt				(1,999,396)		(1,999,396)		
Long-term debt	404,704			40,000,000	186,056 (186,056) (e)	40,404,704		
Total Long-Term Liabilities	<u>1,889,665</u>	<u>—</u>	<u>40,000,000</u>	<u>186,056</u>	<u>(186,056)</u>	<u>41,889,665</u>		
Total Liabilities	<u>17,406,749</u>	<u>—</u>	<u>40,000,000</u>	<u>4,077,593</u>	<u>(4,077,593)</u>	<u>57,403,749</u>		
COMMITMENTS AND CONTINGENCIES EQUITY								
Mezzanine Equity								
Series A redeemable convertible preferred stock at redemption value, \$0.0001 par value; 3,600,000 shares issued (as adjusted)	—	90,000,000		(a)(b)	10,000,000	100,000,000		(c)
Series B redeemable convertible preferred stock at redemption value, \$0.0001 par value; 630,915 shares issued (as adjusted)	—	18,740,000				18,740,000		
Total Mezzanine Equity	<u>—</u>	<u>108,740,000</u>			<u>10,000,000</u>	<u>118,740,000</u>		
PARTNERS' CAPITAL (DEFICIT)								
General partners	(2,993,232)	2,993,232 (b)				—		
Limited partners	(1,292,831)	1,292,831 (b)				—		
Total Partners' Deficit	<u>(4,286,063)</u>	<u>4,286,063</u>				<u>—</u>		
MEMBER'S EQUITY								
SHAREHOLDERS' EQUITY (DEFICIT)				4,257,127	(4,257,127)			
Retained earnings (deficit)	—	(16,384,877) (a)(b)				(16,384,876)		
Common Stock - Class A, \$0.0001 par value; 238,000,000 shares authorized and 11,600,000 shares issued (as adjusted); shares authorized and shares issued (as further adjusted)						\$—		(c)

	Accounting Predecessors	Private Placements and Reorganization	WhiteHawk Finance LLC Debt Financing/ Warrants	Panther Creek Historical	Estimated Panther Creek consideration and preliminary purchase price allocation	As Adjusted	Initial Public Offering	As Further Adjusted
Common Stock - Class V, \$0.0001 par value; 12,000,000 shares authorized and 9,400,000 shares issued (as adjusted and as further adjusted)	—	940 (b)				940		
Additional Paid in Capital	—	—				—	(c)	
Equity (Deficit) attributable to non-controlling interest holders	—	(1,402,126) (d)	(900,000)	—	(172,390)	(2,474,516)		
Total Shareholders' Equity / (Deficit)	—	(17,786,063)	—	4,257,127	(4,429,517)	(18,858,453)		
Total equity	(4,286,063)	95,240,000	(900,000)	4,257,127	5,570,483	99,881,547		
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$13,117,686	\$95,240,000	\$ 39,100,000	\$8,334,720	\$1,492,890	\$157,285,295	\$—	\$—

Notes to the Unaudited Pro Forma Combined Balance Sheet

- (a) Reflects \$85 million in proceeds from the Series A Private Placement net of approximately \$6.0 million in expenses, and \$20 million in proceeds from the Series B Private Placement net of approximately \$1.3 million in expenses.
- (b) Reflects \$2.5 million paid in expenses in connection with the completion of the Reorganization.
- (c) Reflects \$ million in proceeds from this offering net of approximately \$ million in expenses.
- (d) Reflects reclassification of equity to the non-controlling interest holders after completion of the Reorganization.
- (e) We have performed a preliminary valuation analysis of the fair market value of Panther Creek's assets to be acquired and liabilities to be assumed. Using the total consideration for the Panther Creek Acquisition, we have estimated the allocations to such assets and liabilities. The following table summarizes the estimated allocation of the preliminary purchase price (in thousands):

Assets acquired *	\$	13,000
Liabilities assumed *		—
Total estimated consideration	\$	13,000

* Individual assets and liabilities acquired have been condensed for purposes of this illustration.

This preliminary purchase price allocation has been used to prepare the transaction accounting adjustments in this unaudited pro forma combined balance sheet and statements of operations. The final allocation is expected to be completed when we prepare unaudited financial statements for the six months ended June 30, 2021, and could differ materially from the preliminary allocation used in the transaction accounting adjustments. The final allocation may include (1) changes in fair values of property, plant and equipment; (2) changes in allocations to intangible assets, such as trade names, technology and customer relationships, as well as goodwill; and (3) other changes to assets and liabilities.

- (f) Promissory note in the amount of \$40.0 million minus \$900 thousand in finders and closing fees. Warrants issued with approximate value of \$2.0 million, pursuant to the Stock Purchase Warrant, dated as of June 30, 2021. Warrants are a consideration that is presented as both a liability and discount to the promissory note.

Stronghold Inc. and Subsidiaries
Unaudited Pro Forma Combined Statements of Operations For the Three Months Ended March 31, 2021

	Accounting Predecessors	Private Placements and Reorganization	WhiteHawk Finance LLC Debt Financing/ Warrants	Panther Creek Acquisition	As Adjusted	Initial Public Offering	As Further Adjusted
OPERATING REVENUES							
Energy	\$1,915,856			\$1,883,751	\$3,799,607		
Capacity	687,690				687,690		
Crypto asset hosting	555,747				555,747		
Crypto asset mining	516,259				516,259		
Other	122,782			2,500	125,282		
Total operating revenues	3,798,334			1,886,251	5,684,585		
OPERATING EXPENSES							
Fuel	2,172,109			776,821	2,948,930		
Operations and maintenance	1,370,688			1,336,777	2,707,465		
General and administrative	910,876				910,876		
Depreciation and amortization	517,443			102,087	619,530		
Total operating expenses	4,971,117			2,215,685	7,186,802		
OPERATING LOSS	(1,172,783)			(329,434)	(1,502,217)		
OTHER INCOME (EXPENSE)							
Interest income	—			—	—		
Interest expense	(78,640)			(7,318)	(85,958)		
Gain on extinguishment of EIDL advance	638,800				638,800		
Realized gain (loss) on sale of digital currencies	143,881				143,881		
Commission on sale of ash	—				—		
Derivative contracts, net	—				—		
Waste coal credit	211,890			—	211,890		
Renewable energy	—				—		
Other	17,895	(2,500,000) (a)	(900,000)	—	(3,382,105)		
Total other income	933,827	(2,500,000)	(900,000)	(7,318)	(2,473,491)	—	
Pre Tax Loss	(238,956)	(2,500,000)	(900,000)	(336,752)	(3,975,708)		
INCOME TAX EXPENSE							
Benefit for income taxes	(69,058)	(722,500)	(260,100)	(97,321)	(1,148,980)		
Less: Net loss attributable to non-controlling interest	(122,326)	(1,279,800) (b)	(900,000)	(172,390)	(2,474,516)		
NET LOSS	\$(47,571)	(497,700)	260,100	\$(67,041)	\$(352,212)	\$—	\$—
Pro forma weighted average shares of Class A common unit/stock outstanding:							
Basic	—					11,600,000	
Dilutive	—					11,600,000	
Pro forma earnings per share of Class A common stock:							
Basic	\$—						\$—
Dilutive	\$—						\$—

Notes to the Unaudited Pro Forma Combined Statements of Operations

- (a) Reflects \$2.5 million paid in expenses in connection with the completion of the Reorganization.
- (b) Reflects the 72% economic and voting interest held by non-controlling interest holders following the Reorganization and Private Placements.
- (c) Reflects \$1.1 million tax benefit calculated as \$2.5 million pretax loss, multiplied by a combined federal and state income tax rate of 28.9%.

Stronghold Inc. and Subsidiaries
Unaudited Pro Forma Combined Statements of Operations For the Year Ended December 31, 2020

	Accounting Predecessors	Private Placements and Reorganization	Panther Creek Acquisition	As Adjusted	Initial Public Offering	As Further Adjusted
OPERATING REVENUES						
Energy	\$ 518,397		\$3,941,942	\$ 4,460,339		
Capacity	2,816,457			2,816,457		
Crypto asset hosting	252,413			252,413		
Crypto asset mining	339,456			339,456		
Other	191,661		424,474	616,135		
Total operating revenues	4,118,384		4,366,416	8,484,800		
OPERATING EXPENSES						
Fuel	425,126		1,916,161	2,341,287		
Operations and maintenance	3,305,833		4,512,277	7,818,110		
General and administrative	2,269,525			2,269,525		
Depreciation and amortization	558,630		417,581	976,211		
Total operating expenses	6,559,114		6,846,019	13,405,113		
OPERATING LOSS	(2,440,730)		(2,479,603)	(4,920,333)		
OTHER INCOME (EXPENSE)						
Interest income	2,982			2,982		
Interest expense	(205,480)		(26,629)	(232,109)		
Gain on extinguishment of EIDL advance	10,000			10,000		
Realized gain (loss) on sale of digital currencies	31,810			31,810		
Commission on sale of ash	—			—		
Derivative contracts, net	1,207,131			1,207,131		
Waste coal credit	1,188,210		345,005	1,533,215		
Renewable energy	35,493			35,493		
Other	25,590	(2,500,000) (a)(b)	(400,000)	(2,874,410)		
Total other income	2,295,736	(2,500,000)	(81,624)	(285,888)		—
INCOME TAX EXPENSE						
Benefit for income taxes	—		740,195	1,504,598 (c)		
Less: Net loss attributable to non-controlling interest		(1,800,000) (b)	(1,311,143)	(3,111,143) (b)		
NET LOSS	<u>\$ (144,994)</u>	<u>\$ (700,000)</u>	<u>(509,889)</u>	<u>\$ (1,354,883)</u>	<u>\$ —</u>	<u>\$ —</u>
Pro forma weighted average shares of Class A common unit/stock outstanding:						
Basic	0				11,600,000	
Dilutive	0				11,600,000	
Pro forma earnings per share of Class A common stock:						
Basic	\$ —					\$ —
Dilutive	\$ —					\$ —

Notes to the Unaudited Pro Forma Combined Statements of Operations

- (a) Reflects \$2.5 million paid in expenses in connection with the completion of the Reorganization.
- (b) Reflects the 72% economic and voting interest held by non-controlling interest holders following the Reorganization and Private Placements.
- (c) Reflects \$0.8 million tax benefit calculated as \$2.6 million pretax loss, multiplied by a combined federal and state income tax rate of 28.9%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with “Prospectus Summary—Summary Historical and Pro Forma Combined Financial and Operating Data,” “Unaudited Pro Forma Combined Financial Information” and our audited combined financial statements and related notes appearing elsewhere in this prospectus. The following discussion contains “forward-looking statements” that reflect our future plans, estimates, beliefs and expected performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a variety of risks and uncertainties, including those described in this prospectus under “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors.” We assume no obligation to update any of these forward-looking statements.

Overview

We are a vertically integrated crypto asset mining company currently focused on mining Bitcoin. We wholly-own and operate the Scrubgrass Plant, a low-cost, environmentally-beneficial coal refuse power generation facility that we have upgraded in Scrubgrass Township, Pennsylvania, and it is classified under Pennsylvania law as a Tier II alternative energy source (equivalent to a large-scale hydropower plant). We are committed to generating our energy and managing our assets sustainably, and we believe that we are one of the first vertically integrated crypto asset mining companies with a focus on environmentally-beneficial operations. In addition to being environmentally-beneficial and sustainable, owning our own source of power helps us to produce Bitcoin at one of the lowest prices among our publicly traded peers. We also believe that owning our own power source makes us a more attractive partner to crypto asset mining equipment purveyors. We have entered into a definitive agreement to purchase a second coal refuse power generation facility and a non-binding letter of intent to purchase a third coal refuse power generation facility. We intend to leverage these competitive advantages to continue to grow our business through the opportunistic acquisition of additional power generating assets and miners.

Bitcoin Mining Growth

During 2018 and 2019, we began providing Bitcoin mining services to third parties and also began operating our own Bitcoin mining equipment to generate Bitcoin, which we then exchange for U.S. Dollars. We have been expanding our mining operations since such date. We currently operate approximately 1,800 crypto asset mining computers (known as “miners”) with hash rate capacity of approximately 85 PH/s. Since April 1, 2021, we have entered into definitive agreements with multiple suppliers to purchase over 27,300 additional miners with a total hash capacity equal to over 2,600 PH/s. Of these miners, 93% are scheduled to be delivered in 2021, with the first batch scheduled for delivery in August 2021, and the remaining 7% throughout 2022. With part of the proceeds of this offering, we intend to procure an additional 27,900 miners, which we anticipate will bring our total hash rate capacity to approximately 3,000 PH/s by December 2021 and to over 5,300 PH/s by December 2022. We intend to house our miners at the Scrubgrass Plant, the Panther Creek Plant, a coal refuse power generation facility that we have under contract to purchase, and the Third Plant that we have under a letter of intent to purchase.

With the full deployment of these new miners, our total fleet is currently expected to comprise approximately 57,000 total miners by November 2022 and consume approximately 190 MW of electricity. With the deployment of the aforementioned miners in 2021, we expect to achieve a total hash rate capacity of approximately 3,000 PH/s by December 2021.

Trends and Other Factors Impacting Our Performance

COVID-19 and Supply Chain Constraints

The COVID-19 global pandemic has resulted and is likely to continue to result in significant national and global economic disruption, which may adversely affect our business. Among other things, the COVID-19 pandemic has caused supply chain disruptions that may have lasting impacts. Additionally, the global supply chain for Bitcoin miners is presently further constrained due to unprecedented demand coupled with a global shortage of mining equipment and mining equipment parts. Based on our current assessments, however, we do not expect any material impact on long-term development, operations, or liquidity due to the spread of COVID-19. However, we are actively monitoring this situation and the possible effects on its financial condition, liquidity, operations, suppliers, and industry.

Recent Developments

Acquisitions

On March 3, 2021, SDM entered into the Olympus LOI with Olympus for the purchase of (i) the Aspen Interest, (ii) the Panther Creek Plant, and (iii) the Third Plant.

On April 1, 2021, Aspen and Q Power entered into, and Q Power subsequently assigned to us, an Acquisition and Contribution Agreement pursuant to which we acquired the Aspen Interest as contemplated by the Olympus LOI. The consideration paid in respect of the Aspen Interest was \$2.0 million in cash and 200,000 newly issued shares of Series A Preferred Stock of Stronghold Inc. Our acquisition of the Aspen Interest was consummated contemporaneously with the Reorganization, and pursuant to the Reorganization, the Aspen Interest was contributed to Stronghold LLC in order to consolidate all of the equity interests of Scrubgrass LP, including those which we already owned, at Stronghold LLC. For more detail with respect to the acquisition of the Aspen Interest, and subsequent contribution thereof to Stronghold LLC, see the sections entitled “Prospectus Summary—Corporate Reorganization” and “Corporate Reorganization.”

On July 9, 2021, we entered into a purchase agreement for the Panther Creek Acquisition, as contemplated by the Olympus LOI, from Panther Creek Reclamation Holdings, LLC, a subsidiary of Olympus Power, LLC. The Panther Creek Acquisition includes all of the assets of Panther Creek, comprised primarily of the Panther Creek Plant. The Panther Creek Plant is an 80-MW waste coal-fired power station located near Nesquehoning, Pennsylvania. The consideration for the Panther Creek Plant is approximately \$3.0 million in cash and 400,000 Series A Preferred Units of Stronghold LLC, or in the event that all Series A Preferred Units of Stronghold LLC have been converted into Stronghold LLC Units, an equivalent amount of Stronghold LLC Units, together with a corresponding number of shares of Class V common stock. The Panther Creek Acquisition is subject to customary closing conditions and regulatory approvals.

We continue to evaluate the acquisition of the Third Plant as contemplated by the Olympus LOI. The consideration for the Third Plant is expected to be approximately \$3.0 million in cash and \$6,250,000 of Stronghold LLC Units, together with a corresponding number of shares of Class V common stock. If acquired, we plan to store newly acquired miners at or near the Third Plant and use power generated by the Third Plant to power crypto asset mining operations in an environmentally conscious manner.

Private Placements

On April 1, 2021, we entered into the Series A Stock Purchase Agreement with certain investors to sell 3,400,000 shares of Series A Preferred Stock of Stronghold Inc. for aggregate consideration of approximately \$85.0 million.

Pursuant to the Series A Stock Purchase Agreement, Stronghold Inc. entered into the Series A Registration Rights Agreement with of the investors in the Series A Private Placement, pursuant to which, among other things, we agreed to prepare and file a registration statement covering the resale of all Registrable Securities not already covered by an existing and effective registration statement on or prior to the 120th day following the closing of the

Series A Private Placement. See “Certain Relationships and Related Party Transactions— Registration Rights Agreements” for additional information.

Further, pursuant to the Series A Stock Purchase Agreement, Stronghold Inc., the investors in the Series A Private Placement and Key Holders entered into the Series A ROFR Agreement. Under the Series A ROFR Agreement, the Key Holders agreed to grant a right of first refusal to purchase all or any portion of capital stock of Stronghold Inc, held by a Key Holder or issued to a Key Holder after the date of the Series A ROFR Agreement, not including any shares of Series A Preferred Stock or common stock issued or issuable upon conversion of the Series A Preferred Stock. The Key Holders also granted a secondary refusal right to the investors in the Series A Private Placement to purchase all or any eligible capital stock not purchased by Stronghold Inc. pursuant to their right of first refusal.

On May 14, 2021, we entered into the Series B Stock Purchase Agreement pursuant to which we issued and sold 630,915 shares of Series B Preferred Stock in a private offering at a price of \$31.70 per share to various accredited investors in reliance upon exemptions from registration pursuant to Section 4(a)(2) under the Securities Act and Regulation D thereunder, for aggregate consideration of \$20.0 million. The terms of the Series B Preferred Stock are substantially similar to the Series A Preferred Stock, except for differences in the stated value of such shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or certain deemed liquidation events. In connection with the offering, we incurred approximately \$2.4 million of fees and expenses.

Simultaneous with the closing of the Series B Private Placement, we entered into the Series B Registration Rights Agreement with the investors in the Series B Private Placement on substantially the same terms as the Series A Registration Rights Agreement. Further, Stronghold Inc., the investors in the Series B Private Placement and certain beneficial owners of common stock of Stronghold Inc. entered into the Series B ROFR Agreement on substantially the same terms as the Series A ROFR Agreement.

Reorganization

On April 1, 2021, we effected the Reorganization. See “Prospectus Summary—Corporate Reorganization” and “Corporate Reorganization” for more information.

Equipment Financing Transactions

Arctos/NYDIG Financing Agreement

On June 25, 2021, Stronghold Digital Mining LLC entered into the Arctos/NYDIG Financing Agreement with Arctos whereby Arctos agreed to lend to us an aggregate amount not to exceed \$34,481,700 to finance the purchase of the Arctos/NYDIG-Financed Equipment. The aggregate principal outstanding bears interest of 10% and will be repaid in 24 monthly payments, with a 1.25% fee due if the Maximum Advance Amount is not requested prior to August 15, 2021. Outstanding borrowings under the Arctos/NYDIG Financing Agreement are secured by the Arctos/NYDIG-Financed Equipment and the contracts to acquire the Arctos/NYDIG-Financed Equipment. The Arctos/NYDIG Financing Agreement includes customary restrictions on additional liens on the Arctos/NYDIG-Financed Equipment. At July 19, 2021, approximately \$9.8 million remains available to be drawn under the Arctos/NYDIG Financing Agreement. The Arctos/NYDIG Financing Agreement may not be terminated by us or prepaid in whole or in part. In conjunction with the Arctos/NYDIG Financing Agreement, we issued 43,845 shares of Class A common stock to Arctos and may issue additional shares of Class A common stock to Arctos in consideration of future financings.

WhiteHawk Financing Agreement

On June 30, 2021, Stronghold Digital Mining Equipment, LLC entered into the WhiteHawk Financing Agreement with WhiteHawk whereby WhiteHawk agreed to lend to us an aggregate amount not to exceed \$40,000,000 to finance the purchase of the WhiteHawk-Financed Equipment. At July 19, 2021, the entirety of the Total Advance was drawn under the WhiteHawk Financing Agreement. The aggregate principal outstanding bears interest of 10% and will be repaid in 24 monthly payments. Outstanding borrowings under the WhiteHawk Financing Agreement are secured by the WhiteHawk-Financed Equipment and the contracts to acquire the

WhiteHawk-Financed Equipment. The WhiteHawk Financing Agreement includes customary restrictions on additional liens on the WhiteHawk-Financed Equipment and is guaranteed by the Company. The WhiteHawk Financing Agreement may be terminated early if we, among other things, pay the Early Termination Fee. In conjunction with the WhiteHawk Financing Agreement, we issued a stock purchase warrant to WhiteHawk, which provides for the purchase of a number of shares of Class A common stock at \$0.01 per share, equal to approximately \$2,000,000, subject to adjustment as described in the warrant agreement. The warrant expires on June 30, 2031.

Key Performance Metrics

We rely on Adjusted EBITDA, a non-GAAP key performance metric, to evaluate our business, measure our performance, and make strategic decisions.

Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net income (loss) before interest, taxes, depreciation and amortization, further adjusted by the removal of one-time transaction costs, impairment, realized gains and losses on the sale of long-term assets, expenses related to stock-based compensation, and unrealized gains and losses on derivative contracts. There are no adjustments for certain of these items in the periods presented.

Our board of directors and management team use Adjusted EBITDA to assess our financial performance because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense and income), asset base (such as depreciation, amortization, impairment, and realized gains and losses on sale of long-term assets) and other items (such as one-time transaction costs, expenses related to stock-based compensation, and unrealized gains and losses on derivative contracts) that impact the comparability of financial results from period to period. We present Adjusted EBITDA because we believe it provides useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP. Adjusted EBITDA is not a financial measure presented in accordance with GAAP. We believe that the presentation of this non-GAAP financial measure will provide useful information to investors and analysts in assessing our financial performance and results of operations across reporting periods by excluding items we do not believe are indicative of our core operating performance. Net income (loss) is the GAAP measure most directly comparable to Adjusted EBITDA. Our non-GAAP financial measure should not be considered as an alternative to the most directly comparable GAAP financial measure. You are encouraged to evaluate each of these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in such presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA in the future, and any such modification may be material. Adjusted EBITDA has important limitations as an analytical tool and you should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA may be defined differently by other companies in our industry, our definition of this non-GAAP financial measure may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

For a reconciliation to our most directly comparable financial measure calculated and presented in accordance with GAAP, please see “— Comparison of Non-GAAP Financial Measure.”

Critical Accounting Policies and Significant Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities, each as of the date of the financial statements, and revenues and expenses during the periods presented. On an ongoing basis, management evaluates their estimates and assumptions, and the effects of any such revisions are reflected in the financial statements in the period in which they are determined to be necessary. Actual outcomes could differ materially from those estimates in a manner that could have a material effect on our combined financial statements. Set forth below are the policies and estimates that we have identified as critical to our business operations and understanding our results of operations, based on the high degree of judgment or complexity in their application.

Digital Currencies

Digital currencies are included in current assets in the combined balance sheet. Digital currencies are recorded at cost less any impairment.

An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, we have the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If we conclude otherwise, we are required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted. We account for our gains or losses in accordance with the first in, first out (FIFO) method of accounting.

Post-Offering Taxation and Public Company Costs

Stronghold LLC is and has been organized as a pass through entity for U.S. federal income tax purposes and is therefore not subject to entity-level U.S. federal income taxes. Stronghold Inc. was incorporated as a Delaware corporation on March 19, 2021 and therefore is subject to U.S. federal income taxes and additional state and local taxes with respect to its allocable share of any taxable income of Stronghold LLC and is taxed at the prevailing corporate tax rates. In addition to tax expenses, Stronghold Inc. also incurs expenses related to its operations, plus payment obligations under the Tax Receivable Agreement, which are expected to be significant. To the extent Stronghold LLC has available cash and subject to the terms of any current or future debt instruments, the Stronghold LLC Agreement requires Stronghold LLC to make pro rata cash distributions to Stronghold Unit Holders, including Stronghold Inc., in an amount sufficient to allow Stronghold Inc. to pay its taxes and to make payments under the Tax Receivable Agreement. In addition, the Stronghold LLC Agreement requires Stronghold LLC to make non-pro rata payments to Stronghold Inc. to reimburse it for its corporate and other overhead expenses, which payments are not treated as distributions under the Stronghold LLC Agreement. See “—Tax Receivable Agreement” and “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.”

In addition, we expect to incur incremental, non-recurring costs related to our transition to a publicly traded corporation, including the costs of this initial public offering and the costs associated with the initial implementation of our internal control reviews and testing pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”). We also expect to incur additional significant and recurring expenses as a publicly traded corporation, including costs associated with compliance under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), annual and quarterly reports to common stockholders, registrar and transfer agent fees, national stock exchange fees, audit fees, incremental director and officer liability insurance costs and director and officer compensation. Our financial statements following this offering will reflect the impact of these expenses.

Factors Affecting Comparability of Our Future Results of Operations to Our Historical Results of Operations

Our historical financial results discussed below may not be comparable to our future financial results for the reasons described below.

Stronghold Inc. is subject to U.S. federal, state and local income taxes as a corporation. Our accounting predecessor was treated as a partnership for U.S. federal income tax purposes, and as such, was generally not subject to U.S. federal income tax at the entity level. Rather, the tax liability with respect to its taxable income was passed through to its members. Accordingly, the financial data attributable to our predecessor contains no provision for U.S. federal income taxes or income taxes in any state or locality. We estimate that Stronghold Inc. will be subject to U.S. federal, state and local taxes at a blended statutory rate of % of pre-tax earnings or losses.

As we further implement controls, processes and infrastructure applicable to companies with publicly traded equity securities, it is likely that we will incur additional selling, general and administrative expenses relative to historical periods. Our future results will depend on our ability to efficiently manage our combined operations and execute our business strategy.

As we continue to acquire miners and utilize our power generating assets to power such miners, we anticipate that a great proportion of our revenue and expenses will relate to crypto asset mining.

Results of Operations

Three Months Ended March 31, 2021 and March 31, 2020

	Three Months Ended March 31,					
	2021	% of Total	2020	% of Total	\$ Change	% of Total
OPERATING REVENUES						
Energy	\$ 1,915,856	50.4%	\$ 87,260	10.0%	\$ 1,828,596	2,095.6%
Capacity	687,690	18.1%	752,528	85.8%	(64,838)	(8.6)%
Crypto asset hosting	555,747	14.6%	—	0.0%	555,747	
Crypto asset mining	516,259	13.6%	21,906	2.5%	494,352	2,256.6%
Other	122,782	3.2%	14,907	1.7%	107,875	723.6%
Total operating revenues	3,798,334	100.0%	876,602	100.0%	2,921,732	333.3%
OPERATING EXPENSES						
Fuel	2,172,109	43.7%	193,468	13.3%	1,978,641	1,022.7%
Operations and maintenance	1,370,688	27.6%	743,200	51.0%	627,488	84.4%
General and administrative	910,876	18.3%	374,117	25.7%	536,756	143.5%
Depreciation and amortization	517,443	10.4%	145,255	10.0%	372,188	256.2%
Total operating expenses	4,971,117	100.0%	1,456,041	100.0%	3,515,076	241.4%
OPERATING INCOME/(LOSS)	(1,172,783)	(23.6)%	(579,439)	(39.8)%	(593,344)	102.4%
OTHER INCOME (EXPENSE)						
Interest expense	(78,640)	(8.4)%	(47,750)	(4.0)%	(30,890)	64.7%
Gain on extinguishment of EIDL advance	—	0.0%	—	0.0%	—	
Realized gain (loss) on sale of digital currencies	143,881	15.4%	1,483	0.1%	142,399	9,603.4%
Commission on sale of ash	—	0.0%	—	0.0%	—	
Derivative contracts, net	—	0.0%	1,207,131	101.7%	(1,207,131)	(100.0)%
Waste coal credit	211,890	22.7%	26,337	2.2%	185,554	704.6%
Other	17,895	1.9%	—	0.0%	17,895	
Total other income	933,827	100.0%	1,187,201	100.0%	(253,374)	(21.3)%
NET INCOME/(LOSS)	\$ (238,956)		\$ 607,761		\$ (846,717)	(139.3)%

Revenue

Overall, revenue increased by \$2.9 million, or 333.3%, to approximately \$3.8 million for the three months ended March 31, 2021 from \$876.6 thousand for the three months ended March 31, 2020. This increase was partially due to the ramping up of our energy operations segment (the “Energy Segment”) and cryptocurrency asset operations segment (the “Cryptocurrency Segment”) as compared to the three months ended March 31, 2020. We have been successful in achieving energy growth from the re-opening of the Scrubgrass Plant, which was relatively dormant during the three months ended March 31, 2020; as well as the expansions of the crypto asset operations beginning in the fourth quarter of 2020 with the purchase and implementations of equipment (miners) that increased crypto hosting and mining revenue streams.

Energy Operations Segment

Energy Generation

Revenue generated from the generation of energy expectantly increased by \$1.8 million, or 2,095.6%, to approximately \$1.9 million for the three months ended March 31, 2021 from \$87.3 thousand for the three months ended March 31, 2020. The large increase was the result of the plant energy production no longer remaining relatively dormant as was the case during the three months ended March 31, 2020. Full plant power utilization is optimal for our revenue growth as it also drives a higher volume of coal waste reclamation incentive credits, beneficial ash by-product sales, and increased power capacities for the crypto asset operations.

Capacity

Revenue generated from capacity marginally decreased by \$64.8 thousand, or 8.6%, to approximately \$687.7 thousand for the three months ended March 31, 2021 from \$752.5 thousand for the three months ended March 31, 2020. The decrease was primarily the result of the lower pricing per kWh of capacity for the plant.

Cryptocurrency Operations Segment

Crypto asset hosting

Revenue generated from crypto asset hosting increased by \$555.8 thousand from zero for the three months ended March 31, 2020. This increase was due to the continued ramping up of generated power sales to crypto asset mining customers for which we are providing hosting services. We expanded our data center capacities, starting in the fourth quarter of 2020, with the purchase and implementation of equipment capable of increasing our hosting bandwidths.

Crypto asset mining

Revenue generated from crypto asset mining increased by \$494.4 thousand, or 2,256.6%, to approximately \$516.3 thousand for the three months ended March 31, 2021 from \$21.9 thousand for the three months ended March 31, 2020. The increase was primarily the result of the purchase of miners in 2020 and the expansions that started during the fourth quarter of 2020 with the deployments of this equipment.

Other Revenues

Other revenues increased by \$107.9 thousand or 723.6%, to approximately \$122.8 thousand for the three months ended March 31, 2021 from \$14.9 thousand for the three months ended March 31, 2020. Other revenue for the three months ended March 31, 2021 was primarily from the sale of beneficial use ash by-product as the plant ramped up energy production versus the three months ended March 31, 2020.

Operating Expenses

Operating expenses increased by \$3.5 million, or 241.4%, to approximately \$5.0 million for the three months ended March 31, 2021 from \$1.5 million for the three months ended March 31, 2020. The increases were due to the ramping up of both the Energy Segment and the Cryptocurrency Segment versus the comparative three months ended March 31, 2020.

Fuel

Fuel expense increased by \$2.0 million, or 1,022.7%, to approximately \$2.2 million for the three months ended March 31, 2021 from \$193.5 thousand for the three months ended March 31, 2020. The increase was attributable to the continued ramp up of energy production, and the required coal, ash and limestone fuel purchases to generate energy, versus the three months ended March 31, 2020.

Operations and maintenance

Operations and maintenance expenses increased by \$627.5 thousand, or 84.4%, to approximately \$1.4 million for the three months ended March 31, 2021 from \$743.2 thousand for the three months ended March 31, 2020. The increases resulted from the required costs to ramp up the Energy Segment and the Cryptocurrency Segment versus the three months ended March 31, 2020. These costs include payroll, plant-related treatment and maintenance, and vehicles.

General and administrative

General and administrative expenses increased by \$536.8 thousand, or 143.5%, to approximately \$910.9 thousand for the three months ended March 31, 2021 from \$374.1 thousand for the three months ended March 31, 2020. The increases are the result of legal and professional fees related to progress billings for the audit and due diligence reviews, property taxes, and management fees.

Depreciation and Amortization

Depreciation and amortization expenses increased by \$372.2 thousand, or 256.2%, to \$517.4 thousand for the three months ended March 31, 2021 compared to \$145.3 thousand for the three months ended March 31, 2020. The increase was primarily attributable to the purchase of more infrastructure assets and miners in 2020, resulting in a relatively higher depreciable base for 2021. Additionally, the capitalization of \$2.2 million of 12 transformers, previously in construction, that are now in service during the three months ended March 31, 2021.

Other Income (Expense)

Interest Expense

Interest expense increased \$(30.9) thousand, or (64.7%), to \$(78.6) thousand for the three months ended March 31, 2021 compared to \$(47.8) thousand for the three months ended March 31, 2020 and was primarily attributable to new equipment financing that commenced mid-year 2020.

Realized gain (loss) on sale of digital currencies

The increase in realized gain on sale of digital currencies of \$142.4 thousand, or 9603.4%, to \$143.9 thousand for the three months ended March 31, 2021 compared to \$1.5 thousand for the three months ended March 31, 2020 was primarily attributable to market value changes in the price of cryptocurrency during the respective periods and the increased volumes in crypto asset mining units available for sales due to the ramp up that started in the fourth quarter of 2020 with the purchase of additional miners.

Derivative contracts, net

Derivative contracts, net was zero for the three months ended March 31, 2021, representing a decrease of \$(1.2) million from the three months ended March 31, 2020 as the result of the closing of all hedging positions as of March 31, 2020.

Waste coal credit

The increase to waste coal credits, which we receive due to the coal refuse utilized at our power generation facility, of \$185.6 thousand, or 704.6%, to \$211.9 thousand for the three months ended March 31, 2021 compared to \$26.3 thousand for the three months ended March 31, 2020, was due to an increase in our capability to generate waste coal credits from significantly higher energy outputs.

Other

The increase in other income of \$17.9 thousand for the three months ended March 31, 2021 compared to zero for the three months ended March 31, 2020 was due to the recognition of a credit for invoices already paid in 2020 to a construction vendor.

Year Ended December 31, 2020, Compared to Year Ended December 31, 2019

Description	2020		Year Ended December 31, 2019		\$ Change	% Change
	Amount	% of Total	Amount	% of Total		
OPERATING REVENUES						
Energy	\$ 518,397	12.6%	\$ 7,047,237	63.8%	\$ 6,528,840	92.6%
Capacity	2,816,457	68.4%	3,832,457	34.7%	1,016,000	26.5%
Crypto asset hosting	252,413	6.1%	—	—	252,413	100%
Crypto asset mining	339,456	8.2%	33,337	0.3%	306,119	918.3%
Other	191,661	4.7%	136,299	1.2%	55,362	40.6%
Total operating revenues	4,118,384	100.0%	11,049,330	100.0%	\$ 6,930,946	62.7%
OPERATING EXPENSES						
Fuel	425,126	6.5%	8,435,990	47.9%	8,010,864	95.0%
Operations and maintenance	3,305,833	50.4%	5,637,118	32.0%	2,351,005	41.4%
General and administrative	2,269,525	34.6%	3,072,885	17.4%	802,760	26.1%
Depreciation and amortization	558,630	8.5%	483,658	2.7%	74,972	15.5%
Total operating expenses	6,559,114	100.0%	17,629,051	100%	11,069,937	62.8%
OPERATING LOSS	(2,440,730)		(6,579,721)		4,138,991	
OTHER INCOME (EXPENSE)						
Interest income	2,982	0.1%	4,177	0.1%	1,195	28.6%
Interest expense	(205,480)	(9.0)%	(192,961)	(4.1)%	(12,519)	(6.5)%
Gain on extinguishment of EIDL advance	10,000	0.4%	—	—	10,000	100%
Realized gain (loss) on sale of digital currencies	31,810	1.4%	(1,516)	(0.03)%	33,326	2198.3%
Commission on sale of ash	—	—	590,832	12.8%	590,832	100%
Derivative contracts, net	1,207,131	52.6%	2,244,810	48.5%	1,037,679	46.2%
Waste coal credit	1,188,210	51.8%	2,011,044	43.4%	822,834	40.9%
Renewable energy credit	35,493	1.5%	105,532	2.2%	70,069	66.4%
Other	25,590	1.1%	(33,640)	(0.7)%	59,230	176.1%
Total other income	2,295,736	100%	4,728,278	100%	2,432,542	51.4%
NET LOSS	\$ (144,994)		\$ (1,851,443)		1,706,449	92.2%

* Denotes that % change is such that it is not meaningful.

Revenue

Overall, revenue decreased by \$6.9 million, or 62.7%, to approximately \$4.1 million for the fiscal year ended December 31, 2020 from \$11.0 million for the fiscal year ended December 31, 2019.

Energy Operations Segment

Energy Generation

Revenue generated from energy generation decreased by \$6.5 million, or 94.6%, to approximately \$0.5 million for the fiscal year ended December 31, 2020 from \$7.0 million for the fiscal year ended December 31, 2019. The decrease was primarily the result of producing less power due to low Local Marginal Pricing (“LMP”) for our area. LMP represents the cost to buy and sell power within wholesale electricity markets, and the low pricing negatively impacted the economics of generating power.

Capacity

Revenue generated from capacity decreased by \$1.0 million, or 26.5%, to approximately \$2.8 million for the fiscal year ended December 31, 2020 from \$3.8 million for the fiscal year ended December 31, 2019. The decrease was primarily the result of the lower pricing per kWh of capacity for the plant.

Cryptocurrency Operations Segment

Cryptocurrency Hosting

Revenue generated from cryptocurrency hosting increased by \$0.3 million, or 100%, to approximately \$0.3 million for the fiscal year ended December 31, 2020 from zero for the fiscal year ended December 31, 2019. This increase was due to the commencement of generated power sales to a crypto asset mining customer for which we are providing hosting services.

Cryptocurrency Mining

Revenue generated from crypto asset mining increased by \$306.1 thousand, or 918.3%, to approximately \$339.5 thousand for the fiscal year ended December 31, 2020 from \$33.3 thousand for the fiscal year ended December 31, 2019. The increase was primarily the result of the purchase of additional miners and commencement of crypto asset mining operations in 2020.

Other Revenues

Other Revenues increased by \$55.4 thousand or 40.6%, to approximately \$191.2 thousand for the fiscal year ended December 31, 2020 from \$136.3 thousand for the fiscal year ended December 31, 2019. Other revenue for the fiscal year ended December 31, 2019 was from the sale of beneficial use ash by-product. Other revenue for the fiscal year ended December 31, 2020 derived from the sale of trailers to a cryptocurrency hosting customer.

Operating Expenses

Operating expenses decreased by \$11.1 million, or 62.8%, to approximately \$6.6 million for the fiscal year ended December 31, 2020 from \$17.7 million for the fiscal year ended December 31, 2019. This decrease was primarily due to lower usage of the power generation facility.

Fuel

Fuel expense decreased by \$8.0 million, or 95.0%, to approximately \$0.4 million for the fiscal year ended December 31, 2020 from \$8.4 million for the fiscal year ended December 31, 2019. The decrease was primarily attributable to lower capacity usage of the power generation facility. As less power is produced, the fuel used to operate the plant decreases.

Operations and maintenance

Operations and maintenance expenses decreased by \$2.3 million, or 41.4%, to approximately \$3.3 million for the fiscal year ended December 31, 2020 from \$5.6 million for the fiscal year ended December 31, 2019. The decrease was primarily attributable to decreased power production in 2020 compared to 2019, which resulted in less maintenance required to keep the plant operating efficiently.

General and administrative

General and administrative expenses decreased by \$0.8 million, or 26.1%, to approximately \$2.3 million for the fiscal year ended December 31, 2020 from \$3.1 million for the fiscal year ended December 31, 2019. The decrease was primarily attributable to the reduction in plant operation, resulting in an analysis of expenses that were no longer critical in 2020. Cuts were made in areas of general and administrative expenses as a result of the analysis by operational management.

Depreciation and Amortization

Depreciation and amortization expense increased \$75.0 thousand, or 15.5%, to \$558.6 thousand for the fiscal year ended December 31, 2020 compared to \$483.7 thousand for the fiscal year ended December 31, 2019. The increase was primarily attributable to the purchase of more infrastructure assets and miners in 2020, resulting in a higher depreciable base in 2020 compared to 2019.

Other Income (Expense)

Interest Income

Interest income decreased \$1.2 thousand, or 28.6%, to \$3.0 thousand for the fiscal year ended December 31, 2020 compared to \$4.2 thousand for the fiscal year ended December 31, 2019. The decrease was primarily attributable to a reduction in the interest received from the bond securing the Authorization to Mine from the Commonwealth of Pennsylvania for the North Camp Run Mine.

Interest Expense

Interest expense increased \$12.5 thousand, or (6.5)%, to \$(205.5) thousand for the fiscal year ended December 31, 2020 compared to \$(193.0) thousand for the fiscal year ended December 31, 2019 and was primarily attributable to new equipment financing that commenced mid-year 2019, resulting in only a partial year of interest expense on financed equipment in 2019 as compared to a full year of interest expense on financed equipment in 2020.

Gain on extinguishment of EIDL advance

The increase in gain on extinguishment of EIDL advance of \$10.0 thousand for the fiscal year ended December 31, 2020 compared to none for the fiscal year ended December 31, 2019 was due to the commencement of the EIDL program in 2020.

Realized gain (loss) on sale of digital currencies

The increase in realized gain on sale of digital currencies of \$33.3 thousand, or 2198.3%, to \$31.8 thousand for the fiscal year ended December 31, 2020 compared to (1.5) thousand for the fiscal year ended December 31, 2019 was primarily attributable to market value changes in the price of cryptocurrency during the respective periods.

Commission on sale of beneficial use ash

The decrease in income from commission on sale of beneficial use ash of \$590.8 thousand, or 100%, to none for the fiscal year ended December 31, 2020 compared to \$590.8 thousand for the fiscal year ended December 31, 2019 was primarily attributable to less energy produced at the power generation facility, which in turn generated less ash. Additionally, our primary beneficial ash customer in 2019 ceased to operate in 2020.

Derivative contracts, net

The decrease in other income from derivative contracts of \$1.0 million, or 46.2%, to \$1.2 million for the fiscal year ended December 31, 2020 compared to income of \$2.2 million for the fiscal year ended December 31, 2019 was primarily attributable to lower hedging of plant production due to lower power production output.

Waste coal credit

The decrease in income from waste coal credits, which we receive due to the coal refuse utilized at our power generation facility, of \$0.8 million, or 40.9%, to \$1.1 million for the fiscal year ended December 31, 2020 compared to \$2.0 million for the fiscal year ended December 31, 2019 was primarily attributable to lack of plant production in 2020, which resulted in decreased waste coal credits generation.

Renewable energy credit

The decrease in income from renewable energy credits of \$70.0 thousand, or 66.4%, to \$35.5 thousand for the fiscal year ended December 31, 2020 compared to \$105.5 thousand for the fiscal year ended December 31, 2019 was primarily attributable to lack of plant production in 2020, which resulted in decreased renewable energy credits.

Other

The increase in income from other of \$59.2 thousand, or 176.1%, to \$25.6 thousand for the fiscal year ended December 31, 2020 compared to \$(33.6) thousand for the fiscal year ended December 31, 2019 was primarily attributable to refund and discounts received in 2020 not received in 2019 and a loss on fixed assets write-off in 2019 that did not occur in 2020.

Comparison of Non-GAAP Financial Measure

Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as net income (loss) before interest, taxes, depreciation and amortization, further adjusted by the removal of one-time transaction costs, impairment, realized gains and losses on the sale of long-term assets, expenses related to stock-based compensation, and unrealized gains and losses on derivative contracts. There are no adjustments for certain of these items in the periods presented.

Our board of directors and management team use Adjusted EBITDA to assess our financial performance because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense and income), asset base (such as depreciation, amortization, impairment, and realized gains and losses on sale of long-term assets) and other items (such as one-time transaction costs, expenses related to stock-based compensation, and unrealized gains and losses on derivative contracts) that impact the comparability of financial results from period to period. We present Adjusted EBITDA because we believe it provides useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP. Adjusted EBITDA is not a financial measure presented in accordance with GAAP. We believe that the presentation of this non-GAAP financial measure will provide useful information to investors and analysts in assessing our financial performance and results of operations across reporting periods by excluding items we do not believe are indicative of our core operating performance. Net income (loss) is the GAAP measure most directly comparable to Adjusted EBITDA. Our non-GAAP financial measure should not be considered as an alternative to the most directly comparable GAAP financial measure. You are encouraged to evaluate each of these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in such presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA in the future, and any such modification may be material. Adjusted EBITDA has important limitations as an analytical tool and you should not consider Adjusted EBITDA in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA may be defined differently by other companies in our industry, our definition of this non-GAAP financial measure may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

The following table presents a reconciliation of Adjusted EBITDA to the GAAP financial measure of net income (loss) for the three months ended March 31, 2021 and 2020. There were no adjustments for the removal of

one-time transaction costs, impairment, realized gains and losses on the sale of long-term assets, and expenses related to stock-based compensation in the period presented.

	Three Months Ended March 31,	
	2021	2020
	(in thousands) (unaudited)	
Net Income (loss)	(239.0)	607.8
Interest	78.6	47.7
Income Taxes		
Depreciation and amortization	517.4	145.3
One-time transaction costs	—	—
Impairment	—	—
Realized gains and losses on the sale of long-term assets	—	—
Expenses related to stock-based compensation	—	—
Losses on derivative contracts	—	—
Adjusted EBITDA	357.1	800.8

The following table presents a reconciliation of Adjusted EBITDA to the GAAP financial measure of net income (loss) for the years ended December 31, 2020 and 2019. There were no adjustments for the removal of one-time transaction costs, impairment, realized gains and losses on the sale of long-term assets, and expenses related to stock-based compensation in the period presented.

	Years Ended December 31,	
	2020	2019
	(in thousands)	
Net income (loss)	(145.0)	(1,851.4)
Interest	202.5	188.8
Income taxes	—	—
Depreciation and amortization	558.6	483.7
One-time transaction costs	—	—
Impairment	—	—
Realized gains and losses on the sale of long-term assets	—	—
Expenses related to stock-based compensation	—	—
Losses on derivative contracts	—	—
Adjusted EBITDA	616.1	(1,178.9)

Liquidity and Capital Resources

Overview

Stronghold Inc. is a holding company with no operations and is the sole managing member of Stronghold LLC. Our principal asset consists of units of Stronghold LLC. Our earnings and cash flows and ability to meet any debt obligations will depend on the cash flows resulting from the operations of our operating subsidiaries, and the payment of distributions by such subsidiaries.

Our cash needs are primarily for growth through acquisitions and working capital to support equipment financing and the purchase of additional miners.

Cash needs for operations have historically been financed with cash generated from operations.

Cash Flows

Analysis of Cash Flow Changes Between the Three Months Ended March 31, 2021 and 2020

The following table summarizes our cash flows for the periods indicated:

Description	Three Months Ended March 31,		
	2021	2020	Change
		(in thousands)	
Net cash provided by operating activities	\$ 2,957.8	\$ 476.4	\$ 2,481.4
Net cash provided by (used in) investing activities	(2,370.5)	1.5	(2,372.0)
Net cash provided by (used in) financing activities	732.3	(414.8)	1,147.2
Net change in cash	\$ 1,319.6	\$ 63.0	\$ 1,256.5

Operating Activities. Net cash provided by operating activities was \$2.9 million for the three months ended March 31, 2021 compared to \$476.4 thousand for the three months ended March 31, 2020. The \$2.5 million increase in cash provided by operating activities was primarily attributable to the ramping up of both the energy and crypto asset operations. The energy production was relatively dormant for the three months ended March 31, 2020, and crypto asset mining operations have ramped up significantly starting in the fourth quarter of 2020.

Investing Activities. Net cash used in investing activities was \$(2,370.5) million for the three months ended March 31, 2021 compared to \$1.5 thousand provided by investing activities for the three months ended March 31, 2020. The \$(2,372.0) million decrease in net cash used in investing activities was primarily attributable to the construction in progress and the “go live” of transformers designed to increase the capabilities to generate power and provide significant capacity for crypto asset mining and hosting processes and services.

Financing Activities. Net cash provided by financing activities was \$732.3 thousand for the three months ended March 31, 2021 compared to \$(414.8) thousand used in financing activities for the three months ended March 31, 2020. The \$1,147.2 thousand increase in cash provided by financing activities was primarily attributable to the three months ended March 31, 2021 forgiveness of a \$638 thousand loan received under the Paycheck Protection Program in April 2020.

Analysis of Cash Flow Changes Between the Years Ended December 31, 2020 and 2019

The following table summarizes our cash flows for the periods indicated:

Description	Year Ended December 31,		
	2020	2019	Change
		(\$ in thousands)	
Net cash provided by operating activities	\$ 587.2	\$ 755.2	\$ (168.0)
Net cash provided by (used in) investing activities	(1,827.8)	18.0	(1,845.8)
Net cash provided by (used in) financing activities	1,409.6	(862.2)	2,235.8
Net change in cash	\$ 169.0	\$ (53.0)	\$ 222.0

Operating Activities. Net cash used in operating activities was \$587.2 thousand for the fiscal year ended December 31, 2020 compared to \$755.2 thousand for the fiscal year ended December 31, 2019. The \$168.0 thousand decrease in cash used in operating activities was primarily attributable to an increase in crypto assets, a use of cash, of (339.5) thousand offset by a decrease in accounts receivable of \$70.6 thousand and a decrease in inventory of 132.6 thousand, both sources of cash.

Investing Activities. Net cash used in investing activities was \$(1,827.8) thousand for the fiscal year ended December 31, 2020 compared to \$18.0 thousand provided by investing activities for the fiscal year ended December 31, 2019. The \$(1,845.8) thousand decrease in net cash used in investing activities was primarily attributable to the purchase of additional property, plant and equipment of (1,986.4) thousand offset by 158.6 thousand from the proceeds from sale of crypto assets.

Financing Activities. Net cash provided by financing activities was \$1,409.6 thousand for the fiscal year ended December 31, 2020 compared to \$(826.2) thousand used in financing activities for the fiscal year ended December 31, 2019. The \$2,235.8 thousand increase in cash provided by financing activities was primarily attributable to the fiscal year ended December 31, 2020 proceeds from a loan under the Paycheck Protection Program of \$638.8 thousand, proceeds from EIDL loan of \$150.0 thousand, and proceeds from related-party notes payable of \$2,024.3 thousand. This was offset by \$(1,183.2) thousand of distributions paid in the fiscal year ended December 31, 2020 compared to \$(576.2) thousand of distributions paid in the fiscal year ended December 31, 2019.

Debt Agreements

We have entered into various debt agreements used to purchase equipment to operate our business. As of December 31, 2020, the amount owed under the debt agreements totaled \$931.9 thousand with repayment terms extending through December 31, 2023. Of the total amount outstanding of \$931.9 thousand, \$449.4 thousand was classified as current portion of long-term debt to be repaid as of December 31, 2021. The remaining portion of long-term debt was \$482.4 thousand. As of December 31, 2020, the monthly repayment amounts, including interest, totaled \$38.1 thousand. As of March 31, 2021, the amount owed under the debt agreements totaled \$822.5 thousand with repayment terms extending through March 31, 2023. Of the total amount outstanding of \$822.5 thousand, \$417.8 thousand was classified as current portion of long-term debt and will be repaid as of March 31, 2021. The remaining portion of long-term debt is \$404.7 thousand. As of March 31, 2021, the monthly repayment amounts, including interest, totaled \$38.1 thousand. For additional information, see Note 5 – Long-Term Debt to our Combined Financial Statements. We have subsequently entered into two equipment financing agreements as further described under “—Equipment Financing Transactions.”

At March 31, 2021, Stronghold LLC was a party to three promissory notes, which include: (i) the promissory note dated as of December 31, 2020, by and between Stronghold LLC and Scrubgrass LP (the “Scrubgrass Note”), providing for a loan from Scrubgrass LP in the amount of \$150,000 bearing an interest rate of 8.0% per annum and a maturity date of December 31, 2021, (ii) the promissory note dated as of December 31, 2020 by and between Stronghold LLC and William B. Spence (the “Spence Note”), providing for a loan from Mr. Spence in the amount of \$524,250 bearing an interest rate of 8.0% per annum and a maturity date of December 31, 2021 and (iii) the promissory note dated as of December 31, 2020 by and between Stronghold LLC and Gregory A. Beard (the “Beard Note”), providing for a loan from Mr. Beard in the amount of \$1,500,000 bearing an interest rate of 8.0% per annum and a maturity date of December 31, 2021. The Spence Note and the Beard Note were paid in full and terminated on June 4, 2021. The maturity date on the Scrubgrass Note may be accelerated upon certain instances and may generally be prepaid without premium or penalty. There are certain restrictions on prepayment and the interest rate may be adjusted upon the occurrence of certain events.

Contractual Obligations

The table below provides estimates of the timing of future payments that we are contractually obligated to make based on agreements in place at December 31, 2020.

	Payments Due by Period (in thousands)(1)				Total
	Less than 1 year	1 – 3 years	4 – 5 years (in thousands)	More than 5 years	
Various equipment loans	449.4	482.4	—	—	931.9
Paycheck Protection Program loan(2)	638.8	—	—	—	638.8
EIDL loan	—	6.0	6.6	137.4	150.0
Total	1,088.2	488.4	6.6	137.4	1,720.7

(1) Excludes any of our obligations under the Tax Receivable Agreement. Due to the uncertainty of various factors, we cannot precisely estimate the amount or timing of the tax benefits we are likely to realize as a result of Stronghold LLC Unit exchanges or the amounts we are likely to be obligated to pay pursuant to the Tax Receivable Agreement; however, we expect that such payments will be substantial. See “Certain Relationships and Related Party Transactions—Stronghold LLC Agreement.”

(2) During the first quarter of 2021, we applied for and received forgiveness of this loan under the Paycheck Protection Program.

There have been no other material changes in our contractual obligations during the three months ended March 31, 2021.

Tax Receivable Agreement

The Tax Receivable Agreement generally provides for the payment by Stronghold Inc. to certain of the Stronghold Unit Holders of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax (computed using the estimated impact of state and local taxes) that Stronghold Inc. actually realizes (or is deemed to realize in certain circumstances) as a result of (i) certain increases in tax basis that occur as a result of Stronghold Inc.'s acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of such holder's Stronghold LLC Units pursuant to an exercise of the Redemption Right or the Call Right and (ii) imputed interest deemed to be paid by Stronghold Inc. as a result of, and additional tax basis arising from, any payments Stronghold Inc. makes under the Tax Receivable Agreement. Stronghold Inc. will retain the remaining net cash savings, if any. The Tax Receivable Agreement generally provides for payments to be made as Stronghold Inc. realizes actual cash tax savings from the tax benefits covered by the Tax Receivable Agreement. However, the Tax Receivable Agreement provides that if Stronghold Inc. elects to terminate the Tax Receivable Agreement early (or it is terminated early due to Stronghold Inc.'s failure to honor a material obligation thereunder or due to certain mergers, asset sales, other forms of business combinations or other changes of control), Stronghold Inc. is required to make an immediate payment equal to the present value of the future payments it would be required to make if it realized deemed tax savings pursuant to the Tax Receivable Agreement (determined by applying a discount rate equal to one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points, and using numerous assumptions to determine deemed tax savings), and such early termination payment is expected to be substantial and may exceed the future tax benefits realized by Stronghold Inc.

The actual timing and amount of any payments that may be made under the Tax Receivable Agreement are unknown at this time and will vary based on a number of factors. For more information about these factors, see "Certain Relationships and Related Party Transactions—Tax Receivable Agreement." However, Stronghold Inc. expects that the payments that it will be required to make to Q Power (or its permitted assignees) in connection with the Tax Receivable Agreement will be substantial. Any payments made by Stronghold Inc. to Q Power (or its permitted assignees) under the Tax Receivable Agreement will generally reduce the amount of cash that might have otherwise been available to Stronghold Inc. or Stronghold LLC. To the extent Stronghold LLC has available cash and subject to the terms of any current or future debt or other agreements, the Stronghold LLC Agreement will require Stronghold LLC to make pro rata cash distributions to holders of Stronghold LLC Units, including Stronghold Inc., in an amount sufficient to allow Stronghold Inc. to pay its taxes and to make payments under the Tax Receivable Agreement. Stronghold Inc. generally expects Stronghold LLC to fund such distributions out of available cash. However, except in cases where Stronghold Inc. elects to terminate the Tax Receivable Agreement early, the Tax Receivable Agreement is terminated early due to certain mergers or other changes of control or Stronghold Inc. has available cash but fails to make payments when due, generally Stronghold Inc. may defer payments due under the Tax Receivable Agreement if it does not have available cash to satisfy its payment obligations under the Tax Receivable Agreement or if its contractual obligations limit its ability to make these payments. Any such deferred payments under the Tax Receivable Agreement generally will accrue interest at the rate provided for in the Tax Receivable Agreement, and such interest may significantly exceed Stronghold Inc.'s other costs of capital. If Stronghold Inc. experiences a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations, but generally would not include an initial public offering or a combination with a SPAC), and in certain other circumstances, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, Stronghold Inc. realizes in respect of the tax attributes subject to the Tax Receivable Agreement. In the case of such an acceleration in connection with a change of control, where applicable, Stronghold Inc. generally expects the accelerated payments due under the Tax Receivable Agreement to be funded out of the proceeds of the change of control transaction giving rise to such acceleration, which could have a significant impact on our ability to consummate a change of control or reduce the proceeds received by our shareholders in connection with a change of control. However, Stronghold Inc. may be required to fund such payment from other sources, and as a result, any early termination of the Tax Receivable Agreement could have a substantial negative impact on our liquidity or financial condition.

Recent Accounting Pronouncements

As an “emerging growth company” (“EGC”), the Jumpstart Our Business Startups Act (“JOBS Act”) allows us to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We have elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

As of January 1, 2020, we adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. We adopted Topic 606 under the modified retrospective approach whereby the cumulative effect of adopting the new guidance was recognized on the date of initial application. The adoption of ASC 606 did not result in a change to the accounting for revenue, as such, no cumulative effect adjustment was recorded.

In February 2016, FASB issued ASU 2016-02, Leases (“Topic 842”), which supersedes ASC Topic 840, Leases. Topic 842 requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative and qualitative disclosures surrounding leases. Topic 842 will be applied using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In November 2020, FASB deferred the effective date for implementation of Topic 842 by one year. The guidance under Topic 842 is effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Earlier adoption is permitted. We are in the process of developing our new accounting policies and determining the potential aggregate impact this guidance is likely to have on its unaudited combined financial statements as of its adoption date.

Internal Controls and Procedures

We are not currently required to comply with the SEC’s rules implementing Section 404 of the Sarbanes-Oxley Act, and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC’s rules implementing Section 302 of the Sarbanes-Oxley Act, which will require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. We will be required to make our first assessment of our internal control over financial reporting and to comply with the management certification requirements of Section 404 in our annual report on Form 10-K for the year following our first annual report that is filed with the SEC (subject to any change in applicable SEC rules).

Further, our independent registered public accounting firm is not yet required to formally attest to the effectiveness of our internal controls over financial reporting, and will not be required to do so for as long as we are an “emerging growth company” pursuant to the provisions of the JOBS Act. See “Prospectus Summary—Emerging Growth Company Status.”

Off Balance Sheet Arrangements

We have no material off balance sheet arrangements.

BUSINESS

Overview

We are a vertically integrated crypto asset mining company currently focused on mining Bitcoin. We wholly-own and operate the Scrubgrass Plant, a low-cost, environmentally-beneficial coal refuse power generation facility that we have upgraded in Scrubgrass Township, Pennsylvania, and it is classified under Pennsylvania law as a Tier II alternative energy source (equivalent to a large-scale hydropower plant). We are committed to generating our energy and managing our assets sustainably, and we believe that we are one of the first vertically integrated crypto asset mining companies with a focus on environmentally-beneficial operations. Simply put, we employ 21st century crypto mining techniques to remediate the impacts of 19th and 20th century coal mining in some of the most environmentally neglected regions of the United States.

In addition to being environmentally-beneficial and sustainable, owning our own source of power helps us to produce Bitcoin at one of the lowest prices among our publicly traded peers. We also believe that owning our own power source makes us a more attractive partner to crypto asset mining equipment purveyors. For example, we have been able to enter into partnerships with crypto asset industry participants, including miner sharing arrangements, because we offered competitive power rates in a mutually beneficial arrangement. We believe other miner manufacturers or suppliers may be more willing to work with us because our vertical integration, strong financial position, and industrial scale make us a dependable partner. We have entered into a definitive agreement to purchase a second coal refuse power generation facility and a non-binding letter of intent to purchase a third coal refuse power generation facility. We intend to leverage these competitive advantages to continue to grow our business through the opportunistic acquisition of additional power generating assets and miners.

We currently operate approximately 1,800 crypto asset miners with hash rate capacity of approximately 85 PH/s. Since April 1, 2021, we have entered into three definitive agreements with multiple suppliers to purchase over 27,300 additional miners with a total hash capacity equal to over 2,600 PH/s. Of these miners, 93% are scheduled to be delivered in 2021, with the first batch scheduled for delivery in August 2021, and the remaining 7% throughout 2022. With part of the proceeds of this offering, we intend to procure an additional 27,900 miners, which we anticipate will bring our total hash rate capacity to approximately 3,000 PH/s by December 2021 and to over 5,300 PH/s by December 2022. We intend to house our miners at the Scrubgrass Plant, the Panther Creek Plant and an additional Third Plant that we have under a letter of intent to purchase.

As we produce Bitcoins through our mining operations, we will from time to time exchange Bitcoins for fiat currency based on our internal cash management policy. We intend to hold enough fiat currency or hedge enough of our Bitcoin exposure to cover our projected near-term fiat currency needs, including liabilities and anticipated expenses and capital expenditures. In identifying our fiat currency needs, we will assess market conditions and review our financial forecast. We safeguard and keep private our digital assets by utilizing storage solutions provided by Coinbase Global Inc., which require multi-factor authentication and utilize cold and hot storage. While we are confident in the security of our digital assets, we are evaluating additional measures to provide additional protection.

Our founders have long experience in finance and in operating energy assets. Greg Beard, our Co-Chairman and Chief Executive Officer, previously served as Senior Partner and Head of Natural Resources at Apollo Global Management Inc. Bill Spence, our Co-Chairman, has 40 years of energy-related experience and was a pioneer in the operation of and fuel sourcing for coal refuse plants.

Our Competitive Strengths

- *Environmentally beneficial, coal refuse-powered electricity generation classified by the Commonwealth of Pennsylvania as a Tier II alternative energy source.* Our Scrubgrass Plant and the two additional plants currently under purchase agreement and letter of intent, the Panther Creek Plant and the Third Plant, respectively, are powered by coal refuse. Coal refuse is a waste product historically generated by coal mining in Pennsylvania and neighboring states, and coal refuse is a significant contributor to air and water pollution in these geographies. Because our power generation facility technology produces energy and byproducts used in land-reclamation activities from this waste, power generation facilities fueled by coal refuse are classified by the Commonwealth of Pennsylvania as Tier II alternative energy sources,

equivalent to large-scale hydropower plants. In contrast, most of our competitors with integrated power assets rely on traditional fuels, such as coal or natural gas. Given the power-intensive nature of crypto asset mining and the implications for the environment and sustainability, we believe that our access to inexpensive, environmentally-beneficial power represents a meaningful and durable competitive advantage. In addition, we believe that buyers of the Bitcoin we mine could ascribe value due to the environmentally-beneficial manner in which they were mined.

- *Vertically integrated crypto asset mining and power generation operations, driving among the lowest costs of crypto asset production in our industry.* We operate vertically integrated power generation and crypto asset mining operations. Our miners are located on the same premises as our Scrubgrass Plant to maximize efficiency and to minimize cost. The Scrubgrass Plant's recognition as a Tier II Renewable Energy plant also allows us to earn RECs under Pennsylvania law, and coal refuse is inexpensive and in abundant supply near our operations. As a result, we believe that our net cost of power at our Scrubgrass Plant of approximately \$18 per MWh, after accounting for RECs and waste coal tax credits, is among the lowest compared to our publicly traded peer companies. This cost of power implies a cost to mine of less than \$3,000 per Bitcoin equivalent with latest-generation miners and assuming a network hashrate of 150 EH/s. As we acquire additional power generation facilities, including the potential acquisitions of the Panther Creek Plant and the Third Plant, we will focus on environmentally-beneficial power generation assets that offer similarly attractive crypto asset mining economics.
- *Strong track record of acquiring and operating power assets.* Our management team has a distinguished track record of sourcing, financing, and operating power assets. Greg Beard, our Co-Chairman and Chief Executive Officer, previously served as Senior Partner and Head of Natural Resources at Apollo Global Management Inc. and as a Founding Member and Managing Director at Riverstone Holdings LLC, two leading private equity firms. During his private equity tenure, Mr. Beard sourced and led 23 energy investments, representing \$8.8 billion in proceeds. Bill Spence, our Co-Chairman, has 40 years of energy-related experience. Mr. Spence is the former owner and operator of Coal Valley/Dark Diamond, a coal refuse power generation facility, from 1993 to 2007. Mr. Spence was also the former independent operator of our Scrubgrass Plant prior to our formation.
- *Superior access to Bitcoin miners with multiple miner procurement channels, including direct relationships with equipment manufacturers and partnerships with data center operators and other intermediaries.* We benefit from strong relationships with multiple providers of Bitcoin miners. We recently entered into an agreement with a leading manufacturer of Bitcoin miners to purchase 15,000 miners with aggregate hash rate of approximately 1,500 PH/s for delivery in the fourth quarter of 2021. In addition, through our partnership with a leading global manager of Bitcoin mining operations, we have executed a purchase agreement to acquire 9,900 MicroBT miners with phased delivery expected to begin in August 2021 and have agreed to purchase terms for the acquisition of approximately 4,950 additional MicroBT miners. Finally, we have been highly opportunistic in entering into hardware purchase agreements with miner brokers. We believe that our access to capital, including prior private financings, as well as the proceeds from this initial public offering, in conjunction with our vertically-integrated power generation, makes us an attractive partner for Bitcoin equipment manufacturers and other market leaders alike.

Our Growth Strategies

- *Acquire additional environmentally-beneficial power generation assets, including closing on two coal refuse power generation facilities, one of which is currently under definitive purchase agreement and the other of which is currently under letter of intent.* We have entered into a definitive agreement to purchase the Panther Creek Plant and a letter of intent to purchase the Third Plant, both of which are coal refuse plants. We believe that we will be able to close the Panther Creek Acquisition within the next four months. We also anticipate a favorable outcome of our ongoing due diligence of the Third Plant. Powered by the Scrubgrass Plant and these initial two plant acquisitions, we have developed a plan to build out aggregate mining capacity to 204 MW by the end of 2022. We believe that our expected expansion to three environmentally-beneficial power generation facilities dedicated to Bitcoin mining is repeatable and scalable. With the extensive experience and relationships that our leadership team has in the industry, we have an acquisition pipeline of additional environmentally-beneficial power assets, and we believe that the

acquisition of additional power generation facilities will enable us to drive further growth in crypto asset mining.

- *Continue to opportunistically source new miners through our multiple procurement channels to accelerate our business plan and increase our mining capacity.* As previously outlined, we have recently executed purchase orders for the acquisition of miners from a manufacturer, a Bitcoin mining and data center operator (for MicroBT miners), and multiple miner brokers (for Canaan and Bitmain miners). While many of our competitors have struggled to obtain mining equipment due to historically strong demand and pre-sold supply, we believe that these recent confirmed purchase orders demonstrate our ability to leverage the breadth of our relationships to quickly expand our mining capacity. By operating the Scrubgrass Plant at capacity and through the anticipated build-outs of Panther Creek and Third Plant, we are forecasting expansion in our crypto asset mining operations to approximately 57,000 total miners, representing over 5,300 PH/s, by the end of 2022. We expect to benefit from these strong relationships to purchase additional miners on favorable economic terms as we continue to expand our power generation capacity through the acquisition of additional plants.
- *Drive operational excellence and structure alignment with key industry partners, including equipment manufacturers, power generation facility owners and the broader crypto currency and investment ecosystem.* We are committed to building the leading vertically integrated crypto asset mining and environmentally-beneficial power generation platform. To achieve this objective, we have developed a network of technology and service providers, and we are emphasizing long-term partnerships and equity alignment. For example, we believe that we negotiated favorable economic and delivery terms for the purchase of miners by providing an equity incentive to the sellers of the miners, subject to meeting specified performance obligations. Similarly, our anticipated partnership with our Bitcoin mining and data center operator provides for sharing of the economic rights to Bitcoin produced by the partnership, motivating our partner to manage mining operations to achieve maximum efficiency. By aligning interests, we believe that we are driving operational excellence, thereby enabling further expansion and accelerating our growth.

Environmentally-Beneficial Operations

The Scrubgrass Plant, our first power generation facility, is located on a 650-acre site in Scrubgrass Township, Venango County, Pennsylvania, and is classified under Pennsylvania law as a Tier II alternative energy source. The Scrubgrass Plant currently has the capacity to produce approximately 85 MW of electricity utilizing CFB technology. Using this CFB technology, the Scrubgrass Plant converts highly polluting coal refuse, a legacy waste from decades of coal mining currently found in sites throughout Pennsylvania and neighboring states, into power and also yields beneficial use ash, a by-product of the combustion process that can be used as fertilizer and filler in other reclamation projects.

The operation of our power generation facility with coal refuse allows the reclamation of large geographic areas that have been ravaged by the presence of coal refuse, the environmentally harmful byproduct of Pennsylvania's legacy coal-mining operations. Coal mining began in earnest in Pennsylvania in the later part of the 19th century to help meet the nation's growing demand for steel, and continued through the 20th century as Pennsylvania and other coal producing states mined the fuel needed to power the industrial revolution in the United States and fight two World Wars. While the placement of coal refuse became more strictly regulated with the passage of the SMCRA, the decades of operations prior to the SMCRA's adoption produced large piles of refuse near now-abandoned coal mining operations. BAMR estimates that today there are 840 coal refuse sites, covering over 8,500 acres, filled by over 220 million tons of coal refuse in legacy piles located throughout the state. We estimate that, based on the number of coal refuse sites we are currently reclaiming in close proximity to the Scrubgrass Plant, there is at least 30 years' worth of fuel available for that plant alone. We expect the additional plants that we intend to acquire will also have access to a multi-year supply of coal refuse.

In 2015, Pennsylvania estimated that the cost to remediate AML and AMD sites in Pennsylvania exceeded \$16.1 billion, of which coal refuse represented a \$2 billion burden. Coal refuse piles produce significant, adverse local and regional environmental consequences, including the harmful leaching of acidity, iron and iron oxide, aluminum, manganese, and sulfate residues into waterways resulting in significant AMD. This leachate creates both surface water and groundwater contamination and produces streams, ponds and lakes that can be devoid of aquatic

life. AMD is the largest source of water pollution in these Pennsylvania communities and afflicts watersheds downstream from the coal refuse piles, while also reducing potable water supplies.

The coal refuse piles cover large areas of otherwise productive land and pose negative consequences for air quality in the surrounding communities. Uncontrolled fugitive dust from these piles creates particulate matter pollution and can act as a wind-borne pathogen, posing significant risks to human health. The piles themselves can also ignite. Wildfires, lightning strikes and campfires on the surface can quickly turn into bigger issues such as underground mine fires. Unattended piles can also spontaneously combust through an oxidation process that generates heat and consequently ignites the combustible components of piles. Burning piles, especially underground fires in the absence of oxygen, produce a variety of adverse uncontrolled ambient impacts, including smoke, particulate, and the release of poisonous and noxious gases – often at ground level. These gases, including carbon monoxide, carbon dioxide, hydrogen sulfide, sulfur dioxide, ammonia, sulfur trioxide, and oxides of nitrogen and a variety of volatile organic compounds – are all potentially harmful to human, animal and vegetative life. According to PADEP, as of December 14, 2020, there were 92 coal refuse piles burning in Pennsylvania, and over the past decades hundreds of others have burned. PADEP has estimated that 6.6 million tons of coal refuse burn each year in unintended, uncontrolled fires, releasing 9 million tons of carbon dioxide and numerous other air pollutants. When fires occur, the budgets of these environmentally and often economically challenged communities are hardest hit, and it may take years to extinguish the fire.

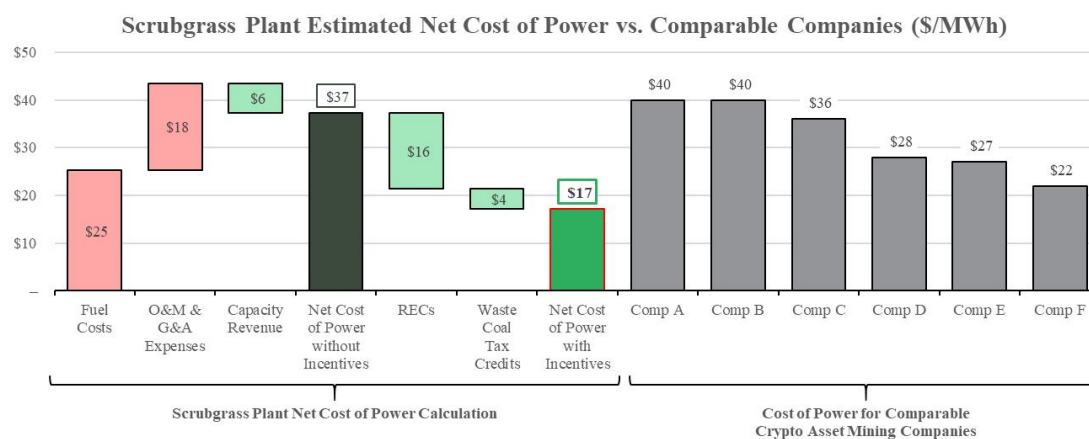
The CFB technology employed by the Scrubgrass Plant and other coal refuse reclamation facilities was developed to burn coal refuse and similar low-BTU substances by combining the waste with limestone injection for acid gas control in specialized CFB boilers and injecting streams of hot air. These units are also equipped with fabric filter systems to control FPM emissions. The coal refuse-fired units control emissions of sulfur dioxide, nitrogen oxides, air toxins, FPM and total particulate matter. These units are some of the lowest emitters of mercury and FPM in the nation. The solid materials are consumed in the combustion process and the by-products are steam, which powers electricity generators, and beneficial use ash, an inert non-acidic substance that can be used in remediation and reclamation activities. The removal, remediation and reclamation of the polluting piles contributes to upwards of 85% of the operating costs of one of these specialized power generation facilities. This business model results in the most efficient method to comprehensively remove the hazardous materials from the environment and remediate the polluting impacts.

Our ownership of the Scrubgrass Plant combined with the environmental benefits which accrue to the region allow us to mine Bitcoin at what we believe to be some of the lowest costs in the industry while making a transformational contribution to the environment.

Low-Cost Power Generation

Given that the price of electricity has a significant impact on the ultimate economics and profitability of crypto asset mining, we believe long-term value is enabled primarily by the reduction of power costs and securing environmentally-beneficial power generation assets. Our miners are powered by the electricity produced by our own assets. As detailed in the chart below, we expect to be able to generate power for approximately \$18 per MWh at our Scrubgrass Plant at full capacity, which implies a cost to mine of less than \$3,000 per Bitcoin equivalent with latest-generation miners and assuming a network hashrate of 150 EH/s. We consider latest-generation miners to be miners with hashrate capacity of 90 TH/s and wattage of 3,400 watts. These estimated costs include the RECs and waste coal tax credits we currently receive. Should these credits be discontinued, our estimated cost to generate power would increase to approximately \$37 per MWh, which would imply a cost to mine of approximately \$5,700 per Bitcoin equivalent. This contributes to our value creation strategy, which is based on four concepts: (i) securing and operating low-cost, environmentally-beneficial energy assets, (ii) protecting operational profitability and efficiently managing risk across different pricing environments, (iii) optimizing returns over invested capital through strategic and innovative sourcing of power and mining equipment (including through partnerships with suppliers) and (iv) potentially extending the economic life of our equipment through the use of low cost of power.

The chart below shows an estimate of the components of our net cost of power for the second half of 2021 and a comparison to our peers' cost of power.³

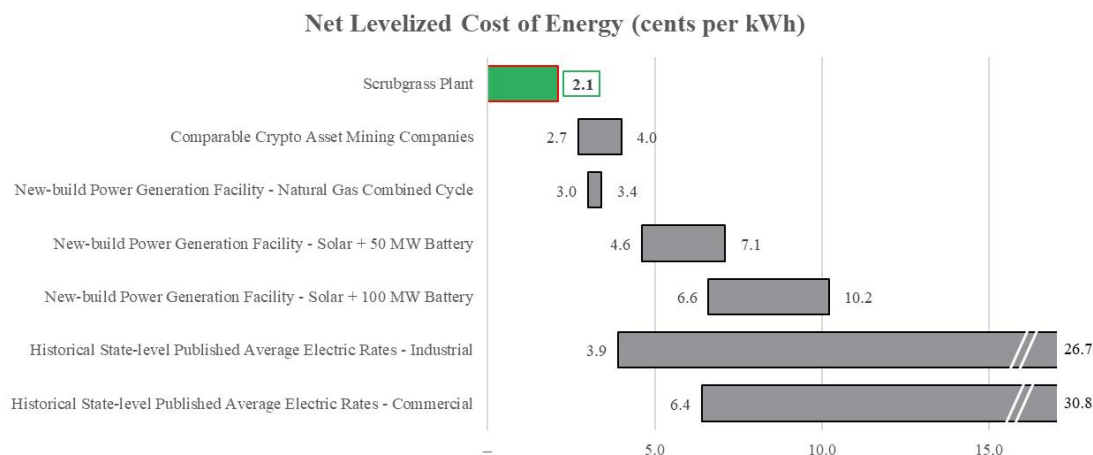


Due to the specialized nature of coal refuse power generation facilities that utilize CFB technology, we estimate the replacement cost for an electricity generation facility utilizing this technology that operates on the scale of our Scrubgrass Plant would be approximately \$500 million.

In May 2021, we engaged PA Consulting to benchmark our electric supply costs against a broader set of power supply alternatives for crypto asset mining. To facilitate this comparison, PA Consulting prepared a net LCOE analysis as a means of determining the normalized cost of generating electricity over the lifetime of a power generation facility, including the initial capital investment, fixed and variable operations and maintenance expenses, labor costs, fuel costs, and expected capital expenditures, as well as offsetting income streams, including RECs, waste coal tax credits, and capacity payments. In the context of crypto asset mining, net LCOE represents the all-in cost of procuring electricity. The primary differences between net cost of power and net LCOE are that (i) net cost of power represents a cost for a specific period, while net LCOE represents the normalized cost over the life of the asset, and (ii) net LCOE includes the initial capital investment, while net cost of power only captures the costs incurred during the period for which the metric is calculated. In other words, net LCOE includes both the net cost of power and the investment required to achieve that net cost of power.

³ Our estimated net cost of power for the period presented represents all of our expected costs associated with generating power (including the cost of procuring fuel, operations and maintenance expenses, and plant general and administrative expenses), after taking into account estimated capacity revenue and income from RECs and renewable energy and waste coal tax credits (which are the only sources of income we expect to receive from power-generating activities, excluding the sale of electricity). Estimated costs of power for comparable companies are based upon publicly available information and may not be for the period presented for our expected cost of power, and we are limited in the amount of information available to us. One of the presented comparable companies generates its own power and the costs shown for that company represent the average mining power cost from June 2020 to February 2021, net of energy margin and ancillary service revenue. The remaining presented comparable companies do not own power generating assets but instead purchase electricity. The cost of power for those companies represents the cost to purchase electricity disclosed by those companies in reports filed with the SEC, without additional operating or other costs, or rebates or credits, factored in. Therefore, our net cost of power may not be equivalent to, and may not include the same inputs as, the cost of power identified for such comparable companies.

PA Consulting calculated the net LCOE for the Scrubgrass Plant and benchmarked this cost structure against (i) historical retail commercial and industrial electric rates across the United States, (ii) the LCOE of new-build sources of firm power generation, which could serve as alternative power sources for data mining operations, and (iii) published electric supply costs by our crypto asset mining peers. Based on PA Consulting’s analysis, our net LCOE of 2.1 cents per kWh is lower than those for all contemplated alternatives in the United States. The chart below shows the summary data from PA Consulting’s report.⁴



As part of our strategy of securing environmentally-beneficial power generation assets for crypto asset mining, we have entered into (i) a definitive agreement to purchase the Panther Creek Plant, a coal refuse reclamation-to-energy facility that utilizes CFB technology (similar to the Scrubgrass Plant) with 80 MW of electricity generation capacity located near Nesquehoning, Pennsylvania, and (ii) a non-binding letter of intent to purchase the Third Plant, another coal refuse reclamation-to-energy facility that utilizes CFB technology with 112 MW of electricity generation capacity located in Pennsylvania. These facilities are each waste removal and environmental remediation businesses that generate and sell electricity to pay for the environmental reclamation work that they perform. We intend to opportunistically acquire such electricity generation assets to power our increasing crypto asset mining operations in an environmentally-conscious manner.

Pennsylvania has deemed the reclamation of coal refuse sites as an environmental priority, and since the early 1990s an unofficial public-private-partnership has developed between the coal refuse reclamation to energy industry and the Commonwealth of Pennsylvania. In 2016, Pennsylvania adopted a performance based tax credit targeting coal refuse removal by alternative electricity generation facilities utilizing CFB technology, such as the Scrubgrass Plant, the Panther Creek Plant and the Third Plant. To qualify for the tax credit, 75% of the fuel used by these facilities must be comprised of qualified coal refuse, plant design must include circulating fluidized bed technology, utilizing limestone injection and a fabric filter for particulate emissions control, ash produced by the facilities must be put to beneficial use as defined by PADEP, and, finally, at least 50% of that beneficial use ash must be used to reclaim coal mining affected sites.

Due to the environmental benefit produced by our facilities, we also qualify for Tier II RECs in Pennsylvania. These RECs are currently valued at approximately \$15.00 per MWh, based on the bid-level price as of July 21, 2021. Particularly challenging and often remote piles also require partnerships with federal, state, and local environmental groups in order to accomplish the remediation and reclamation goals of a project. These projects include the use of federal grants combined with millions of private dollars invested by the coal refuse reclamation to energy project companies. Our coal refuse reclamation to energy facility ha

⁴ The comparable crypto asset mining companies represent the same data presented in the chart titled “Scrubgrass Plant Estimated Net Cost of Power vs. Comparable Companies (\$/MWh),” with the exception of one company that generates its own power, which is excluded here because there is not enough information publicly available to estimate the net LCOE associated with its power generation facility.

s frequently partnered with the U.S. Department of the Interior's Office of Surface Mining Reclamation and Enforcement, BAMR and local environmental groups to remediate these piles. The Scrubgrass Plant has partnered with state agencies since the mid-1990s to identify and reclaim waste sites and have removed over 16 million tons from the environment since start of operations.

While crypto asset mining continues to consume a massive amount of energy worldwide, often generated from traditional and more environmentally-harmful sources, we are able to conduct our activities in a manner that benefits both the environment and our profitability.

Mining Operations

We currently operate approximately 1,800 miners with hashrate capacity of approximately 85 PH/s. Our current fleet comprises approximately 860 S9 miners, approximately 190 S17 Pro miners, approximately 10 T17 miners, approximately 655 1166 Pro miners, and approximately 125 Canaan 1246 miners. The S9 miners have hashrate capacity of approximately 13 TH/s per miner and power consumption of approximately 1,300 watts per miner. The S17 Pro miners have hashrate capacity of approximately 50 TH/s per miner and power consumption of approximately 1,975 watts per miner. The T17 miners have hashrate capacity of approximately 40 TH/s per miner and power consumption of approximately 2,200 watts per miner. The 1166 Pro miners have hashrate capacity of approximately 80 TH/s and power consumption of approximately 3,400 watts per miner. The Canaan 1246 miners have hashrate capacity of approximately 85 TH/s and power consumption of approximately 3,420 watts per miner. We manage our fleet of miners through a combination of internal employees and outside contractors.

We believe that through our innovative strategic initiatives and existing commercial relationships, we will continue to efficiently secure high-quality equipment necessary to maximize our operational advantages. Using our access to and control of environmentally beneficial and low-cost power as leverage, our focus is on sourcing the latest crypto asset mining technology and engaging in transactions to align our interests with those of other key industry stakeholders, including equipment manufacturers and high-performance computing infrastructure managers. We are actively adding to our existing fleet of approximately 1,800 miners currently deployed at the Scrubgrass Plant with hash rate capacity of approximately 85 PH/s, through the execution of three definitive agreements since April 1, 2021 with multiple suppliers to purchase over 27,300 additional miners with a total hash capacity equal to over 2,600 PH/s. Approximately 93% of these miners are scheduled to be delivered in 2021, with the first batch scheduled for delivery in August 2021, and the remaining 7% throughout 2022. The first 16,000 miners are expected to be housed in our data centers at the Scrubgrass Plant with the remainder deployed at future power generation facilities, including, potentially, the Panther Creek Plant and the Third Plant, starting later this year. Our location in the cooler Northeastern United States and access to cheap power allows us to cool our miners at lower cost than if we were located in warmer regions and also affords us the flexibility to buy power off the grid when the cost of such power is cheaper than our cost of production, resulting in our ability to maximize crypto asset mining operations through low variable costs and cost per MW. Our current focus is on mining Bitcoin, which we may convert to USD to the extent necessary to fund our development.

Pursuant to the three agreements that we have entered into to procure additional miners, we pre-paid significant portions of the purchase price for the new miners under each of the three agreements, with the remainder of the payments due upon confirmation of shipment or delivery of the miners. Delivery of the miners under one of these agreements is subject to us entering into a hosting agreement on reasonable commercial terms with the supplier that is currently under letter of intent. To date, we have not been advised by our suppliers of any supply constraints in fulfilling these agreements.

We believe that buyers of the Bitcoin we mine may ascribe value to the environmentally-beneficial manner in which it was mined in the United States. Furthermore, while our focus is currently on Bitcoin, we may utilize our miners for other crypto assets depending on market conditions, including the relative values of such other crypto assets, and other factors. We intend to operate with flexibility and a goal of maximizing value from our operations. To this end, our business strategy continues to be acquiring power generating assets that allow us to generate electricity at competitive rates in an environmentally-beneficial fashion, securing miners with the latest technology to utilize such power generation capabilities, and re-investing proceeds from our crypto asset mining operations in acquiring additional power generating assets and miners.

Bitcoin and Bitcoin Mining

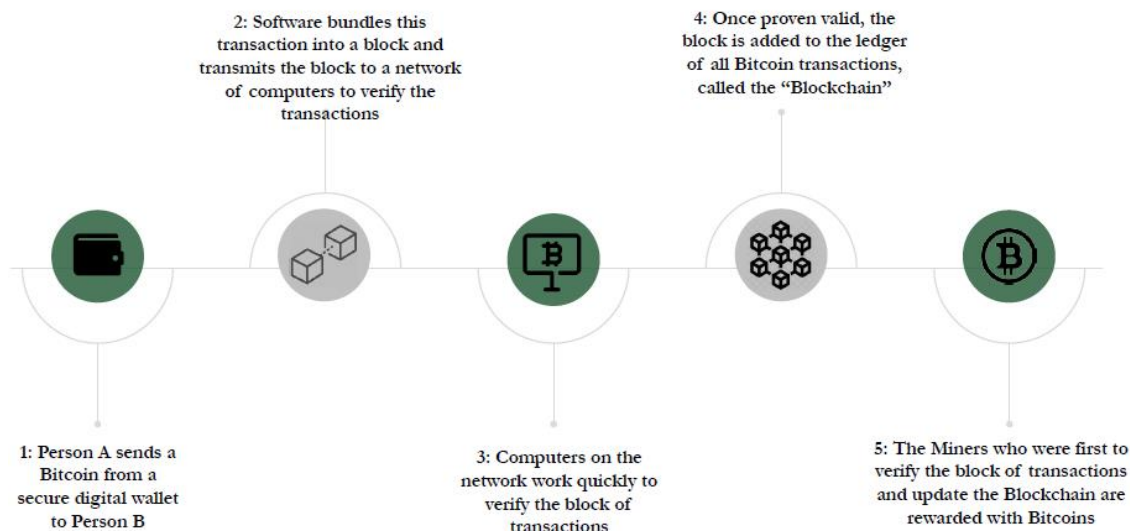
Bitcoin, a form of cryptocurrency, is a crypto asset that is designed to work as a secure and decentralized medium of exchange. Digital assets exist on a blockchain which is a network of computers that together store the history of transactions and validate new transactions without the need for a trusted, central intermediary. Using a blockchain, value can be sent from one account to another in a matter of minutes and with full certainty without requiring the involvement of a bank or financial institution. Each computer on the network stores a copy of all the past transactions and the balance of every account.

Each account is identified by a “public key,” the address to which funds are sent to and from. To access the account, however, a “private key” is needed. This private key is closely guarded by the holders of crypto assets, as anyone who possesses the private key for an account can access that account and transfer value. As a result of the relationship between public keys and private keys, every transaction ever done on the blockchain is available for public viewing in perpetuity, but the owners of the accounts may be anonymous.

The Bitcoin network infrastructure is collectively maintained by a decentralized, public user base who are either volunteers or are rewarded with Bitcoin. As the network is decentralized, it does not rely on either governmental authorities or financial institutions to create, transmit or determine the value of the coins and instead value is determined by supply and demand.

Most blockchains, including Bitcoin blockchains, validate transactions via a process called “proof of work,” which requires that computers compete to solve a complex cryptographic puzzle. Solving this puzzle essentially requires random guesswork and computers generate millions of guesses to arrive at the correct answer, which is referred to as “mining.” The computer that solves the puzzle is rewarded with the crypto asset. Recognizing that over time the computing power devoted to mining can increase or decrease, every 10 minutes the Bitcoin network re-calibrates the difficulty of the puzzle to keep a 10 minute delay between each time the puzzle is solved. This delay is known as the “block time.”

We plan to mine Bitcoin by using our miners to solve this complex cryptographic puzzle. In return for solving a block, we receive a Bitcoin or other crypto asset reward, depending on the blockchain, which we hold for our account and attempt to sell opportunistically on the market or directly to purchasers to generate a profit. Miners measure their capability in terms of processing power, which is known in the industry as “hashing” power. Hashing power is measured in terms of the number of hashing algorithms solved (or “hashes”) per second, which is the miner’s “hash rate.” Generally speaking, miners with greater hashing power relative to other miners attempting to solve a block have a higher chance of solving the block and receiving a crypto asset award. See below for an illustration of how Bitcoin mining works.



Since the inception of the Bitcoin network, more and more miners have entered the market competing for the limited number of blocks that are regularly added to the Bitcoin blockchain. The resulting tremendous increase in network hash rate has resulted in increasing levels of "difficulty" being implemented by the Bitcoin network over time. As a result, an individual miner's chances of adding a new block to the blockchain in a given period of time has decreased, creating volatility in a miner's revenue stream. To address this challenge, Bitcoin mining operators began to combine their mining resources into "mining pools" to better compete and reduce volatility in Bitcoin mining revenue. Combining mining devices in a mining pool allows for faster output and better odds of finding a block at the group level, rather than the individual level. As part of our mining operations, we contribute our hash rate to certain pools, subject to their terms of service. Participation in such pools is generally terminable at any time by either party and our risk is limited, as we are able to switch pools at any time or simply not participate in any pools and mine independently. As a participant in such pools, in exchange for providing computing power, we receive a share of the theoretical global mining rewards based on our percent contribution to the Bitcoin mining network, less fees payable to the pool. We are able to verify our proportion of the contributed computing power because we track the computing power of the miners that we operate, and the total computing power contributed to the pool is publicly available.

While we currently only mine Bitcoin, we continue to monitor and evaluate the crypto asset market and may in the future mine other crypto assets. We will consider factors such as market acceptance, value of the underlying crypto asset, cost to mine, mining equipment and resources required, and impact on our results of operation in making any future determination on the type of crypto assets to mine. Further, while we currently intend to acquire Bitcoins only through our mining efforts, it is possible that we may in the future acquire Bitcoins or other crypto assets through other means, such as exchanging crypto assets for other crypto assets instead of fiat currency.

Customers

We are not dependent on any one customer or group of customers, and no individual customer, or together with its affiliates, contributed on an aggregate basis 10% or more to our revenues.

Government Regulation

Crypto Assets

Government regulation of blockchain and crypto assets is being actively considered by the United States federal government via a number of agencies and regulatory bodies, as well as similar entities in other countries. State

government regulations also may apply to our activities and other activities in which we participate or may participate in the future. Other regulatory bodies which are governmental or semi-governmental have shown an interest in regulating or investigating companies engaged in the blockchain or crypto asset business.

Businesses that are engaged in the transmission and custody of Bitcoin and other crypto assets, including brokers and custodians, can be subject to U.S. Treasury Department regulations as money services businesses as well as state money transmitter licensing requirements. Bitcoin and other crypto assets are subject to anti-fraud regulations under federal and state commodity laws, and crypto asset derivative instruments are substantively regulated by the U.S. Commodity Futures Trading Commission. Certain jurisdictions, including, among others, New York and a number of countries outside the United States, have developed regulatory requirements specifically for crypto assets and companies that transact in them.

Regulations may substantially change in the future and it is presently not possible to know how regulations will apply to our business, or when they will be effective. As the regulatory and legal environment evolves, we may become subject to new laws, further regulation by the SEC and other agencies, which may affect our mining and other activities. For instance, various bills have also been proposed in Congress related to our business, which may be adopted and have an impact on us. For additional discussion regarding our belief about the potential risks existing and future regulations pose to our business, see the Section entitled “Risk Factors” herein.

In addition, since transactions in Bitcoin provide a reasonable degree of pseudo anonymity, they are susceptible to misuse for criminal activities, such as money laundering. This misuse, or the perception of such misuse (even if untrue), could lead to greater regulatory oversight of Bitcoin platforms, and there is the possibility that law enforcement agencies could close Bitcoin platforms or other Bitcoin-related infrastructure with little or no notice and prevent users from accessing or retrieving Bitcoin held via such platforms or infrastructure. For example, in her January 2021 nomination hearing before the Senate Finance Committee, Treasury Secretary Janet Yellen noted that crypto assets have the potential to improve the efficiency of the financial system but that they can be used to finance terrorism, facilitate money laundering, and support malign activities that threaten U.S. national security interests and the integrity of the U.S. and international financial systems. Accordingly, Secretary Yellen expressed her view that federal regulators needed to look closely at how to encourage the use of crypto assets for legitimate activities while curtailing their use for malign and illegal activities. Furthermore, in December 2020, FinCEN, a unit of the Treasury Department focused on money laundering, proposed a new set of rules for crypto asset-based exchanges aimed at reducing the use of crypto assets for money laundering. These proposed rules would require filing reports with FinCEN regarding crypto asset transactions in excess of \$10,000 and also impose record-keeping requirements for crypto asset transactions in excess of \$3,000 involving users that manage their own private keys. In January 2021, the Biden Administration issued a memorandum freezing federal rulemaking, including these proposed FinCEN rules, to provide additional time for the Biden Administration to review the rulemaking that had been proposed by the Trump Administration. As a result, it remains unclear whether these proposed rules will take effect.

Environmental Matters

Our operations are subject to stringent federal, state and local laws and regulations with regard to air and water quality, hazardous and solid waste management and disposal and other environmental matters. Numerous governmental entities, including the U.S. Environmental Protection Agency (“EPA”) and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, often requiring difficult and costly actions. The more significant of these existing environmental laws and regulations include the following U.S. legal standards, as amended from time to time:

- the Clean Air Act (“CAA”), which imposes standards (including existing and new national ambient air quality standards (“NAAQS”) for ground-level ozone and particulate matter) that restrict the emission of air pollutants from many sources, imposes various pre-construction, operational, monitoring, permitting and reporting requirements, and that the EPA has relied upon as authority for adopting climate change regulatory initiatives relating to GHG emissions;
- the Federal Water Pollution Control Act, also known as the Clean Water Act (“CWA”), which regulates discharges of pollutants from facilities to state and federal waters and establishes the extent to which waterways are subject to federal jurisdiction and rulemaking as protected waters of the United States;

- the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), which imposes liability on generators, transporters, disposers and arrangers of hazardous substances at sites where hazardous substance releases have occurred or are threatening to occur;
- the Resource Conservation and Recovery Act (“RCRA”), which governs the generation, treatment, storage, transport and disposal of hazardous and nonhazardous solid waste, classifies coal combustion residuals (“CCRs”) as nonhazardous wastes, and establishes standards for landfill and surface impoundment placement, design, operation and closure, groundwater monitoring, corrective action, and post-closure care;
- the National Environmental Policy Act, which requires federal agencies to evaluate major agency actions (including their permitting and licensing decisions for siting approvals and other matters) having the potential to impact the environment and that may require the preparation of environmental assessments and more detailed environmental impact statements that may be made available for public review and comment; and
- the Toxic Substances Control Act, which gives EPA the authority to require reporting, recordkeeping and testing requirements, and to place restrictions relating to chemical substances and/or mixtures, including polychlorinated biphenyls.

Additionally, there exist state laws and regulations, including State Implementation Plans (“SIPs”), as well as local ordinances where we operate, that also have similar environmental laws and regulations governing many of these same types of activities. Under these federal and state legal requirements, owners or operators of air emission sources are responsible for obtaining permits and for annual compliance and reporting tasks. Any failure by us to comply with these federal or state laws, regulations and regulatory initiatives or controls may result in the assessment of sanctions, including administrative, civil, and criminal penalties; the imposition of investigatory, remedial, and corrective action obligations or the incurrence of capital expenditures; the occurrence of restrictions, delays or cancellations in the permitting, development or expansion of projects; and the issuance of injunctions restricting or prohibiting some or all of our activities in a particular area. Historically, our environmental compliance costs have not had a material adverse impact on our financial condition and results of operations; however, there can be no assurance that such costs will not be material in the future.

Over time, the trend in environmental laws and regulations is typically to place more restrictions and limitations on activities that may adversely affect the environment. If existing legislative or regulatory requirements or enforcement policies change or new legislative, regulatory or enforcement initiatives are developed and implemented in the future, we may be required to make significant, unanticipated capital and operating expenditures. Examples of environmental laws or regulatory initiatives that impact our ability to operate through the firing of coal refuse include the following:

Firing of Coal Refuse

In April 2020, the EPA published a final rule establishing a new subcategory in the Mercury and Air Toxic Standards (“MATS”) applicable to a narrow set of power generation facilities that fire certain types of coal refuse, sometimes also referred to as “culm,” “gob” or “boney,” that are found in the locality of inactive or abandoned mining operations. Coal refuse, is the material left over from coal mining, usually as tailings piles or spoil tips. The subcategory specifically applies to a limited set of existing electric utility steam generating units in Pennsylvania and West Virginia firing eastern bituminous coal refuse, which includes the Scrubgrass Plant, and is only for emissions of acid gas hazardous air pollutants. To qualify for the new subcategory, these existing electric utility steam generating units must have had construction of their units commenced on or before May 3, 2011 and have a net summer capacity of no greater than 150 MW that is designed to burn, and that is burning, 75% or more (by heat input) eastern bituminous coal refuse on a 12-month rolling average basis. In establishing this new subcategory, the EPA recognized that there are differences in the acid gas HAP emissions from electric utility steam generating units firing eastern bituminous coal refuse and those firing other types of coal refuse, such as anthracite coal refuse. Without the continued existence of this subcategory under MATS, it may prove challenging for one or more of those power generation facilities covered under this subcategory to continue to operate in an economic manner.

In January 2021, President Joe Biden entered office and the EPA is now under the direction of the Biden Administration. In the event that the EPA under the Biden Administration were to reconsider the continued

existence of the new subcategory, or if Pennsylvania, under applicable state law, were to implement more rigid standards in the future that limited the utility of this MATS subcategory, we and the other power generation facility operators covered under the current new subcategory could experience material adverse impacts to our business and results of operations.

Coal Combustion Residuals

In 2015, EPA published a final rule to regulate the disposal of CCR from electric utilities as solid waste. The federal regulation classifies CCR as “nonhazardous waste” and allows for beneficial use of CCR with some restrictions. The regulation applies to all new and existing landfills, new and existing surface impoundments receiving CCR and existing surface impoundments located at stations generating electricity (regardless of fuel source), which were no longer receiving CCR but contained liquids as of the effective date of the rule. The rule establishes requirements regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring, protection and remedial procedures and other operational and reporting procedures to ensure the safe disposal and management of CCR.

In July 2018, EPA published a final rule amending the 2015 CCR rule, referred to as “Phase 1, Part 1”, that revises certain closure deadlines and groundwater protection standards in the 2015 CCR rule, but does not change the primary requirements for groundwater monitoring, corrective action, inspections and maintenance, and closure. In October 2018, a coalition of environmental groups filed a petition for review in the U.S. Court of Appeals for the District of Columbia (“D.C. Circuit Court”) challenging EPA’s Phase 1, Part 1 revisions to the CCR rule. In March 2019, the D.C. Circuit Court issued an order in the Phase 1, Part 1 litigation granting EPA’s motion to remand the rule without vacatur. To date, EPA has finalized two notice-and-comment rulemakings to implement the court’s decision on remand. The “Part A” rule, which was promulgated in August 2020, establishes an April 11, 2021 deadline to cease placement of CCR and non-CCR waste streams into unlined ash basins and initiate closure, and the “Part B” rule, which was promulgated in November 2020, establishes procedures to allow facilities to request approval to operate an existing CCR surface impoundment with an alternate liner. A future rulemaking is expected to address legacy impoundments. In addition to the requirements of the federal CCR rule, CCR landfills and surface impoundments will continue to be regulated by the states, including Pennsylvania.

National Ambient Air Quality Standards

Under the CAA, the EPA sets NAAQS for six principal pollutants considered harmful to public health and the environment, including ground-level ozone, particulate matter, nitrogen dioxide and sulfur dioxide, some of which may result from coal combustion. Areas meeting the NAAQS are designated “attainment areas” while those that do not meet the NAAQS are considered “nonattainment areas.” Each state must develop a plan to bring nonattainment areas into compliance with the NAAQS, which may include imposing operating limits on individual plants.

The EPA is required to review NAAQS at five-year intervals. For example, in 2015, the EPA issued a final rule under the CAA, making the NAAQS for ground-level ozone more stringent. Since that time, the EPA has issued area designations with respect to ground-level ozone and final requirements that apply to state, local, and tribal air agencies for implementing the 2015 NAAQS for ground-level ozone and, more recently, in December 2020, the EPA published notice of a final action that, upon conducting a periodic review of the ozone standard in accord with CAA requirements, elected to retain the 2015 ozone NAAQS without revision on a going-forward basis. However, this December 2020 final action is subject to legal challenge and the NAAQS may be subject to further reconsideration and possible revision.

State implementation of the revised NAAQS could, among other things, require modification of SIPs to detail how a state will attain or maintain its attainment status. As part of this process, it is possible that the EPA or an analogous state agency may require reductions of emissions from our power generation facility to reach attainment status for ground-level ozone, fine particulate matter, nitrogen dioxide or sulfur dioxide as well as result in longer permitting timelines. Our costs to comply with such matters could be material.

Cross-State Air Pollution

During 2011, the EPA published a final rule known as the Cross-State Air Pollution Rule (“CSAPR”), which requires 28 states in the eastern half of the United States, including Pennsylvania, to reduce power plant emissions

that cross state lines and contribute to ground-level ozone and fine particle pollution in other states. A cap and trade system is used to reduce the target pollutants—sulfur dioxide and nitrogen oxides. Our operations are subject to the CSAPR and comply through operation of existing controls and purchases of allowances on the open market, as needed.

In 2016, the EPA published a final rule to update the CSAPR to address the 2008 ozone NAAQS. Under this 2016 final rule, the EPA found that 22 states, including Pennsylvania, affect the ability of downwind states to attain and maintain the 2008 ground-level ozone NAAQS and, accordingly, issued federal implementation plans that both updated existing CSAPR nitrogen oxide ozone season emission budgets for electric generating units within those states and implemented those budgets through modifications to the CSAPR nitrogen oxide ozone season allowance trading program. Implementation started in the 2017 ozone season (May through September 2017). Affected facilities began to receive fewer ozone season nitric oxide allowances in 2017, resulting in the need to purchase additional allowances. Additionally, in September 2019, the D.C. Circuit Court remanded a portion of the 2016 final rule to the EPA. In October 2020, the EPA issued a proposed rule addressing 21 states' (including Pennsylvania's) outstanding obligations with respect of the 2008 ozone NAAQS. The proposed rule could result in affected facilities receiving fewer ozone season nitrogen allowances as soon as the 2021 ozone season. While our CSAPR compliance costs to date have been immaterial, the future availability of and cost to purchase allowances to meet the emission reduction requirements is uncertain at this time, but it could be material if our facility will need to purchase additional allowances based on reduced allocations.

Regional Haze

The EPA's "Regional Haze Rule" is intended to reduce haze and protect visibility in designated federal areas, and sets guidelines for determining the best available retrofit technology ("BART") at affected plants and how to demonstrate "reasonable progress" toward attaining natural visibility conditions by the end of 2064. The Regional Haze Rule requires states to consider five factors when establishing BART for sources, including the availability of emission controls, the cost of the controls, and the effect of reducing emission on visibility in Class I areas (including wilderness areas, national parks, and similar areas). The statute would require compliance within five years after the EPA approves the relevant SIP or issues a federal implementation plan, although individual states may impose more stringent compliance schedules. In 2017, the EPA published a final rule affirming the continued validity of the EPA's previous determination allowing states to rely on the CSAPR to satisfy BART requirements.

The second phase of the Regional Haze Rule began in 2019. States must submit regional haze plans for this second implementation period in 2021 to demonstrate reasonable progress towards reducing visibility impairment in Class I areas. States may need to require additional emissions controls for visibility impairing pollutants, including on BART sources, during the second implementation period. We currently cannot predict the impact of this second implementation period, if any, on our operations.

Climate Change

In the United States, no comprehensive climate change legislation has been implemented at the federal level but President Biden has pursued executive actions, is expected to pursue additional executive actions, and may pursue new climate change legislation or other regulatory initiatives to promote his regulatory agenda and limit GHG emissions. Moreover, with the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA adopted rules in 2011 that, among other things, regulate GHG emissions from certain stationary sources, including a preconstruction permitting program for certain new construction or major modifications that may trigger more stringent GHG requirements upon modification of such sources, the costs of which may be material. Additionally, in 2015, the EPA issued a final rule establishing new source performance standards ("NSPS") for carbon dioxide emissions from newly constructed coal-fueled electric generating plants, which reflects the partial capture and storage of those emissions from the plants. The EPA also promulgated NSPS applicable to modified and reconstructed electric generating units, which will serve as a floor for future stringent standard determinations for such units. The NSPS could have an impact on our operations to the extent we plan to construct and/or modify or reconstruct electric generating units. In December 2018, the EPA published proposed revisions to the final NSPS for new, modified, and reconstructed coal-fired electric utility steam generating units proposing that the best system of emissions reduction for these units is highly efficient generation that would be equivalent to supercritical steam conditions for larger units and sub-critical steam conditions for smaller units, and not partial

carbon capture and sequestration, as was finalized in the 2015 NSPS. Challenges to the GHG NSPS are being held in abeyance at this time.

More recently, in July 2019, the EPA adopted the final Emission Guidelines for Greenhouse Gas Emissions from Existing Electric Utility Generating Units, known as the Affordable Clean Energy (“ACE”) Rule. The 2019 ACE Rule established carbon dioxide emission rules for existing power plants under CAA Section 111(d) and replaced the EPA’s more burdensome 2015 Clean Power Plan Rule. In accordance with the ACE Rule, the EPA determined that heat rate improvement measures are the best system of emissions reductions for existing coal-fired electric generating units. However, in January 2021, the D.C. Circuit Court vacated and remanded to the EPA the ACE Rule. As a result, there exists the possibility for further regulatory action by the Biden Administration on power plant GHG emissions, which action could result in the imposition of more stringent and costly actions on power plant operators.

At the international level, there exists the United Nations-sponsored “Paris Agreement,” which is a non-binding agreement for nations to limit their greenhouse gas emissions through individually-determined reduction goals every five years after 2020. While the United States withdrew from the Paris Agreement under the Trump Administration on January 20, 2021, President Biden issued an executive order recommitting the United States to the Paris Agreement, effective February 19, 2021, and calling for the federal government to begin formulating the United States’ nationally determined emissions reduction goal under the agreement. With the United States recommitting to the Paris Agreement, executive orders may be issued or federal legislation or regulatory initiatives may be adopted to achieve the agreement’s goals, which could require us to incur increased, potentially significant, costs to comply with such requirements.

Litigation risks may also increase, as it is possible that states, municipalities and other parties, including proponents of renewable energy that are opposed to the burning of fossil fuels, including coal, seek to further restrict GHG emissions regardless of federal legislative and regulatory initiatives on the matter. Moreover, financial risks could increase, as stockholders and bondholders currently invested in fossil fuel energy companies concerned about the potential effects of climate change may elect in the future to shift some or all of their investments into non-fossil fuel energy related sectors. Institutional investors who provide financing to fossil fuel energy companies also have become more attentive to sustainability issues and some of them may elect not to provide funding for fossil fuel energy companies. Limitation of investments in and financings for fossil fuel energy could result in reduced access to capital, higher costs of capital and the restriction, delay, or cancellation of development and production activities.

While we cannot predict the outcome of legislative or regulatory initiatives related to climate change, we anticipate that initiatives to reduce GHG emissions will continue to develop. The adoption of state or federal legislation or regulatory programs to reduce GHG emissions could require us to incur increased operating costs, such as costs to purchase and operate emissions monitoring and control systems, to acquire emissions allowances, or comply with new regulatory or reporting requirements. Additionally, litigation, and financial risks may result in restrictions or cancellations in development and expansion activities or increases in the cost of consuming hydrocarbons and thereby reducing demand for fossil fuels, including coal. Moreover, the increased competitiveness of alternative energy sources (such as wind, solar, geothermal and tidal) could reduce demand for fossil fuels. Also, there is the possibility that financial institutions will be required to adopt policies that limit funding for fossil fuel energy companies as President Biden recently signed an executive order calling for the development of a climate finance plan and federal agencies under the Biden Administration are pursuing activities to address climate-related risks in the financial sector. Finally, increasing concentrations of GHG in the Earth’s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods, rising sea levels and other climatic events. Consequently, one or more of these developments could have an adverse effect on our business, financial condition, results of operations, and cash flows.

Remediation Activities

We conduct business on properties that have been used for coal-fired power generation facility operations for many years. The properties we own or operate were acquired from third parties whose actions with respect to the management and disposal or release of coal, wastes or other hazardous substances at or from such properties were not under our control prior to acquiring them. Additionally, we are responsible under applicable federal and state rules for the disposal of CCR in operating landfills and surface impoundments and closure of such units associated with our operations, including location restrictions, design and operating criteria, groundwater monitoring,

corrective action and closure requirements, and post-closure care. Under environmental laws and regulations such as CERCLA and RCRA or analogous state laws, we could incur strict joint and several liability due to damages to natural resources or for remediating CCR, coal, wastes or other hazardous substances disposed of or released, including by prior owners or operators. Moreover, an accidental release of materials into the environment during the course of our operations may cause us to incur significant costs and liabilities. We also could incur costs related to the clean-up of third-party sites to which we sent regulated substances for disposal and for damages to natural resources or other claims related to releases of regulated substances at or from such third-party sites.

Cooling Water Intake

Our operations are subject to a variety of rules governing water use and discharge including, in particular, the CWA Section 316(b) rule issued by the EPA that seeks to protect fish and other aquatic organisms by requiring existing steam electric generating facilities to utilize the best technology available (“BTA”) for cooling water intake structures. In 2014, the EPA published its final standards based on CWA Section 316(b) that require certain subject facilities to choose among seven BTA options to reduce fish impingement. In addition, certain facilities must conduct studies to assist permitting authorities to determine whether and what site-specific controls, if any, are required to reduce entrainment of aquatic organisms. It is possible that this decision-making process, which includes permitting and public input, could result in the need to install closed-cycle cooling systems (closed-cycle cooling towers), or other technology. Finally, the standards require that new units added to an existing facility to increase generation capacity are required to reduce both impingement and entrainment.

Intellectual Property

We actively use specific hardware and software for our crypto asset mining operation. In certain cases, source code and other software assets may be subject to an open source license, as much technology development underway in this sector is open source. For these works, we intend to adhere to the terms of any license agreements that may be in place.

We do not currently own, and do not have any current plans to seek, any patents in connection with our existing and planned blockchain and crypto asset related operations. We do expect to rely upon trade secrets, trademarks, service marks, trade names, copyrights and other intellectual property rights and expect to license the use of intellectual property rights owned and controlled by others. In addition, we have developed and may further develop certain proprietary software applications for purposes of our crypto asset mining operation.

Competition

In crypto asset mining, companies, individuals and groups generate units of crypto assets through mining. Miners can range from individual enthusiasts to professional mining operations with dedicated data centers. Miners may organize themselves in mining pools. The Company competes or may in the future compete with other companies that focus all or a portion of their activities on owning or operating crypto asset exchanges, developing programming for the blockchain, and mining activities. At present, the information concerning the activities of these enterprises is not readily available as the vast majority of the participants in this sector do not publish information publicly or the information may be unreliable. Published sources of information include “bitcoin.org” and “blockchain.info”; however, the reliability of that information and its continued availability cannot be assured.

Several public companies (traded in the U.S. and internationally), such as the following, may be considered to compete with us, although we believe there is no company, including the following, which engages in the same scope of activities with a focus on environmentally-beneficial operations as we do.

- Overstock.com Inc.
- Bitcoin Investment Trust
- Blockchain Industries, Inc. (formerly Omni Global Technologies, Inc.)
- Bitfarms Technologies Ltd. (formerly Blockchain Mining Ltd)

- DMG Blockchain Solutions Inc.
- Digihost International, Inc.
- Hive Blockchain Technologies Inc.
- Hut 8 Mining Corp.
- HashChain Technology, Inc.
- MGT Capital Investments, Inc.
- DPW Holdings, Inc.
- Layer1 Technologies, LLC
- Northern Data AG
- Riot Blockchain
- Marathon Patent Corporation

While there is limited available information regarding our non-public competitors, we believe that our recent acquisition and deployment of miners (as discussed further above) positions us well among the publicly traded companies involved in the crypto asset mining industry. The crypto asset industry is a highly competitive and evolving industry and new competitors and/or emerging technologies could enter the market and affect our competitiveness in the future.

Accounting for Digital Currencies

The lack of U.S. Generally Accepted Accounting Principles (U.S. GAAP) instruction regarding the proper accounting treatment of digital currency assets has created uncertainty regarding the reporting and proper asset classification of digital currency holdings. Management intends to exercise its business judgment in determining appropriate accounting treatment for the recognition of revenue from mining of digital currencies. Management, in conjunction with its outside public accountants and its auditors, has examined various factors surrounding the substance of the Company's operations and the available guidance published for public company accounting practices in the FASB Accounting Standards Codification.

Digital currencies are included in current assets in the combined balance sheet. Digital currencies are recorded at cost less any impairment. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company, concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted. The Company accounts for its gains or losses in accordance with the first-in, first-out (FIFO) method of accounting.

Human Capital Resources

As of July 21, 2021, we had 41 employees. We are not a party to any collective bargaining agreements. We consider our relations with our employees to be excellent.

Facilities

Our corporate headquarters are located at 595 Madison Avenue, 29th Floor, New York, New York 10022. Additionally, we own or lease the following facilities and plants:

<u>Property</u>	<u>Location</u>	<u>Owned/Leased</u>
Scrubgrass Plant	Venango County, Pennsylvania	Owned

We have also entered into a purchase agreement for the Panther Creek Plant. See “Summary—Recent Developments—Acquisitions” for additional information.

We believe that our facilities are adequate for our current operations.

Legal Proceedings

Due to the nature of our business, we are, from time to time, involved in other routine litigation or subject to disputes or claims related to our business activities, including workers’ compensation claims and employment related disputes. In the opinion of our management, none of the pending litigation, disputes or claims against us, if decided adversely, will have a material adverse effect on our financial condition, cash flows or results of operations.

Recent Developments

Acquisitions

On March 3, 2021, SDM entered into the Olympus LOI with Olympus for the purchase of (i) the Aspen Interest, (ii) the Panther Creek Plant, and (iii) the Third Plant.

On April 1, 2021, Aspen and Q Power entered into, and Q Power subsequently assigned to us, an Acquisition and Contribution Agreement pursuant to which we acquired the Aspen Interest as contemplated by the Olympus LOI. The consideration paid in respect of the Aspen Interest was \$2.0 million in cash and 200,000 newly issued shares of Series A Preferred Stock of Stronghold Inc. Our acquisition of the Aspen Interest was consummated contemporaneously with the Reorganization, and pursuant to the Reorganization, the Aspen Interest was contributed to Stronghold LLC in order to consolidate all of the equity interests of Scrubgrass LP, including those which we already owned, at Stronghold LLC. For more detail with respect to the acquisition of the Aspen Interest, and subsequent contribution thereof to Stronghold LLC, see the sections entitled “Prospectus Summary—Corporate Reorganization” and “Corporate Reorganization.”

On July 9, 2021, we entered into a purchase agreement for the Panther Creek Acquisition, as contemplated by the Olympus LOI, from Panther Creek Reclamation Holdings, LLC, a subsidiary of Olympus Power, LLC. The Panther Creek Acquisition includes all of the assets of Panther Creek, comprised primarily of the Panther Creek Plant. The Panther Creek Plant is an 80-MW waste coal-fired power station located near Nesquehoning, Pennsylvania. The consideration for the Panther Creek Plant is approximately \$3.0 million in cash and 400,000 Series A Preferred Units of Stronghold LLC, or in the event that all Series A Preferred Units of Stronghold LLC have been converted into Stronghold LLC Units, an equivalent amount of Stronghold LLC Units, together with a corresponding number of shares of Class V common stock. The Panther Creek Acquisition is subject to customary closing conditions and regulatory approvals.

We continue to evaluate the acquisition of the Third Plant as contemplated by the Olympus LOI. The consideration for the Third Plant is expected to be approximately \$3.0 million in cash and \$6,250,000 of Stronghold LLC Units, together with a corresponding number of shares of Class V common stock. If acquired, we plan to store newly acquired miners at or near the Third Plant and use power generated by the Third Plant to power crypto asset mining operations in an environmentally conscious manner.

Private Placements

On April 1, 2021, we entered into the Series A Stock Purchase Agreement with certain investors to sell 3,400,000 shares of Series A Preferred Stock of Stronghold Inc. in a private offering at a price of \$25.00 per share to

various accredited investors in reliance upon exemptions from registration pursuant to Section 4(a)(2) under the Securities Act and Regulation D thereunder for aggregate consideration of \$85.0 million.

Simultaneous with the closing of the Series A Private Placement, we entered into the Series A Registration Rights Agreement with the investors in the Series A Private Placement, pursuant to which, among other things, we agreed to prepare and file a registration statement covering the resale of all Registrable Securities not already covered by an existing and effective registration statement on or prior to the 120th day following the closing of the Series A Private Placement. See “Certain Relationships and Related Party Transactions— Registration Rights Agreements” for additional information.

Further, pursuant to the Series A Stock Purchase Agreement, Stronghold Inc., the investors in the Series A Private Placement and Key Holders entered into the Series A ROFR Agreement. Under the Series A ROFR Agreement, the Key Holders agreed to grant a right of first refusal to Stronghold Inc. to purchase all or any portion of capital stock of Stronghold Inc, held by a Key Holder or issued to a Key Holder after the date of the Series A ROFR Agreement, not including any shares of Series A Preferred Stock or common stock issued or issuable upon conversion of the Series A Preferred Stock. The Key Holders also granted a secondary refusal right to the investors in the Series A Private Placement to purchase all or any eligible capital stock not purchased by Stronghold Inc. pursuant to their right of first refusal. The Series A ROFR Agreement also provides certain co-sale rights to investors in the Series A Private Placement to participate in any sale or similar transfer of any shares of common stock owned by a Key Holder or issued to a Key Holder after the Series A Private Placement, on the terms and conditions specified in a written notice from a Key Holder. The investors, however, are not obligated to participate in such sales or similar transfers. The co-sale and rights of first refusal under the Series A ROFR Agreement will terminate upon the consummation of this offering.

On May 14, 2021, we entered into the Series B Stock Purchase Agreement pursuant to which we issued and sold 630,915 shares of Series B Preferred Stock in a private offering at a price of \$31.70 per share to various accredited investors in reliance upon exemptions from registration pursuant to Section 4(a)(2) under the Securities Act and Regulation D thereunder, for aggregate consideration of \$20.0 million. The terms of the Series B Preferred Stock are substantially similar to the Series A Preferred Stock, except for differences in the stated value of such shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or certain deemed liquidation events. In connection with the offering, we incurred approximately \$2.4 million of fees and expenses.

Upon the closing of the Series B Private Placement, we entered into the Series B Registration Rights with the investors in the Series B Private Placement on substantially the same terms as the Series A Registration Rights Agreement. Further, Stronghold Inc., the investors in the Series B Private Placement and certain beneficial owners of common stock of Stronghold Inc. entered into the Series B ROFR Agreement on substantially the same terms as the Series A ROFR Agreement.

Reorganization

On April 1, 2021, we effected the Reorganization. See “Prospectus Summary—Corporate Reorganization” and “Corporate Reorganization” for more information.

Equipment Financing Transactions

Arctos/NYDIG Financing Agreement

On June 25, 2021, Stronghold Digital Mining LLC entered into the Arctos/NYDIG Financing Agreement with Arctos whereby Arctos agreed to lend to us an aggregate amount not to exceed \$34,481,700 to finance the purchase of the Arctos/NYDIG-Financed Equipment. The aggregate principal outstanding bears interest of 10% and will be repaid in 24 monthly payments, with a 1.25% fee due if the Maximum Advance Amount is not requested prior to August 15, 2021. Outstanding borrowings under the Arctos/NYDIG Financing Agreement are secured by the Arctos/NYDIG-Financed Equipment and the contracts to acquire the Arctos/NYDIG-Financed Equipment. The Arctos/NYDIG Financing Agreement includes customary restrictions on additional liens on the Arctos/NYDIG-Financed Equipment. At July 19, 2021, approximately \$9.8 million remains available to be drawn under the Arctos/NYDIG Financing Agreement. The Arctos/NYDIG Financing Agreement may not be terminated by us or

prepaid in whole or in part. In conjunction with the Arctos/NYDIG Financing Agreement, we issued 43,845 shares of Class A common stock to Arctos and may issue additional shares of Class A common stock to Arctos in consideration of future financings.

WhiteHawk Financing Agreement

On June 30, 2021, Stronghold Digital Mining Equipment, LLC entered into the WhiteHawk Financing Agreement with WhiteHawk whereby WhiteHawk agreed to lend to us an aggregate amount not to exceed \$40,000,000 to finance the purchase of the WhiteHawk-Financed Equipment. At July 19, 2021, the entirety of the Total Advance was drawn under the WhiteHawk Financing Agreement. The aggregate principal outstanding bears interest of 10% and will be repaid in 24 monthly payments. Outstanding borrowings under the WhiteHawk Financing Agreement are secured by the WhiteHawk-Financed Equipment and the contracts to acquire the WhiteHawk-Financed Equipment. The WhiteHawk Financing Agreement includes customary restrictions on additional liens on the WhiteHawk-Financed Equipment and is guaranteed by the Company. The WhiteHawk Financing Agreement may be terminated early if we, among other things, pay the Early Termination Fee. In conjunction with the WhiteHawk Financing Agreement, we issued a stock purchase warrant to WhiteHawk, which provides for the purchase of a number of shares of Class A common stock at \$0.01 per share, equal to approximately \$2,000,000, subject to adjustment as described in the warrant agreement. The warrant expires on June 30, 2031.

MANAGEMENT

Directors and Executive Officers

Set forth below are the names, ages as of July 1, 2021, positions and descriptions of the business experience of our executive officers, directors and director nominees.

<u>Name</u>	<u>Age</u>	<u>Position with Stronghold Inc.</u>
Gregory A. Beard	49	Chief Executive Officer, President and Co-Chairman of the Board
William B. Spence	63	Co-Chairman of the Board
Ricardo R. A. Larroude	42	Chief Financial Officer
Richard J. Shaffer	45	Senior Vice President- Asset Manager Director Nominee Director Nominee

Current Directors and Executive Officers

Gregory A. Beard has served our Chief Executive Officer, President and Co-Chairman of our board of directors since March 2021. Mr. Beard was the Global Head of Natural Resources, Senior Partner, member of the Management Committee and Senior Advisor at Apollo Global Management from 2010 to 2020. In such roles, Mr. Beard oversaw Apollo's investment activities in the energy, metals and mining and agriculture sectors. Prior to his time at Apollo, Mr. Beard was a senior Managing Director at Riverstone Holdings, an energy, power and infrastructure-focused private equity firm. He began his career as a financial analyst at Goldman Sachs, where he played an active role in energy-sector principal investment activities. The funds where Mr. Beard held these senior leadership positions have invested billions of dollars in natural resources related investments. During his career, Mr. Beard sourced and managed some of the most profitable deals in the energy private equity sector. Mr. Beard is a founding and managing member of Q Power together with its subsidiary Stronghold Digital Mining and currently serves on the board of directors of Scrubgrass LP, Double Eagle Energy Holdings III, Skeena Resources Ltd., Andros Capital Partners LLC, and Parallaxes Capital. He also serves on the board of directors of The Conservation Fund, a non-profit focused on land conservation. Mr. Beard received his Bachelor of Arts from the University of Illinois at Urbana. We believe Mr. Beard's extensive background in the energy industry makes him well qualified to serve on our board of directors.

William B. Spence has served as Co-Chairman of our board of directors since March 2021. Mr. Spence has been digitally mining crypto assets since 2018 and has over 40 years of energy-related experience. Mr. Spence has been involved with coal refuse reclamation since 1993. He began his career as an engineer with Mobil Oil Corporation in Denver, Colorado. Mr. Spence became a project manager with Dr Otto Gold Engineering in Cologne, West Germany before moving to Keplinger and Associates in Houston, Texas. From there, Mr. Spence served as a Vice President with Coral Petroleum/Oil & Gas. In 1993, Mr. Spence founded Dark Diamond and later Coal Valley Resources, where he successfully mined and reclaimed millions of tons of coal refuse along with revegetating thousands of acres of land throughout Western Pennsylvania. In 2007, Mr. Spence became the Chief Executive Officer of Targe Energy, a position he held until he resigned due to health reasons in 2017. Mr. Spence is a proud cancer survivor. Mr. Spence is a founding and managing member of Q Power together with its subsidiary Stronghold Digital Mining and serves on the board of Scrubgrass Reclamation Company, L.P. Mr. Spence is a graduate of West Virginia University with a B.S. Degree in Mining Engineering. We believe Mr. Spence's background in coal refuse, and the energy industry generally, and his experience with mining crypto assets makes him well qualified to serve on our board of directors.

Ricardo R. A. Larroude has served as our Chief Financial Officer since March 2021. Prior to that, in 2020, Mr. Larroude was the General Manager of APFM Emerging Businesses division (a healthcare marketing company owned by General Atlantic and Silverlake), where he managed all non-core and international existing businesses and was responsible for the launch and acquisitions of new ventures. He joined APFM from Anheuser-Busch Inbev (a 3G Capital co-controlled company) where he lead the company's global financial risk management operations (including capital structure, forex and commodity management) and other merger and acquisition related responsibilities from 2017 to 2020. Prior to being a senior operating executive, from 2010 to 2017, Mr. Larroude served at Apollo Global Management where he primarily focused on energy, metals and mining and agriculture

related investments. During his private equity career, Mr. Larroude was responsible for executing multiple investments, managing portfolio companies, starting new businesses, evaluating and executing rollup opportunities and managing investment exits. He began his career as an Investment Banking Analyst at Lehman Brothers' Global Communications and Media Group in 2003. Mr. Larroude received his Bachelor of Business Administration degree from Fundação Getulio Vargas in São Paulo, Brazil.

Richard J. Shaffer has served as our Senior Vice President – Asset Manager since March 2021. Prior to that, Mr. Shaffer served as General Manager of the Scrubgrass Plant since March 2016. Mr. Shaffer has management responsibilities that include safety and environmental compliance, plant operations and maintenance, supply contracts, and compliance with PJM, Federal Energy Regulatory Commission, and National Electric Reliability Council (NERC). From 2013 to 2016, Mr. Shaffer was the Fuel and Environmental Manager for the Scrubgrass Plant. Mr. Shaffer started at the Scrubgrass Plant in 2003 as the Environmental Manager and was responsible for environmental compliance of the facility. Mr. Shaffer worked with the PADEP on several major permitting projects for the facility to give it both operational flexibility and to cause it to be a top emissions performer. Mr. Shaffer's reputation earned him an appointment as an industry member to the PADEP Air Quality Technical Advisory Committee in 2015, an appointment he still holds. Prior to his employment at the Scrubgrass Plant, Mr. Shaffer worked for an environmental remediation and consulting company that provided remediation and service work to industry. Mr. Shaffer graduated from Thiel College with a Bachelor of Arts in Environmental Science.

There are no family relationships among any of our executive officers or directors.

Composition of Our Board of Directors

Our board of directors currently consists of two members. Prior to the date that the Class A common stock is first traded on Nasdaq, our board of directors is expected to consist of five members. Each director shall hold office for the term for which he or she is elected, and until his or her successor shall have been elected and qualified or until his or her earlier death, resignation or removal.

Our amended and restated bylaws provide that the number of directors may be set and changed by resolution of the board of directors.

Leadership Structure of the Board

Messrs. Beard and Spence will serve as co-chairmen of our board of directors. Our board of directors has concluded that our current leadership structure is appropriate at this time. Our board of directors will periodically review our leadership structure and may make such changes in the future as it deems appropriate.

Director Independence

Under the listing requirements and rules of Nasdaq, unless we determine to take advantage of certain exemptions available to controlled companies, independent directors must comprise a majority of our board of directors within a specified period after the completion of this offering. In addition, the rules of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees must be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Under the rules of Nasdaq, a director will qualify as an "independent director" only if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Additionally, compensation committee members must not have a relationship with us that is material to the director's ability to be independent from management in connection with the duties of a compensation committee member.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. To be considered to be independent for purposes of Rule 10A-3 of the Exchange Act, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting,

advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Our board of directors has undertaken a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our board of directors has determined that Messrs. _____, representing a majority of our directors, do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the applicable rules and regulations of the SEC and the listing requirements of Nasdaq. Our board of directors also determined that Messrs. _____, who will comprise our audit committee, Messrs. _____, who will comprise our compensation committee, and Messrs. _____, who will comprise our nominating and corporate governance committee, satisfy the respective independence standards for those committees established by applicable rules and regulations of the SEC and the listing requirements of Nasdaq. In making this determination, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director and the transactions involving each non-employee director, if any, described in “Certain Relationships and Related Party Transactions.”

Committees of the Board of Directors

Our board of directors will establish an audit committee, a compensation committee and a nominating and governance committee prior to the completion of this offering. The composition and responsibilities of each of the committees of our board of directors are described below. Following the completion of this offering, copies of the charters for each committee will be available on our website. Members will serve on these committees until their resignation or until otherwise determined by our board of directors. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Audit Committee

Rules implemented by Nasdaq and the SEC require us to have an audit committee comprised of at least three directors who meet the independence and experience standards established by Nasdaq and the Exchange Act, subject to transitional relief during the one-year period following the completion of this offering. Our audit committee will initially consist of _____ directors, _____ of whom are independent under the rules of the SEC. As required by the rules of the SEC and listing standards of Nasdaq, after the applicable transition period, the audit committee will consist solely of independent directors. _____, and will initially serve as members of our audit committee, with _____ serving as chair of the audit committee. Each member of the audit committee is financially literate, and our board of directors has determined that _____ qualifies as an “audit committee financial expert” as defined in applicable SEC rules.

This committee will oversee, review, act on and report on various auditing and accounting matters to our board of directors, including: the selection of our independent accountants, the scope of our annual audits, fees to be paid to the independent accountants, the performance of our independent accountants and our accounting practices. In addition, the audit committee will oversee our compliance programs relating to legal and regulatory requirements. We expect to adopt an audit committee charter defining the committee’s primary duties in a manner consistent with the rules of the SEC and applicable Nasdaq standards.

Compensation Committee

Our compensation committee will consist of _____, _____ and _____, with _____ serving as the chair of the compensation committee. Our board of directors has determined that all members of the Compensation Committee are independent under the current listing standards of Nasdaq and are “non-employee directors” as defined in Rule 16b-3 promulgated under the Exchange Act.

The compensation committee will review and approve, or recommend that our board of directors approve, the compensation of our chief executive officer, review and recommend to our board of directors the compensation of our non-employee directors, review and approve, or recommend that our board of directors approve, the terms of

compensatory arrangements with our executive officers, administer our incentive compensation and benefit plans, select and retain independent compensation consultants and assess whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. We expect to adopt a compensation committee charter defining the committee's primary duties in a manner consistent with the rules of the SEC and applicable Nasdaq standards.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will consist of , and , with serving as the chair of the nominating and corporate governance committee. Our board of directors has determined that all members of the Nominating and Corporate Governance Committee are independent under the current listing standards of Nasdaq.

The nominating and corporate governance committee will identify, evaluate and recommend qualified nominees to serve on our board of directors, consider and make recommendations to our board of directors regarding the composition of our board of directors and its committees, and oversee our internal corporate governance processes, review and approve or disapprove of related party transactions, maintain a management succession plan and oversee an annual evaluation of the board of directors' performance. We expect to adopt a nominating and corporate governance committee charter defining the committee's primary duties in a manner consistent with the rules of the SEC and applicable Nasdaq standards.

Code of Business Conduct and Ethics

In connection with this offering, our board of directors will adopt a code of business conduct and ethics applicable to our employees, directors and officers, in accordance with applicable U.S. federal securities laws and the corporate governance rules of Nasdaq. Any waiver of this code may be made only by our board of directors and will be promptly disclosed as required by applicable U.S. federal securities laws and the corporate governance rules of Nasdaq.

Corporate Governance Guidelines

In connection with this offering, our board of directors will adopt corporate governance guidelines in accordance with the corporate governance rules of Nasdaq.

Compensation Committee Interlocks and Insider Participation

None of the anticipated members of the compensation committee is currently or has been at any time one of our employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Legal Proceedings

To our knowledge, (i) no director or executive officer has been a director or executive officer of any business which has filed a bankruptcy petition or had a bankruptcy petition filed against it during the past ten years; (ii) no director or executive officer has been convicted of a criminal offense or is the subject of a pending criminal proceeding during the past ten years; (iii) no director or executive officer has been the subject of any order, judgment or decree of any court permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities during the past ten years; and (iv) no director or officer has been found by a court to have violated a federal or state securities or commodities law during the past ten years.

EXECUTIVE COMPENSATION

We did not pay compensation to our named executive officers, including our Chief Executive Officer (“NEOs”), for services rendered during the year ended December 31, 2020. However, one of our NEOs was compensated by our predecessor, which carried on a portion of the operations of our business prior to this offering. Following the conclusion of our fiscal year ended December 31, 2020, we entered into an offer letter with one of our NEOs, but otherwise do not maintain employment or other service agreements with our NEOs. In connection with or soon after the consummation of our public offering, we anticipate entering into employment agreements or offer letters with our NEOs and establishing incentive compensation programs in which they may participate.

The tables and narrative disclosure below provide compensation disclosure that satisfies the requirements applicable to emerging growth companies, as defined in the JOBS Act.

Summary Compensation Table for Fiscal Year 2020

The following table summarizes the compensation awarded to, earned by or paid to our NEOs for the fiscal year ended December 31, 2020.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Gregory A. Beard (Chief Executive Officer and Co-Chairman)	2020	\$ —	\$ —	\$ —	\$ —
Ricardo Larroude (Chief Financial Officer)	2020	\$ —	\$ —	\$ —	\$ —
Richard J. Shaffer (Asset Manager & Environmental Lead)	2020	\$ 130,365	\$ —	\$ 5,215	\$ 135,580

Narrative to the Summary Compensation Table

Base Salary

Mr. Shaffer received a base salary of \$130,365 as a fixed component of annual compensation for performing his specific job duties and functions.

Other Compensation Elements

Our predecessor maintained a retirement plan intended to provide benefits under section 401(k) of the Internal Revenue Code, under which employees, including Mr. Shaffer, were allowed to contribute portions of their base compensation to a tax-qualified retirement account. Mr. Shaffer received \$5,215 in matching contributions under our predecessor’s 401(k) plan. Neither Mr. Beard nor Mr. Larroude participated in the 401(k) plan in fiscal year 2020.

Compensation Actions after 2020 Fiscal Year-End

Employment Agreements

We currently do not have formal employment agreements or offer letters with Messrs. Larroude and Shaffer.

On July 8, 2021, Mr. Beard executed an offer letter with the Company, which provides for at-will employment and sets forth an annualized base salary of \$600,000 and Mr. Beard’s eligibility to participate in the Company’s benefit plans. In connection with his offer letter, Mr. Beard also entered into a confidentiality, intellectual property, arbitration and non-solicitation agreement, effective January 1, 2021.

2021 Long-Term Incentive Plan

On April 28, 2021, we approved a long-term incentive plan (the “LTIP”) pursuant to which we may grant stock options to employees, officers, consultants and other service providers of the Company.

LTIP Share Limits. Subject to adjustment in the event of certain transactions or changes of capitalization in accordance with the LTIP, a total of 1,300,000 shares of our Class A common stock is reserved for issuance pursuant to awards under the LTIP. Class A common stock subject to an award that expires or is canceled, forfeited, exchanged, settled in cash or otherwise terminated without delivery of shares and shares withheld to pay the exercise price of, or to satisfy the withholding obligations with respect to, an award will again be available for delivery pursuant to other awards under the LTIP.

Administration. The LTIP will be administered by our board of directors, except to the extent our board of directors elects a committee of directors to administer the LTIP. Our board of directors has broad discretion to administer the LTIP, including the power to determine the eligible individuals to whom awards will be granted, the number and type of awards to be granted and the terms and conditions of awards. The board of directors may also accelerate the vesting or exercise of any award and make all other determinations and to take all other actions necessary or advisable for the administration of the LTIP.

Eligibility. Any individual who is our officer or employee or an officer or employee of any of our affiliates, any other person who provides services to us or our affiliates, including members of our board of directors, and any person designated by our board of directors are eligible to receive awards under the LTIP at the discretion of our board of directors.

Stock Options. The board of directors may grant stock options that do not qualify as incentive stock options under the LTIP. The exercise price of a stock option generally cannot be less than 100% of the fair market value of a share of our Class A common stock on the date on which the option is granted and the option must not be exercisable for longer than ten years following the date of grant.

Restricted Stock. Restricted stock is a grant of shares of Class A common stock subject to the restrictions on transferability and risk of forfeiture imposed by our board of directors. Shares of restricted stock may be issued upon early exercise of previously-granted stock options. Our board of directors may condition the grant or vesting of Restricted Stock upon the attainment of specified performance goals or any other factor, determined by our board of directors in its sole discretion.

Recapitalization. In the event of any change in our capital structure or business or other corporate transaction or event that would be considered an equity restructuring, our board of directors may equitably adjust the (i) aggregate number or kind of shares that may be delivered under the LTIP, (ii) the number or kind of shares or amount of cash subject to an award, (iii) the terms and conditions of awards, including the purchase price or exercise price of awards, and (iv) the applicable share-based limitations with respect to awards provided in the LTIP, in each case to equitably reflect such event.

Change in Control. Except to the extent otherwise provided in any applicable award agreement, no award will vest solely upon the occurrence of a change in control. In the event of a change in control, awards made under the LTIP will be treated in accordance with one of the following methods: (i) the awards, whether vested or unvested, shall be continued, assumed, and be subject to the same restrictions to which they were subject to prior to the change in control, (ii) the awards will be surrendered in exchange for a cash payment, or (iii) the board of directors may, in its sole discretion, provide for accelerated vesting or lapse of restrictions of the awards.

Company Call Rights. In the event that a participant is terminated or violates any restrictive covenants, we have a right to repurchase from the participant any shares of our Class A common stock previously acquired by the Participant through the exercise, grant or payment of an award under the LTIP.

Amendment and Termination. The LTIP will automatically expire on the tenth anniversary of its effective date. Our board of directors may amend or terminate the LTIP at any time, subject to stockholder approval if required by applicable law, rule or regulation, including the rules of the stock exchange on which our shares of Class A common stock are listed. Our board of directors may amend the terms of any outstanding award granted under the LTIP at any time so long as the amendment would not materially and adversely affect the rights of a participant under a previously granted award without the participant's consent.

New Long-Term Incentive Plan

In order to incentivize our employees following the completion of this offering, we anticipate that our board of directors will adopt a new long-term incentive plan (the “New LTIP”) for employees, consultants and directors prior to the completion of this offering. Our NEOs will be eligible to participate in the New LTIP, which we expect will become effective upon the consummation of this offering. We anticipate that the New LTIP will provide for the grant of options (including incentive stock options (“ISOs”) and nonqualified stock options), stock appreciation rights (“SARs”), restricted stock, restricted stock units (“RSUs”), dividend equivalents, other stock-based awards, and substitute awards intended to align the interests of service providers, including our NEOs, with those of our stockholders.

Securities to be Offered

Subject to adjustment in the event of certain transactions or changes of capitalization in accordance with the New LTIP, a total of _____ shares of common stock will initially be reserved for issuance pursuant to awards under the New LTIP. The total number of shares reserved for issuance under the New LTIP may be issued pursuant to incentive options. Shares of common stock subject to an award that expires or is canceled, forfeited, exchanged, settled in cash or otherwise terminated without delivery of shares and shares withheld to pay the exercise price of, or to satisfy the withholding obligations with respect to, an award will again be available for delivery pursuant to other awards under the New LTIP.

Administration

The New LTIP will be administered by our board of directors, except to the extent our board of directors elects a committee of directors to administer the New LTIP (as applicable, the “Administrator”). The Administrator will have broad discretion to administer the New LTIP, including the power to determine the eligible individuals to whom awards will be granted, the number and type of awards to be granted and the terms and conditions of awards. The Administrator may also accelerate the vesting or exercise of any award and make all other determinations and to take all other actions necessary or advisable for the administration of the New LTIP. To the extent the Administrator is not our board of directors, our board of directors will retain the authority to take all actions permitted by the Administrator under the New LTIP.

Eligibility

Our approximately _____ employees, _____ consultants and _____ nonemployee directors, and approximately _____ employees, _____ consultants and _____ nonemployee directors of our affiliates, will be eligible to receive awards under the New LTIP.

Nonemployee Director Compensation Limits

Under the New LTIP, in a single calendar year, a nonemployee director may not be granted awards for such individual’s service on our board of directors having a value in excess of \$ _____. Additional awards may be granted for any calendar year in which a nonemployee director first becomes a director, serves on a special committee of our board of directors, or serves as lead director. This limit does not apply to cash fees or awards granted in lieu of cash fees.

Types of Awards

Options. We may grant both nonqualified stock option and incentive stock options to eligible persons, except that incentive stock options may only be granted to persons who are our employees or employees of one of our subsidiaries, in accordance with Section 422 of the Code. The exercise price of an option generally cannot be less than 100% of the fair market value of a share of common stock on the date on which the option is granted and the option must not be exercisable for longer than 10 years following the date of grant. In the case of an incentive option granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all classes of our equity securities, the exercise price of the option must be at least 110% of the fair market value of a share of common stock on the date of grant, and the option must not be exercisable more than five years from the date of grant.

Stock Appreciation Rights. A Stock Appreciation Right (“SAR”) is the right to receive an amount equal to the excess of the fair market value of one share of common stock on the date of exercise over the grant price of the SAR. The grant price of an SAR generally cannot be less than 100% of the fair market value of a share of common stock on the date on which the SAR is granted. The term of a SAR may not exceed ten years. SARs may be granted in connection with, or independent of, other awards. The Administrator will have the discretion to determine other terms and conditions of an SAR award.

Restricted Stock Awards. A restricted stock award is a grant of shares of common stock subject to the restrictions on transferability and risk of forfeiture imposed by the Administrator. Unless otherwise determined by the Administrator and specified in the applicable award agreement, the holder of a restricted stock award will have rights as a stockholder, including the right to vote the shares of common stock subject to the restricted stock award or to receive dividends on the shares of common stock subject to the restricted stock award during the restriction period. In the discretion of the Administrator, dividends distributed prior to vesting may be subject to the same restrictions and risk of forfeiture as the restricted shares with respect to which the distribution was made.

Restricted Stock Units. An RSU is a right to receive cash, shares of common stock or a combination of cash and shares of common stock at the end of a specified period equal to the fair market value of one share of common stock on the date of vesting. RSUs may be subject to service-based and/or performance-based restrictions, including a risk of forfeiture, imposed by the Administrator.

Dividend Equivalents. Dividend equivalents entitle a participant to receive cash, shares of common stock, other awards or other property equal in value to dividends or other distributions paid with respect to a specified number of shares of common stock. Dividend equivalents may be granted on a free-standing basis or in connection with another award (other than a restricted stock award or another stock award).

Other Stock-Based Awards. Other stock-based awards are awards denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, the value of our shares of common stock.

Substitute Awards. Awards may be granted in substitution or exchange for any other award granted under the New LTIP or under another equity incentive plan or any other right of an eligible person to receive payment from us. Awards may also be granted under the New LTIP in substitution for similar awards held for individuals who become participants as a result of a merger, consolidation or acquisition of another entity by or with the Company or one of our affiliates.

Certain Transactions

If any change is made to our capitalization, such as a share split, share combination, share dividend, exchange of shares or other recapitalization, merger or otherwise, that results in an increase or decrease in the number of outstanding shares of common stock, appropriate adjustments will be made by the Administrator in the shares subject to an award under the New LTIP. The Administrator will also have the discretion to make certain adjustments to awards in the event of a change in control, such as accelerating the vesting or exercisability of awards, requiring the surrender of an award, with or without consideration, or making any other adjustment or modification to the award that the Administrator determines is appropriate, in light of such transaction.

Clawback

All awards granted under the New LTIP will be subject to reduction, cancelation or recoupment under any written clawback policy that we may adopt and that we determine should apply to awards under the New LTIP.

Plan Amendment and Termination

Our Administrator may amend or terminate any award, award agreement or the New LTIP at any time; however, stockholder approval will be required for any amendment to the extent necessary to comply with applicable law or exchange listing standards. The Administrator will not have the authority, without the approval of stockholders, to amend any outstanding option or stock appreciation right to reduce its exercise price per share. The New LTIP will remain in effect for a period of 10 years (unless earlier terminated by our board of directors).

Director Compensation

We did not award any compensation to our non-employee directors during the year ended December 31, 2020. Going forward, we believe that attracting and retaining qualified non-employee directors will be critical to our future growth and governance. Consequently, in connection with the completion of this offering, we intend to adopt a non-employee director compensation policy that will provide the following cash and equity-based incentive awards to our non-employee directors going forward:

- An initial equity grant of up to 20,000 stock options;
- An annual retainer equal to \$100,000, which will be paid in fully-vested shares of our Class A common stock on a quarterly basis in arrears; and
- Reimbursement for travel expenses and other reasonable out-of-pocket expenses.

CORPORATE REORGANIZATION

Stronghold Inc. was incorporated as a Delaware corporation on March 19, 2021. On April 1, 2021, contemporaneously with the Series A Private Placement, we underwent a corporate reorganization pursuant to the Master Transaction Agreement, which we refer to herein as the “Reorganization.”

Immediately prior to the Reorganization, Q Power directly held all of the equity interests in SDM, and indirectly held 70% of the limited partner interests, and all of the general partner interests, in Scrubgrass LP, through wholly owned subsidiaries EIF Scrubgrass, Falcon and Scrubgrass Power. Aspen held the remaining 30% of the limited partner interests in Scrubgrass LP. Scrubgrass LP is a Delaware limited partnership originally formed on December 1, 1990 under the name of Scrubgrass Generating Company, L.P. SDM is a Delaware limited liability company originally formed on February 12, 2020 under the name Stronghold Power LLC.

Contemporaneously with the Reorganization, Stronghold Inc. acquired the Aspen Interest using 200,000 shares of newly issued Series A Preferred Stock of Stronghold Inc. and proceeds from the Series A Private Placement. Pursuant to the Reorganization, Q Power contributed all of its ownership interests in EIF Scrubgrass, Falcon and SDM to Stronghold LLC in exchange for 9,400,000 Stronghold LLC Units, Stronghold Inc. contributed cash (using the remaining proceeds from the Series A Private Placement, net of fees, expenses and amounts paid to Aspen), 9,400,000 shares of Class V common stock of Stronghold Inc. and the Aspen Interest to Stronghold LLC in exchange for 3,600,000 preferred units of Stronghold LLC, and Stronghold LLC immediately thereafter distributed the 9,400,000 shares of Class V common stock to Q Power. In addition, effective as of April 1, 2021, Stronghold Inc. acquired 5,000 Stronghold LLC Units held by Q Power (along with an equal number of shares of Class V common stock) in exchange for 5,000 newly issued shares of Class A common stock.

As a result of the Reorganization, the acquisition of the Aspen Interest and the acquisition of Stronghold LLC Units by Stronghold Inc. discussed above, (a) Q Power acquired and retained 9,395,000 Stronghold LLC Units, 5,000 shares of Class A common stock of Stronghold Inc., and 9,395,000 shares of Class V common stock of Stronghold Inc., effectively giving Q Power approximately 72% of the voting power of Stronghold Inc. and approximately 72% of the economic interest in Stronghold LLC, (b) Stronghold Inc. acquired 3,600,000 preferred units of Stronghold LLC and 5,000 Stronghold LLC Units, effectively giving Stronghold Inc. approximately 28% of the economic interest in Stronghold LLC, (c) Stronghold Inc. became the sole managing member of Stronghold LLC and is responsible for all operational, management and administrative decisions relating to Stronghold LLC’s business and will consolidate financial results of Stronghold LLC and its subsidiaries, (d) Stronghold Inc. became a holding company whose only material asset consists of membership interests in Stronghold LLC, and (e) Stronghold LLC directly or indirectly owns all of the outstanding equity interests in the subsidiaries through which we operate our assets, including Scrubgrass LP and SDM.

Our organizational structure following the Reorganization is commonly referred to as an umbrella partnership-C corporation (or Up-C) structure. Pursuant to this structure, following this offering Stronghold Inc. will hold a number of Stronghold LLC Units equal to the number of shares of Class A common stock issued and outstanding, and Stronghold Unit Holders (other than Stronghold Inc.) will hold a number of Stronghold LLC Units equal to the number of shares of Class V common stock issued and outstanding. The Up-C structure was selected in order to (i) allow Q Power the option to continue to hold its economic ownership in Stronghold LLC in “pass-through” form for U.S. federal income tax purposes through its ownership of the Stronghold LLC Units, and (ii) potentially allow Q Power and Stronghold Inc. to benefit from net cash tax savings that Stronghold Inc. might realize as more fully described in “Certain Relationships and Related Party Transactions—Tax Receivable Agreement.” See the section entitled “Certain Relationships and Related Party Transactions—Tax Receivable Agreement” for additional information on our organizational structure, including the Tax Receivable Agreement.

Pursuant to the terms of the Preferred Stock, on (i) the date that a registration statement registering the shares of Class A common stock issuable upon the conversion of the Preferred Stock is declared effective by the SEC or (ii) the date on which a “Significant Transaction Event” occurs, as defined in our amended and restated certificate of incorporation, such shares of Preferred Stock will automatically convert into shares of Class A common stock of Stronghold Inc. on a one-to-one basis, subject to certain adjustments as set forth in our amended and restated certificate of incorporation. Correspondingly, pursuant to the Stronghold LLC Agreement, preferred units in

Stronghold LLC automatically convert into Stronghold LLC Units on a one-to-one basis under like circumstances (subject to corresponding adjustments). All of the outstanding shares of Preferred Stock will convert into shares of Class A common stock in connection with this offering and, correspondingly, all of the preferred units in Stronghold LLC will convert into Stronghold LLC Units.

After giving effect to the offering contemplated by this prospectus and the Preferred Stock Conversion, Stronghold Inc. will own an approximate % interest in Stronghold LLC (or % if the underwriters' option to purchase additional shares is exercised in full), and the Stronghold Unit Holders will own an approximate % interest in Stronghold LLC (or % if the underwriters' option to purchase additional shares is exercised in full) and all of the Class V common stock. Please see "Principal Stockholders."

Each share of Class V common stock has no economic rights but entitles its holder to one vote on all matters to be voted on by stockholders generally. Holders of Class A common stock and Class V common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or by our amended and restated certificate of incorporation. Stronghold Inc. does not intend to list Class V common stock on any exchange.

Under the Stronghold LLC Agreement, each Stronghold Unit Holder (other than Stronghold Inc.), subject to certain limitations, has a Redemption Right to cause Stronghold LLC to acquire all or a portion of its Stronghold LLC Units for, at Stronghold LLC's election, (i) shares of our Class A common stock at a redemption ratio of one share of Class A common stock for each Stronghold LLC Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions or (ii) an approximately equivalent amount of cash as determined pursuant to the Stronghold LLC Agreement. Alternatively, upon the exercise of the Redemption Right, Stronghold Inc. (instead of Stronghold LLC) has a Call Right, for administrative convenience, to acquire each tendered Stronghold LLC Unit directly from the redeeming Stronghold Unit Holder for, at its election, (x) one share of Class A common stock, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions, or (y) an approximately equivalent amount of cash as determined pursuant to the terms of the Stronghold LLC Agreement. In addition, Stronghold Inc. has the right to require (i) upon the acquisition by Stronghold Inc. of substantially all of the Stronghold LLC Units, certain minority unitholders or (ii) upon a change of control of Stronghold Inc., each Stronghold Unit Holder (other than Stronghold Inc.), in each case, to exercise its Redemption Right with respect to some or all of such unitholder's Stronghold LLC Units. In connection with any redemption of Stronghold LLC Units pursuant to the Redemption Right or the Call Right, the corresponding number of shares of Class V common stock will be cancelled. See "Certain Relationships and Related Party Transactions—Stronghold LLC Agreement."

Stronghold Inc.'s acquisition (or deemed acquisition for U.S. federal income tax purposes) of Stronghold LLC Units pursuant to an exercise of the Redemption Right or the Call Right is expected to result in adjustments to the tax basis of the tangible and intangible assets of Stronghold LLC, and such adjustments will be allocated to Stronghold Inc. These adjustments would not have been available to Stronghold Inc. absent its acquisition or deemed acquisition of Stronghold LLC Units and are expected to reduce the amount of cash tax that Stronghold Inc. would otherwise be required to pay in the future.

In connection with the Reorganization, Stronghold Inc. entered into the Tax Receivable Agreement. The Tax Receivable Agreement generally provides for the payment by Stronghold Inc. to Q Power (or its permitted assignees) of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax (computed using the estimated impact of state and local taxes) that Stronghold Inc. actually realizes (or is deemed to realize in certain circumstances) as a result of, (i) certain increases in tax basis that occur as a result of its acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of Stronghold Unit Holders' Stronghold LLC Units pursuant to an exercise of the Redemption Right or the Call Right and (ii) imputed interest deemed to be paid by Stronghold Inc. as a result of, and additional tax basis arising from, any payments Stronghold Inc. makes under the Tax Receivable Agreement.

Payments will generally be made under the Tax Receivable Agreement as Stronghold Inc. realizes actual cash tax savings from the tax benefits covered by the Tax Receivable Agreement. However, if Stronghold Inc. experiences a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations, but generally would not include an initial public offering or a combination with a SPAC) or the Tax Receivable Agreement terminates early (at Stronghold Inc.'s election or as a

result of Stronghold Inc.'s breach), Stronghold Inc. would be required to make an immediate payment equal to the present value of the future payments it would be required to make if it realized deemed tax savings pursuant to the Tax Receivable Agreement (determined by applying a discount rate equal to one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points, and using numerous assumptions to determine deemed tax savings) and such early termination payment is expected to be substantial and may exceed the future tax benefits realized by Stronghold Inc. Stronghold Inc. will be dependent on Stronghold LLC to make distributions to Stronghold Inc. in an amount sufficient to cover Stronghold Inc.'s obligations under the Tax Receivable Agreement.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Stronghold LLC Agreement

The Stronghold LLC Agreement is filed as an exhibit to the registration statement of which this prospectus forms a part, and the following description of the Stronghold LLC Agreement is qualified in its entirety by reference thereto.

Redemption Rights

Under the Stronghold LLC Agreement, pursuant to the Redemption Right, the Stronghold Unit Holders have the right, subject to certain limitations, to cause Stronghold LLC to acquire all or a portion of their Stronghold LLC Units for, at Stronghold LLC's election, (i) shares of our Class A common stock at a redemption ratio of one share of Class A common stock for each Stronghold LLC Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends and reclassification or (ii) an approximately equivalent amount of cash as determined pursuant to the terms of the Stronghold LLC Agreement. Alternatively, upon the exercise of the Redemption Right, Stronghold Inc. (instead of Stronghold LLC) will have the Call Right to acquire each tendered Stronghold LLC Unit directly from the Stronghold Unit Holders for, at its election, (x) one share of Class A common stock or (y) an approximately equivalent amount of cash as determined pursuant to the terms of the Stronghold LLC Agreement. In addition, Stronghold Inc. has the right to require (i) upon the acquisition by Stronghold Inc. of substantially all of the Stronghold LLC Units, certain minority unitholders, or (ii) upon a change of control of Stronghold Inc., each Stronghold Unit Holder (other than Stronghold Inc.), in each case, to exercise its Redemption Right with respect to some or all of such unitholder's Stronghold LLC Units. As the Stronghold Unit Holders cause their Stronghold LLC Units to be redeemed, holding other assumptions constant, Stronghold Inc.'s membership interest in Stronghold LLC will be correspondingly increased, the number of shares of Class A common stock outstanding will be increased, and the number of shares of Class V common stock will be decreased.

Distributions and Allocations

Under the Stronghold LLC Agreement, subject to the obligations of Stronghold LLC to make tax distributions and to reimburse Stronghold Inc. for its corporate and other overhead expenses, Stronghold Inc. will have the right to determine when distributions will be made to the holders of Stronghold LLC Units and the amount of any such distributions. Following this offering, if Stronghold Inc. authorizes a distribution, such distribution will be made to the holders of Stronghold LLC Units generally on a *pro rata* basis in accordance with their respective percentage ownership of Stronghold LLC Units.

The holders of Stronghold LLC Units, including Stronghold Inc., will generally incur U.S. federal, state and local income taxes on their share of any net taxable income of Stronghold LLC. Net income and losses of Stronghold LLC generally will be allocated to the holders of Stronghold LLC Units on a *pro rata* basis in accordance with their respective percentage ownership of Stronghold LLC Units, subject to requirements under U.S. federal income tax law that certain items of income, gain, loss or deduction be allocated disproportionately in certain circumstances. To the extent Stronghold LLC has available cash and subject to the terms of any current or future debt instruments, the Stronghold LLC Agreement requires Stronghold LLC to make *pro rata* cash distributions to Stronghold Unit Holders, including Stronghold Inc., in an amount sufficient to allow Stronghold Inc. to pay its taxes and to make payments under the Tax Receivable Agreement it entered into with Q Power and an agent named by Q Power. In addition, the Stronghold LLC Agreement requires Stronghold LLC to make non-*pro rata* payments to Stronghold Inc. to reimburse it for its corporate and other overhead expenses, which payments are not treated as distributions under the Stronghold LLC Agreement.

Issuance of Equity

The Stronghold LLC Agreement provides that, except as otherwise determined by us, at any time Stronghold Inc. issues a share of its Class A common stock or any other equity security, the net proceeds received by Stronghold Inc. with respect to such issuance, if any, shall be concurrently invested in Stronghold LLC, and Stronghold LLC shall issue to Stronghold Inc. one Stronghold LLC Unit or other economically equivalent equity interest. Conversely, if at any time, any shares of Stronghold Inc.'s Class A common stock are redeemed, repurchased or otherwise acquired, Stronghold LLC shall redeem, repurchase or otherwise acquire an equal number

of Stronghold LLC Units held by Stronghold Inc., upon the same terms and for the same price, as the shares of our Class A common stock are redeemed, repurchased or otherwise acquired.

Dissolution

Stronghold LLC will be dissolved only upon the first to occur of (i) the sale of substantially all of its assets or (ii) an election by us to dissolve the company. Upon dissolution, Stronghold LLC will be liquidated and the proceeds from any liquidation will be applied and distributed in the following manner: (a) first, to creditors (including to the extent permitted by law, creditors who are members) in satisfaction of the liabilities of Stronghold LLC, (b) second, to establish cash reserves for contingent or unforeseen liabilities and (c) third, to the members in proportion to the number of Stronghold LLC Units owned by each of them.

Tax Receivable Agreement

As described in “Corporate Reorganization,” subject to certain limitations, Stronghold Unit Holders (other than Stronghold Inc.) may cause all or less than all of their Stronghold LLC Units, together with a corresponding number of shares of Class V common stock, to be redeemed for a corresponding number of shares of Class A common stock or an approximately equivalent amount of cash as determined pursuant to the terms of the Stronghold LLC Agreement. Stronghold LLC intends to make for itself (and for each of its direct or indirect subsidiaries it controls that is treated as a partnership for U.S. federal income tax purposes and that it controls) an election under Section 754 of the Code that will be effective for the taxable year of the closing of the Private Placements and this offering and each taxable year in which a redemption of Stronghold LLC Units pursuant to the Redemption Right or the Call Right occurs. Pursuant to the Section 754 election, Stronghold Inc.’s acquisition (or deemed acquisition for U.S. federal income tax purposes) of Stronghold LLC Units pursuant to the Redemption Right or the Call Right are expected to result in adjustments to the tax basis of the tangible and intangible assets of Stronghold LLC. These adjustments will be allocated to Stronghold Inc. Such adjustments to the tax basis of the tangible and intangible assets of Stronghold LLC would not have been available to Stronghold Inc. absent its acquisition or deemed acquisition of Stronghold LLC Units pursuant to the exercise of the Redemption Right or the Call Right. The anticipated basis adjustments are expected to increase (for tax purposes) Stronghold Inc.’s depreciation and amortization deductions and may also decrease Stronghold Inc.’s gains (or increase its losses) on future dispositions of certain assets to the extent the increase in tax basis is allocated to those assets. Such increased deductions and losses and reduced gains may reduce the amount of tax that Stronghold Inc. would otherwise be required to pay in the future.

The Tax Receivable Agreement generally provides for the payment by Stronghold Inc. to Q Power (or its permitted assignees) of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax (computed using the estimated impact of state and local taxes) that Stronghold Inc. actually realizes (or is deemed to realize in certain circumstances) as a result of, (i) increases in tax basis that occur as a result of Stronghold Inc.’s acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of Stronghold Unit Holders’ Stronghold LLC Units pursuant to an exercise of the Redemption Right or the Call Right and (ii) imputed interest deemed to be paid by Stronghold Inc. as a result of, and additional tax basis arising from, any payments Stronghold Inc. makes under the Tax Receivable Agreement. Under the Tax Receivable Agreement, Stronghold Inc. will retain the remaining net cash savings, if any. In addition, certain of the rights of the Stronghold Unit Holders (including the right to receive payments) under the Tax Receivable Agreement are transferable in connection with transfers permitted under the Stronghold LLC Agreement of the corresponding Stronghold LLC Units or after the corresponding Stronghold LLC Units have been acquired pursuant to the Redemption Right or Call Right.

The payment obligations under the Tax Receivable Agreement are Stronghold Inc.’s obligations and not obligations of Stronghold LLC, and we expect that the payments Stronghold Inc. will be required to make under the Tax Receivable Agreement will be substantial. Estimating the amount and timing of Stronghold Inc.’s realization of tax benefits subject to the Tax Receivable Agreement is by its nature imprecise. The actual increases in tax basis covered by the Tax Receivable Agreement, as well as the amount and timing of Stronghold Inc.’s ability to use any deductions (or decreases in gain or increases in loss) arising from such increases in tax basis, are dependent upon future events, including but not limited to the timing of the redemptions of Stronghold LLC Units, the price of Stronghold Inc.’s Class A common stock at the time of each redemption, the extent to which such redemptions are taxable transactions, the amount of tax basis in the Stronghold LLC Units of the redeeming holder at the time of the relevant redemption, the depreciation and amortization periods that apply to the increase in tax basis, the amount,

character, and timing of taxable income Stronghold Inc. generates in the future, the timing and amount of any earlier payments that Stronghold Inc. may have made under the Tax Receivable Agreement, the U.S. federal income tax rate then applicable, and the portion of Stronghold Inc.'s payments under the Tax Receivable Agreement that constitute imputed interest or give rise to depreciable or amortizable tax basis. Accordingly, estimating the amount and timing of payments that may become due under the Tax Receivable Agreement is also by its nature imprecise. For purposes of the Tax Receivable Agreement, net cash savings in tax generally will be calculated by comparing Stronghold Inc.'s actual tax liability (determined by using the actual applicable U.S. federal income tax rate and an assumed combined state and local income tax rate) to the amount it would have been required to pay had it not been able to utilize any of the tax benefits subject to the Tax Receivable Agreement. Thus, the amount and timing of any payments under the Tax Receivable Agreement are also dependent upon future events, including those noted above in respect of estimating the amount and timing of Stronghold Inc.'s realization of tax benefits.

Estimating the amount and timing of Stronghold Inc.'s realization of tax benefits subject to the Tax Receivable Agreement is by its nature imprecise and unknown at this time and will vary based on a number of factors, many of which are outside of our control. Solely for purposes of illustration, we expect that if there were a redemption of all of the Stronghold LLC Units held by Q Power immediately after this offering (which is not likely or anticipated), the estimated tax benefits to Stronghold Inc. subject to the Tax Receivable Agreement could be up to \$ _____ million (to the extent Stronghold Inc. has actual tax liability equal to or in excess of this amount) to be utilized over at least _____ years from the date of this offering as and when such benefits are realized (or in some cases, deemed realized). This illustration is almost certainly not accurate as it is based on stylized assumptions that are not realistic, and the actual or deemed benefits (and corresponding payments under the Tax Receivable Agreement) are likely to be significantly different. Moreover, any estimate we provide would necessarily be based on numerous uncertain assumptions, including but not limited to a \$ _____ per share trading price of Class A common stock, a 21% U.S. federal corporate income tax rate and estimated applicable state and local income tax rates, no material change in U.S. federal, state or local income tax law, and that Stronghold Inc. will have sufficient taxable income on a current basis to utilize such estimated tax benefits. Utilizing this estimate as an illustration, Q Power would be entitled to payments under the Tax Receivable Agreement equal to 85% of the \$ _____ million of tax benefits, or approximately \$ _____ million, as and when such benefits are realized (or in some cases, deemed realized).

As noted above, the foregoing numbers are merely estimates for purposes of this illustration and the actual tax benefits and the amount and timing of the payments under the Tax Receivable Agreement to Q Power could differ materially as a result of a number of factors, including changes to Stronghold LLC's balance sheet, the timing of the redemption of Stronghold LLC Units, the price of Class A common stock at the time of each exchange, the extent to which such exchanges are taxable, the amount and timing of the taxable income Stronghold Inc. generates in the future and the tax rate then applicable, and the portion of the payments under the Tax Receivable Agreement constituting imputed interest or depreciable or amortizable tax basis. Moreover, if tax benefits are deemed realized in certain circumstances (such as a change of control or other early termination of the Tax Receivable Agreement), the actual amount and timing of tax benefits may substantially differ from the deemed timing and amount, and the payments made by Stronghold Inc. under the Tax Receivable Agreement could exceed the actual net cash tax savings resulting from the "Up-C" structure. In addition, certain rights of Q Power (including the right to receive payments) under the Tax Receivable Agreement will be transferable in connection with transfers permitted under the Stronghold LLC Agreement of the corresponding Stronghold LLC Units or after the corresponding Stronghold LLC Units have been acquired pursuant to the Redemption Right or Call Right. Payments under the Tax Receivable Agreement will not be conditioned upon Q Power (or its permitted assignees) having an ownership interest in Stronghold Inc. or Stronghold LLC.

A delay in the timing of redemptions of Stronghold LLC Units, holding other assumptions constant, would be expected to decrease the discounted value of the amounts payable under the Tax Receivable Agreement as the benefit of the depreciation and amortization deductions would be delayed and the estimated increase in tax basis could be reduced as a result of allocations of Stronghold LLC's taxable income to the redeeming holder of Stronghold LLC Units prior to the redemption. Stock price increases or decreases at the time of each redemption of Stronghold LLC Units would be expected to result in a corresponding increase or decrease in the undiscounted amounts payable under the Tax Receivable Agreement in an amount equal to 85% of the tax-effected change in price. The amounts payable under the Tax Receivable Agreement are dependent upon Stronghold Inc. having sufficient future taxable income to utilize the tax benefits on which it is required to make payments under the Tax

Receivable Agreement. If Stronghold Inc.'s projected taxable income is significantly reduced, the expected payments would be reduced to the extent such tax benefits do not result in a reduction of Stronghold Inc.'s future income tax liabilities.

As mentioned above, the foregoing amounts are merely estimates for illustrative purposes, and the actual payments could differ materially. It is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding Tax Receivable Agreement payments as compared to the foregoing estimates. Moreover, there may be a negative impact on our liquidity if, as a result of timing discrepancies, acceleration upon a change of control or early termination, or otherwise, (i) the payments under the Tax Receivable Agreement exceed the actual benefits Stronghold Inc. realizes in respect of the tax attributes subject to the Tax Receivable Agreement (which excess could be very significant) and/or (ii) distributions to Stronghold Inc. by Stronghold LLC are not sufficient to permit Stronghold Inc. to make payments under the Tax Receivable Agreement after it has paid its taxes and other obligations. Please read "Risk Factors—Risks Relating to Us and our Organizational Structure—In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, Stronghold Inc. realizes in respect of the tax attributes subject to the Tax Receivable Agreement."

In addition, although Stronghold Inc. is not aware of any issue that would cause the IRS or other relevant tax authorities to challenge potential tax basis increases or other tax benefits covered under the Tax Receivable Agreement, neither Q Power nor other Stronghold Unit Holders will reimburse Stronghold Inc. for any payments previously made under the Tax Receivable Agreement if such basis increases or other benefits are subsequently disallowed, except that excess payments made to any such holder will be netted against future payments otherwise required to be made, if any, to such holder after Stronghold Inc.'s determination of such excess (which determination may be made a number of years following the initial payment and after future payments have been made). As a result, in such circumstances, Stronghold Inc. could make payments that are greater than its actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect Stronghold Inc.'s liquidity.

The term of the Tax Receivable Agreement commenced on April 1, 2021 and will continue until all tax benefits that are subject to the Tax Receivable Agreement have been utilized or expired, and all required payments are made, unless the Tax Receivable Agreement is terminated early (including upon a change of control). Payments will generally be made under the Tax Receivable Agreement as Stronghold Inc. realizes actual cash tax savings from the tax benefits covered by the Tax Receivable Agreement. However, if Stronghold Inc. experiences a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations, but generally would not include an initial public offering or a combination with a SPAC) or the Tax Receivable Agreement terminates early (at Stronghold Inc.'s election or as a result of Stronghold Inc.'s breach), Stronghold Inc. would be required to make an immediate payment equal to the present value of the future payments it would be required to make if it realized deemed tax savings pursuant to the Tax Receivable Agreement (determined by applying a discount rate equal to one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points, and using numerous assumptions to determine deemed tax savings) and such early termination payment is expected to be substantial and may exceed Stronghold Inc.'s available funds and may reduce the value of Class A common stock. The calculation of such future payments will be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, including (i) that Stronghold Inc. has sufficient taxable income on a current basis to fully utilize the tax benefits covered by the Tax Receivable Agreement, and (ii) that any Stronghold LLC Units (other than those held by Stronghold Inc.) outstanding on the termination date are deemed to be redeemed on the termination date. If the Tax Receivable Agreement were terminated immediately after this offering, and based on the same assumptions used to estimate the tax benefit, the estimated early termination payment would be approximately \$ _____ million (calculated using a discount rate equal to one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points, applied against an undiscounted liability of approximately \$ _____ million, representing an amount equal to 85% of the approximately \$ _____ million of estimated tax benefits to Stronghold Inc. that are subject to the Tax Receivable Agreement). The foregoing numbers are merely estimates for illustrative purposes, and the actual tax benefits and early termination payments could differ materially. Any early termination payment may be made significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the early termination payment relates.

The Tax Receivable Agreement provides that in the event that Stronghold Inc. breaches any of its material obligations thereunder, whether (i) as a result of its failure to make any payment when due (including in cases where Stronghold Inc. elects to terminate the Tax Receivable Agreement early, the Tax Receivable Agreement is terminated early due to certain mergers, asset sales, or other forms of business combinations or changes of control or Stronghold Inc. has available cash but fails to make payments when due under circumstances where Stronghold Inc. does not have the right to elect to defer the payment, as described below), (ii) as a result of Stronghold Inc.'s failure to honor any other material obligation thereunder, or (iii) by operation of law as a result of the rejection of the Tax Receivable Agreement in a case commenced under the U.S. Bankruptcy Code or otherwise, then Q Power (or any subsequent majority of the holders of rights under the Tax Receivable Agreement) may elect to treat such breach as an early termination, which would cause all of Stronghold Inc.'s payment and other obligations under the Tax Receivable Agreement to accelerate and become due and payable applying the same assumptions described above.

As a result of either an early termination or a change of control, Stronghold Inc. could be required to make payments under the Tax Receivable Agreement that significantly exceed its actual cash tax savings under the Tax Receivable Agreement. In these situations, Stronghold Inc.'s obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, or other forms of business combinations or changes of control that could be in the best interests of holders of Class A common stock or significantly reducing the consideration paid in any such transaction to holders of Class A common stock. There can be no assurance that Stronghold Inc. will be able to meet its obligations under the Tax Receivable Agreement.

Decisions we make in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that are received by Q Power (or its permitted assignees) under the Tax Receivable Agreement. For example, the earlier disposition of assets following a redemption of Stronghold LLC Units may accelerate payments under the Tax Receivable Agreement and increase the present value of such payments, and the disposition of assets before a redemption of Stronghold LLC Units may increase Q Power's (or its permitted assignees') tax liability without giving rise to any rights of Q Power (or its permitted assignees) to receive payments under the Tax Receivable Agreement. Such effects may result in differences or conflicts of interest between the interests of Q Power (or its permitted assignees) and other stockholders.

Payments generally are due under the Tax Receivable Agreement within five business days following the finalization of the schedule with respect to which the payment obligation is calculated. However, interest on such payments will begin to accrue from the due date (without extensions) of Stronghold Inc.'s U.S. federal income tax return for the period to which such payments relate until such payment due date at a rate equal to one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points. Except in cases where Stronghold Inc. elects to terminate the Tax Receivable Agreement early or it is otherwise terminated as described above, generally Stronghold Inc. may elect to defer payments due under the Tax Receivable Agreement if Stronghold Inc. does not have available cash to satisfy its payment obligations under the Tax Receivable Agreement or if Stronghold Inc.'s contractual obligations limit its ability to make these payments. Any such deferred payments under the Tax Receivable Agreement generally will accrue interest from the due date for such payment until the payment date at a rate of one-year LIBOR (or an agreed successor rate, if applicable) plus 550 basis points. However, interest will accrue from the due date for such payment until the payment date at a rate of one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points if Stronghold Inc. is unable to make such payment as a result of limitations imposed by existing credit agreements. Stronghold Inc. has no present intention to defer payments under the Tax Receivable Agreement.

The Tax Receivable Agreement generally may be amended if approved in writing by Stronghold Inc., the majority of holders of rights under the Tax Receivable Agreement and, for so long as Q Power or any of its affiliates hold rights under the Tax Receivable Agreement, Q Power. To the extent an amendment would disproportionately affect payments made to certain holders of rights under the Tax Receivable Agreement, such amendment would require the written consent of such holders. Because Stronghold Inc. is a holding company with no operations of its own, its ability to make payments under the Tax Receivable Agreement is dependent on the ability of Stronghold LLC to make distributions to Stronghold Inc. in an amount sufficient to cover Stronghold Inc.'s obligations under the Tax Receivable Agreement. This ability, in turn, may depend on the ability of Stronghold LLC's subsidiaries to make distributions to it. The ability of Stronghold LLC, its subsidiaries and other entities in which it directly or

indirectly holds an equity interest to make such distributions will be subject to, among other things, the applicable provisions of Delaware law (or other applicable jurisdiction) that may limit the amount of funds available for distribution and restrictions in relevant debt instruments issued by Stronghold LLC or its subsidiaries and/or other entities in which it directly or indirectly holds an equity interest. To the extent that Stronghold Inc. is unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest at a rate that may be significantly greater than our weighted average cost of capital until paid.

Right of First Refusal Agreement

In connection with the Series A Private Placement, Stronghold Inc., the investors in the Series A Private Placement and Key Holders entered the Series A ROFR Agreement. In connection with the Series B Private Placement, Stronghold Inc., the investors in the Series B Private Placement and Key Holders entered the Series B ROFR Agreement. Under the ROFR Agreements, the Key Holders agreed to grant a right of first refusal to purchase all or any portion of capital stock of Stronghold Inc, held by a Key Holder or issued to a Key Holder after the date of the ROFR Agreements, not including any shares of Series A Preferred or common stock issued or issuable upon conversion of the Series A Preferred Stock or Series B Preferred Stock. The Key Holders also granted a secondary refusal right to the investors in the Private Placements to purchase all or any eligible capital stock not purchased by Stronghold Inc. pursuant to their right of first refusal.

Registration Rights Agreements

Pursuant to the Series A Stock Purchase Agreement entered into as part of the Series A Private Placement, Stronghold Inc. entered into the Series A Registration Rights Agreement with the investors in the Series A Private Placement, certain of whom are affiliates and members of Stronghold LLC. Pursuant to the Series B Stock Purchase Agreement entered into as part of the Series B Private Placement, Stronghold Inc. entered into the Series B Registration Rights Agreement with the investors in the Series B Private Placement, certain of whom are affiliates and members of Stronghold LLC. For a description of registration rights with respect to our Class A common stock, see the information under the heading “Description of Capital Stock—Registration Rights Agreements.”

Corporate Reorganization

In connection with our Reorganization, we engaged in certain transactions with certain affiliates and the members of Stronghold LLC. Please read “Prospectus Summary—Corporate Reorganization” and “Corporate Reorganization.”

Promissory Notes

On December 31, 2020, Stronghold LLC became a party to three promissory notes with certain of our affiliates and directors: the Scrubgrass Note, the Spence Note and the Beard Note.

The Scrubgrass Note, a promissory note dated as of December 31, 2020, by and between Stronghold LLC and Scrubgrass LP, provides for a loan from Scrubgrass LP in the amount of \$150,000 bearing an interest rate of 8.0% per annum and a maturity date of December 31, 2021. Prior to the Reorganization, Scrubgrass LP was partially indirectly held by Q Power. Messrs. Beard and Spence serve as the Managing Members of Q Power. Following the Reorganization, Scrubgrass LP became one of our indirectly held, wholly owned subsidiaries.

The Spence Note, a promissory note dated as of December 31, 2020 by and between Stronghold LLC and William B. Spence, provides for a loan from Mr. Spence in the amount of \$524,250 bearing an interest rate of 8.0% per annum and a maturity date of December 31, 2021. Mr. Spence serves as Co-Chairman of our board of directors.

The Beard Note, a promissory note dated as of December 31, 2020 by and between Stronghold LLC and Gregory A. Beard, provides for a loan from Mr. Beard in the amount of \$1,500,000 bearing an interest rate of 8.0% per annum and a maturity date of December 31, 2021. Mr. Beard serves as Chief Executive Officer, President and Co-Chairman of our board of directors.

On June 4, 2021, the Spence Note and the Beard Note were paid in full and terminated. The maturity date for the Scrubgrass Note may be accelerated upon certain instances and may generally be prepaid without premium or

penalty. There are certain restrictions on prepayment of the Scrubgrass Note and the interest rate may be adjusted upon the occurrence of certain events. For additional information on the Scrubgrass Note, the Spence Note and the Beard Note, please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Debt Agreements.”

Management Services Agreement

We have entered into a management services agreement with Q Power to provide day-to-day management and administration services to us. The agreement provided for a monthly fee of \$25,000 in 2020 and the first quarter of 2021 and \$50,000 in 2019 and provides for a monthly fee of \$100,000 for the remainder of 2021. Effective May 10, 2021, Q Power, one of our principal stockholders, and Bill Spence, the Co-Chairman of our board of directors, entered into a Management and Advisory Agreement (the “MAA”). Pursuant to the MAA, Mr. Spence will provide certain professional services to Q Power and will receive a fee of \$50,000 per month. The MAA has a term of two years, unless earlier terminated.

Waste Coal Agreement

We have entered into a Waste Coal Agreement (the “WCA”) with Coal Valley Sales, LLC (“CVS”) to take minimum annual delivery of 200,000 tons of waste coal as long as there is a sufficient quantity of Waste Coal that meets the Average Quality Characteristics (each as defined in the WCA). Under the terms of the WCA, we are not charged for the waste coal itself but are charged a \$6.07 per ton base handling fee as we are obligated to mine, process, load and otherwise handle the waste coal for ourself and also for other customers of CVS from the Russellton Site. We are also obligated to unload and properly dispose of ash at the Russellton site. CVS is a single-member LLC that is owned by a coal reclamation partnership of which Bill Spence has a direct and indirect interest of 16.26% in the aggregate.

A reduced handling fee is charged at \$1.00 per ton for any tons in excess of the minimum take of 200,000 tons. We are the designated operator at the Russellton site and therefore is responsible for complying with all state and federal requirements and regulations.

We reduced payments and halted productions from the Russellton site during 2020 but restarted operations in the first quarter of 2021. Pursuant to the terms of the WCA, we make current payments of \$100,000 a month.

We made payments in the amount of \$0, \$270,000 and \$1,706,716 to entities affiliated with Mr. Spence for the three months ended March 31, 2021 and for the years ended December 31, 2020 and 2019, respectively.

Additionally, we purchased coal from Coal Valley Properties, LLC (“CVP”), a single-member LLC that is entirely owned by William B. Spence, Co-Chairman of our Board of Directors, and from CVS. CVP also brokered fuel sales to us and we paid CVP approximately \$1.8 million and \$800 thousand, respectively, in fiscal years 2018 and 2019.

Policies and Procedures for Review of Related Party Transactions

A “Related Party Transaction” is a transaction, arrangement or relationship in which we or any of our subsidiaries was, is or will be a participant, the amount of which involved exceeds \$120,000, and in which any related person had, has or will have a direct or indirect material interest. A “related person” means:

- any person who is, or at any time during the applicable period was, one of our executive officers or one of our directors;
- any person who is known by us to be the beneficial owner of more than 5.0% of our Class A common stock;
- any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a director, executive officer or a beneficial owner of more than 5.0% of our Class A

common stock, and any person (other than a tenant or employee) sharing the household of such director, executive officer or beneficial owner of more than 5.0% of our Class A common stock; and

- any firm, corporation or other entity in which any of the foregoing persons is a partner or principal or in a similar position or in which such person has a 10.0% or greater beneficial ownership interest.

Our board of directors will adopt a written related party transactions policy prior to the completion of this offering. Pursuant to this policy, our nominating and corporate governance committee will review all material facts of all Related Party Transactions and either approve or disapprove entry into the Related Party Transaction, subject to certain limited exceptions. In determining whether to approve or disapprove entry into a Related Party Transaction, our nominating and corporate governance committee shall take into account, among other factors, the following: (i) whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and (ii) the extent of the related person's interest in the transaction. Furthermore, the policy requires that all Related Party Transactions required to be disclosed in our filings with the SEC be so disclosed in accordance with applicable laws, rules and regulations.

Additionally, any amounts due under advances or loans that we have entered into with our directors, executive officers or principal stockholders have been retired or repaid in full prior to the public filing of this registration statement with the SEC.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our Class A common stock and Class V common stock that, upon the consummation of this offering and the transactions related thereto, and, unless otherwise stated, assuming the underwriters do not exercise their option to purchase additional common shares, will be owned by:

- each person known to us to beneficially own more than 5% of any class of our outstanding voting securities;
- each member of our board of directors and each nominee to our board of directors;
- each of our named executive officers; and
- all of our directors, director nominees and executive officers as a group.

Except as otherwise noted, the person or entities listed below have sole voting and investment power with respect to all shares of our common stock beneficially owned by them, except to the extent this power may be shared with a spouse. All information with respect to beneficial ownership has been furnished by the respective 5% or more stockholders, directors and director nominees or executive officers, as the case may be. The following table does not include any shares of common stock that directors and executive officers may purchase in this offering through the directed share program described under “Underwriting.” Unless otherwise noted, the mailing address of each listed beneficial owner is 595 Madison Avenue, 29th Floor, New York, New York 10022.

Name of Beneficial Holder	Shares Beneficially Owned Prior to the Offering				Shares Beneficially Owned After the Offering (Assuming No Exercise of the Option) ⁽³⁾			Shares Beneficially Owned After the Offering (Assuming the Option is Exercised in Full)						
	Class A Common Stock		Class V Common Stock		Class A Common Stock		Class V Common Stock		Combined Voting Power ⁽²⁾	Class A Common Stock		Class V Common Stock		Combined Voting Power ⁽²⁾
	Number	%	Number	%	Number	%	Number	%	%	Number	%	Number	%	%
5% Stockholders														
Q Power LLC ⁽⁴⁾														
Directors, Director Nominees and Named Executive Officers														
Gregory A. Beard ⁽⁴⁾														
William B. Spence ⁽⁴⁾														
Ricardo R. A. Larroudé														
Richard J. Shaffer														
Directors, director nominees and executive officers as a group (persons)														

* indicates beneficial ownership of less than 1%.

- (1) Includes both Series A Preferred Stock and Series B Preferred Stock, the terms of and rights associated with each are substantively similar (except as discussed elsewhere in this prospectus).
- (2) Represents percentage of voting power of our Class A common stock and Class V common stock voting together as a single class. The Stronghold Unit Holders, each a holder of Stronghold LLC units, will hold one share of Class V common stock for each Stronghold LLC Unit.
- (3) Takes into account the Preferred Stock Conversion.
- (4) Messrs. Beard and Spence serve as the Managing Members of Q Power LLC. As Managing Members, Messrs. Beard and Spence possess all voting and investment power over the shares held by Q Power. Such persons may be deemed to beneficially hold the shares held by Q Power. The mailing address of Q Power is 2151 Lisbon Road, Kennerdell, PA 16374.

DESCRIPTION OF CAPITAL STOCK

Upon completion of this offering, the authorized capital stock of Stronghold Inc. will consist of 238,000,000 shares of Class A common stock, \$0.0001 par value per share, of which _____ shares will be issued and outstanding, 12,000,000 shares of Class V common stock, \$0.0001 par value per share, of which _____ shares will be issued and outstanding and 50,000,000 shares of preferred stock, \$0.0001 par value per share, of which no shares will be issued and outstanding. As of May 1, 2021, there was one stockholder of record of our Class A common stock and Class V common stock. As of June 1, 2021, there were 107 stockholders of record of our Series A Preferred Stock and 89 stockholders of record of our Series B Preferred Stock.

The following summary of the capital stock and amended and restated certificate of incorporation and amended and restated bylaws of Stronghold Inc., each of which will be in effect upon the completion of this offering, does not purport to be complete and is qualified in its entirety by reference to the provisions of applicable law and to our amended and restated certificate of incorporation and bylaws, which are filed as exhibits to the registration statement of which this prospectus is a part.

Class A Common Stock

Voting Rights. Holders of shares of Class A common stock are entitled to one vote per share held of record on all matters to be voted upon by the stockholders. The holders of Class A common stock do not have cumulative voting rights in the election of directors.

Dividend Rights. Holders of shares of our Class A common stock are entitled to ratably receive dividends when and if declared by our board of directors out of funds legally available for that purpose, subject to any statutory or contractual restrictions on the payment of dividends and to any prior rights and preferences that may be applicable to any outstanding preferred stock.

Liquidation Rights. Upon our liquidation, dissolution, distribution of assets or other winding up, the holders of Class A common stock are entitled to receive ratably the assets available for distribution to the stockholders after payment of liabilities and the liquidation preference of any of our outstanding shares of preferred stock.

Other Matters. The shares of Class A common stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Class A common stock. All outstanding shares of our Class A common stock, including the Class A common stock offered in this offering, are fully paid and non-assessable.

Class V Common Stock

Voting Rights. Holders of shares of our Class V common stock are entitled to one vote per share held of record on all matters to be voted upon by the stockholders. Holders of shares of our Class A common stock and Class V common stock vote together as a single class on all matters presented to our stockholders for their vote or approval.

Dividend and Liquidation Rights. Holders of our Class V common stock do not have any right to receive dividends, unless the dividend consists solely of shares of our Class V common stock. Holders of our Class V common stock do not have any right to receive a distribution upon a liquidation or winding up of Stronghold Inc.

Other Matters. The shares of Class V common stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Class V common stock. All outstanding shares of our Class V common stock are fully paid and non-assessable.

Preferred Stock

Our amended and restated certificate of incorporation authorizes our board of directors, subject to any limitations prescribed by law, without further shareholder approval, to establish and to issue from time to time one or more classes or series of preferred stock, par value \$0.0001 per share, covering up to an aggregate of 50,000,000 shares of preferred stock. Each class or series of preferred stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by the board of directors. Except as provided by law or in a preferred stock designation, the holders of preferred stock will not be entitled to vote at or

receive notice of any meeting of stockholders. In addition, 5,000,000 shares of the authorized preferred stock of Stronghold Inc. are designated “Series A Convertible Redeemable Preferred Stock” and 2,000,000 shares are designated “Series B Convertible Redeemable Preferred Stock.”

Series A Convertible Redeemable Preferred Stock and Series B Convertible Redeemable Preferred Stock

Generally. In connection with this offering, on the date that this registration statement is declared effective by the SEC, the shares of Preferred Stock will be automatically converted (without the payment of additional consideration by the holder thereof), into fully paid and non-assessable shares of Class A common stock at an initial one-to-one conversion rate. Pursuant to the terms of the Stronghold LLC Agreement, the preferred units in Stronghold LLC will likewise be automatically converted (without the payment of additional consideration to the holder thereof) into Stronghold LLC Units at an initial one-to-one conversion ratio.

Conversion. Pursuant to the terms of the Preferred Stock, on (i) the date that a registration statement registering the shares of Class A common stock issuable upon the conversion of the Preferred Stock is declared effective by the SEC or (ii) the date on which a “Significant Transaction Event” occurs, as defined in our amended and restated certificate of incorporation, such shares of Preferred Stock will automatically convert into shares of Class A common stock of Stronghold Inc. on a one-to-one basis, subject to certain adjustments as set forth in our amended and restated certificate of incorporation. Pursuant to the terms of the Stronghold LLC Agreement, the preferred units in Stronghold LLC will likewise be automatically converted into Stronghold LLC Units on a one-to-one basis, subject to similar adjustments.

Voting Rights. Holders of shares of our Preferred Stock are entitled to vote on all matters to be voted upon by the stockholders. Holders of shares of our Preferred Stock vote together with holders of common stock on an as-if converted to Class A common stock basis on all matters presented to our stockholders for their vote or approval.

Dividend Rights. Holders of shares of our Preferred Stock are entitled to receive dividends on shares of Preferred Stock equal (on an as if converted to Class A common stock basis) to and in the same form as dividends actually paid on shares of the Class A common stock when, as and if such dividends are paid on shares of the Class A common stock. In addition, holders of shares of Preferred Stock are entitled to receive dividends in fully paid and non-assessable shares of Preferred Stock (each a “PIK Dividend” and, collectively, the “PIK Dividends”) upon the occurrence of: (i) our failure to file or confidentially submit a registration statement to register the shares of Class A common stock issuable upon conversion of the Preferred Stock (the “Registrable Securities”) on or before the date that is one hundred and twenty (120) days following the date that the first share of Series A Preferred Stock is issued (the “Original Issue Date”); (ii) the failure of the registration statement to be declared effective by the SEC and the Registrable Securities to list on a National Securities Exchange (as such term is defined in the Registration Rights Agreements, on or before the date that is two hundred forty (240) days after Original Issue Date; and (iii) our failure to complete a Mandatory Redemption (as such term is defined in our amended and restated certificate of incorporation).

Liquidation Rights. Upon our liquidation, dissolution, distribution of assets or other winding up, the holders of Preferred Stock are entitled to receive (Series A Preferred Stock and Series B Preferred Stock, on a pari passu basis), before any payment is made to the holders of common stock, the funds and assets available for distribution to the stockholders.

Registration Rights Agreements

Pursuant to the Stock Purchase Agreements entered into as part of the Private Placements, Stronghold Inc. entered into Registration Rights Agreements with the investors in the Series A Private Placement and Series B Private Placement, pursuant to which, among other things, the Company agreed to prepare and file a registration statement covering the resale of all Registrable Securities not already covered by an existing and effective registration statement on or prior to the 120th day following the closing of the Series A Private Placement. Such registration rights are subject to certain conditions and limitations. We are generally obligated to pay all registration expenses in connection with these registration obligations, regardless of whether a registration statement is filed or becomes effective.

Under the Registration Rights Agreement, purchasers under the Private Placements and their permitted transferees are entitled to certain benefits under the Registration Rights Agreements. Under the Registration Rights Agreements, we have agreed, at our expense, to file or confidentially submit with the SEC a resale shelf registration statement covering the resale of all Registrable Securities (as defined in the Registration Rights Agreements) on or prior to July 30, 2021 (the “Filing Deadline”). We are also obligated to cause the resale shelf registration statement to be declared effective by the SEC and to have our Class A common stock listed on a national securities exchange as soon as reasonably possible, but in no event later than November 27, 2021 (the “Effectiveness Deadline”).

In addition, if (i) the resale shelf registration statement is not filed on or prior to the Filing Deadline and (ii) if the resale shelf registration statement is not declared effective on or prior to the Effectiveness Deadline and the Class A common stock is not listed on a national securities exchange, pursuant to the Registration Rights Agreement and our amended and restated certificate of incorporation, then in addition to any other rights the purchasers may have under the Registration Rights Agreements or applicable law, PIK Dividends (as defined in the amended and restated certificate of incorporation) as set forth below will begin to accrue:

- 10% per annum for each day we are in default of the Filing Deadline;
- 12% per annum for each day we are in default of the Effectiveness Deadline; and
- 15% per annum for each day we continue in default of the Effectiveness Deadline after 540 days following the closing of this offering.

If we fail to complete a Mandatory Redemption (as defined in the amended and restated certificate of incorporation) when required by our charter, we will be required to continue to pay a PIK Dividend at 12%.

Notwithstanding the foregoing, (i) if prior to September 28, 2021, we enter into a binding definitive agreement or binding instrument (a “Definitive Instrument”) relating to a Significant Transaction Event (defined below), we will have no obligation to pay any PIK Dividends accrued or payable through such date and any PIK Dividends that have accrued will be cancelled, and (ii) if we have entered into a Definitive Instrument by September 28, 2021 and have consummated the Significant Transaction Event by January 26, 2022, then we will have no obligation to pay any PIK Dividends accrued or payable through such date and any PIK Dividends accrued prior to such date shall be cancelled. A “Significant Transaction Event” means the date that the Company enters into a Definitive Instrument, as applicable, with a third party relating to a merger, share exchange, sale of all or substantially all of the assets or shares of the Company or other business combination, restructuring or change of control transaction, including any such transaction intended to result in the Company becoming subject to the reporting requirements of Section 13 of 15(d) of the Exchange Act (or becoming a voluntary filer under the Exchange Act), a business combination intended to increase the number of shareholders of the Company to facilitate listing on a trading market, a business combination with a special purpose acquisition company, or a business combination with a company that is listed on a trading market.

We will cause the resale shelf registration statement to become effective under the Securities Act as soon as possible after the filing and to continuously maintain the effectiveness of the resale shelf registration statement under the Securities Act. The securities proposed to be sold by the holders will cease to be Registrable Securities under the Registration Rights Agreements from and after such time as the holders may resell such securities without restriction under Rule 144 of the Securities Act.

We will bear certain expenses incident to our registration obligations upon exercise of these registration rights, including the payment of federal securities law and state “blue sky” registration fees, except that we will not bear any brokers’ or underwriters’ discounts and commissions or transfer taxes relating to sales of our Registrable Securities. We have agreed to indemnify each selling stockholder for certain violations of federal or state securities laws in connection with any registration statement in which such selling stockholder sells its Registrable Shares pursuant to these registration rights. Each selling stockholder will, in turn, agree to indemnify us for federal or state securities law violations that occur in reliance upon written information it provides to us for use in the registration statement.

This summary of certain provisions of the Registration Rights Agreements is not intended to be complete, and is subject to, and qualified in its entirety by reference to, all of the provisions of the Registration Rights Agreements.

Anti-Takeover Effects of Provisions of Our Amended and Restated Certificate of Incorporation, our Bylaws and Delaware Law

Some provisions of Delaware law, and our amended and restated certificate of incorporation and our bylaws, which will be in effect upon the closing of this offering and as described below, contain provisions that could make the following transactions more difficult: acquisitions of us by means of a tender offer, a proxy contest or otherwise; or removal of our incumbent officers and directors. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL"), regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation, including those whose securities are listed for trading on Nasdaq, from engaging in any business combination with any interested shareholder for a period of three years following the date that the shareholder became an interested shareholder, unless:

- the transaction is approved by the board of directors before the date the interested shareholder attained that status;
- upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or after such time the business combination is approved by the board of directors and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested shareholder.

Amended and Restated Certificate of Incorporation and Bylaws

Provisions of our amended and restated certificate of incorporation and our bylaws may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our Class A common stock.

Among other things, our amended and restated certificate of incorporation and our bylaws:

- provide that the authorized number of directors may be changed only by resolution of the board of directors, unless the amended and restated certificate of incorporation fixes the number of directors, in which case, a change in the number of directors shall be made only by amendment of the certificate of incorporation;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;

- provide that special meetings of our stockholders may only be called by the president, the chief executive officer, the chairman of the board (or any co-chairman), or on the written request of any two directors, by the secretary; and
- provide that our bylaws can be amended by the board of directors.

No Cumulative Voting

Under Delaware law, the right to vote cumulatively does not exist unless the amended and restated certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation does not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the shares of our stock entitled to vote generally in the election of directors will be able to elect all our directors.

Limitation of Liability and Indemnification Matters

Our amended and restated certificate of incorporation limits the liability of our directors for monetary damages for breach of their fiduciary duty as directors, except for liability that cannot be eliminated under the DGCL. Delaware law provides that directors of a company will not be personally liable for monetary damages for breach of their fiduciary duty as directors, except for liabilities:

- for any breach of their duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- for unlawful payment of dividend or unlawful stock repurchase or redemption, as provided under Section 174 of the DGCL; or
- for any transaction from which the director derived an improper personal benefit.

Any amendment, repeal or modification of these provisions will be prospective only and would not affect any limitation on liability of a director for acts or omissions that occurred prior to any such amendment, repeal or modification.

Our bylaws also provide that we will indemnify our directors and officers to the fullest extent permitted by Delaware law. Our bylaws also permits us to purchase insurance on behalf of any officer, director, employee or other agent for any liability arising out of that person's actions as our officer, director, employee or agent, regardless of whether Delaware law would permit indemnification. We intend to enter into indemnification agreements with each of our current and future directors and officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liability that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We believe that the limitation of liability provision in our amended and restated certificate of incorporation and the indemnification agreements facilitates our ability to continue to attract and retain qualified individuals to serve as directors and officers.

Registration Rights

For a description of registration rights with respect to our Class A common stock, see the information under the heading "Description of Capital Stock—Registration Rights Agreements."

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action; provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock is American Stock Transfer & Trust Company, LLC.

Listing

We intend to apply to list our Class A common stock on The Nasdaq Global Market under the symbol "SDIG."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of our Class A common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect the market price of our Class A common stock prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of a substantial number of shares of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our Class A common stock at such time and our ability to raise equity-related capital at a time and price we deem appropriate.

Sales of Restricted Shares

Upon the closing of this offering and taking into effect the Preferred Stock Conversion, we will have outstanding an aggregate of _____ shares of Class A common stock (or _____ shares of Class A common stock if the underwriters' option to purchase additional shares is exercised). Of these shares, all of the _____ shares of Class A common stock (or _____ shares of Class A common stock if the underwriters' option to purchase additional shares is exercised) to be sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 under the Securities Act. All remaining shares of Class A common stock, including the shares received as part of the Preferred Stock Conversion, will be deemed "restricted securities" as such term is defined under Rule 144. The restricted securities were issued and sold by us in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below.

Each Stronghold Unit Holder (other than Stronghold Inc.), subject to certain limitations, has the right, pursuant to the Redemption Right, to cause Stronghold LLC to acquire all or a portion of its Stronghold LLC Units, together with an equal number of Class V common stock, for shares of Class A common stock (on a one-for-one basis, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and similar transactions) or, at such entity's election, an approximately equivalent amount of cash as determined pursuant to the terms of the Stronghold LLC Agreement. See "Certain Relationships and Related Party Transactions—Stronghold LLC Agreement." The shares of Class A common stock we issue upon such redemptions would be "restricted securities" as defined in Rule 144 described below.

As a result of the lock-up agreements described below and the provisions of Rule 144 and Rule 701 under the Securities Act, the shares of our Class A common stock (excluding the shares to be sold in this offering) that will be available for sale in the public market are as follows:

- no shares will be eligible for sale on the date of this prospectus or prior to 180 days after the date of this prospectus; and
- _____ shares (assuming redemption of all applicable Stronghold LLC Units along with a corresponding number of shares of Class V common stock) will be eligible for sale upon the expiration of the lock-up agreements, beginning 180 days after the date of this prospectus when permitted under Rule 144 or Rule 701.

Lock-up Agreements

We, all of our directors that will own equity in us following the completion of this offering, all of our executive officers and certain of our Legacy Owners have entered or will enter into lock-up agreements pursuant to which we and they will be subject to certain restrictions with respect to sale or other disposition of our Class A common stock for a period of 180 days following the date of this prospectus, subject to certain exceptions and extensions. See "Underwriting" for a description of these lock-up provisions.

Rule 144

In general, under Rule 144 under the Securities Act as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person (who has been unaffiliated for at least the past three months) who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our Class A common stock or the average weekly trading volume of our Class A common stock reported through Nasdaq during the four calendar weeks preceding the filing of notice of the sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirement of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144. The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus.

Stock Issued Under Employee Plans

We intend to file a registration statement on Form S-8 under the Securities Act to register stock issuable under our long-term incentive plan. This registration statement on Form S-8 is expected to be filed following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions with us or the lock-up restrictions described above.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income tax considerations related to the purchase, ownership and disposition of our Class A common stock by a non-U.S. holder (as defined below), that holds our Class A common stock as a “capital asset” (generally property held for investment). This summary is based on the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations, administrative rulings and judicial decisions, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. We cannot assure you that a change in law will not significantly alter the tax considerations that we describe in this summary. We have not sought any ruling from the Internal Revenue Service (“IRS”) with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to non-U.S. holders in light of their personal circumstances. In addition, this summary does not address the Medicare tax on certain investment income, U.S. federal estate or gift tax laws, any state, local or non-U.S. tax laws or any tax treaties. This summary also does not address tax considerations applicable to investors that may be subject to special treatment under the U.S. federal income tax laws, such as:

- banks, insurance companies or other financial institutions;
- tax-exempt or governmental organizations;
- tax qualified retirement plans;
- “qualified foreign pension funds” as defined in Section 897(l)(2) of the Code (or any entities all of the interests of which are held by a qualified foreign pension fund);
- dealers in securities or foreign currencies;
- persons whose functional currency is not the U.S. dollar;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- traders in securities that use the mark-to-market method of accounting for U.S. federal income tax purposes;
- persons subject to the alternative minimum tax;
- partnerships or other pass-through entities for U.S. federal income tax purposes or holders of interests therein;
- persons deemed to sell our Class A common stock under the constructive sale provisions of the Code;
- persons that acquired our Class A common stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan;
- certain former citizens or long-term residents of the United States;
- persons that hold our Class A common stock as part of a straddle, appreciated financial position, synthetic security, hedge, conversion transaction or other integrated investment or risk reduction transaction; and
- accrual method taxpayers for U.S. federal income tax purposes required to accelerate the recognition of any item of gross income with respect to our Class A common stock as a result of such income being recognized on an applicable financial statement.

PROSPECTIVE INVESTORS ARE ENCOURAGED TO CONSULT WITH AND RELY SOLELY UPON THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR CLASS A COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL, NON-U.S. OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Non-U.S. Holder Defined

For purposes of this discussion, a “non-U.S. holder” is a beneficial owner of our Class A common stock that is not for U.S. federal income tax purposes a partnership or any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (i) whose administration is subject to the primary supervision of a U.S. court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (ii) which has made a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our Class A common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner, upon the activities of the partnership and upon certain determinations made at the partner level. Accordingly, we urge partners in partnerships (including entities or arrangements treated as partnerships for U.S. federal income tax purposes) considering the purchase of our Class A common stock to consult with and rely solely upon their tax advisors regarding the U.S. federal income tax considerations of the purchase, ownership and disposition of our Class A common stock by such partnership.

Dividends and Other Distributions

As described in the section entitled “Dividend Policy,” we do not plan to make any distributions on our Class A common stock for the foreseeable future. However, in the event we do make distributions of cash or other property on our Class A common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed our current and accumulated earnings and profits, the distributions will instead be treated as a non-taxable return of capital to the extent of the non-U.S. holder’s tax basis in our Class A common stock (and will reduce such tax basis, but not below zero) and thereafter as capital gain from the sale or exchange of such Class A common stock. See “—Gain on Disposition of Class A Common Stock.” Subject to the withholding requirements under “—Backup Withholding and Information Reporting” and FATCA (as defined below) and provided that such distributions are not effectively connected dividends, each of which is discussed below, any distribution made to a non-U.S. holder on our Class A common stock generally will be subject to U.S. withholding tax at a rate of 30% of the gross amount of the distribution unless an applicable income tax treaty provides for a lower rate or another exception applies. To receive the benefit of a reduced treaty rate, a non-U.S. holder must provide the applicable withholding agent with a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable or successor form) certifying qualification for the reduced rate. In the event that we determine that a portion of a distribution does not constitute a dividend, we may determine not to withhold U.S. federal income tax from such portion of the distribution or a non-U.S. holder may be entitled to claim a refund of excess amounts withheld.

Distributions treated as dividends paid to a non-U.S. holder that are effectively connected with a trade or business conducted by the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, are treated as attributable to a permanent establishment maintained by the non-U.S. holder in the United States)

generally will be taxed on a net income basis at the rates and in the manner generally applicable to United States persons (as defined under the Code). Such effectively connected dividends will not be subject to U.S. withholding tax (including backup withholding described below) if the non-U.S. holder satisfies certain certification requirements by providing the applicable withholding agent with a properly executed IRS Form W-8ECI certifying eligibility for exemption. If the non-U.S. holder is a corporation for U.S. federal income tax purposes, it may also be subject to a branch profits tax (at a 30% rate or such lower rate as specified by an applicable income tax treaty) on its effectively connected earnings and profits (as adjusted for certain items), which will include effectively connected dividends.

Gain on Disposition of Class A Common Stock

Subject to the discussion below under “—Backup Withholding and Information Reporting” and the discussion below of FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax or withholding on any gain realized upon the sale or other disposition of our Class A common stock unless:

- the non-U.S. holder is an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met;
- the gain is effectively connected with a trade or business conducted by the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States); or
- our Class A common stock constitutes a United States real property interest as a result of our being a United States real property holding corporation (“USRPHC”) for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of the disposition of or the non-U.S. holder’s holding period for the Class A common stock and, as a result, such gain is treated as effectively connected with a trade or business conducted by the non-U.S. holder in the United States.

A non-U.S. holder described in the first bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as specified by an applicable income tax treaty) on the amount of such gain, which generally may be offset by U.S. source capital losses.

A non-U.S. holder whose gain is described in the second bullet point above or, subject to the exceptions described in the next paragraph, the third bullet point above generally will be taxed on a net income basis at the rates and in the manner generally applicable to United States persons (as defined under the Code) unless an applicable income tax treaty provides otherwise. If the non-U.S. holder is a corporation for U.S. federal income tax purposes whose gain is described in the second bullet point above, then such gain would also be included in its effectively connected earnings and profits (as adjusted for certain items), which may be subject to a branch profits tax (at a 30% rate or such lower rate as specified by an applicable income tax treaty).

With respect to the third bullet point above, generally, a corporation is a USRPHC if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We believe that we currently are not a USRPHC for U.S. federal income tax purposes, and we do not expect to become a USRPHC for the foreseeable future. However, because the determination of whether we are a USRPHC is made from time to time and depends on the relative fair market value of our assets, there can be no assurance in this regard. In the event that we become a USRPHC, as long as our Class A common stock is and continues to be “regularly traded on an established securities market”(within the meaning of applicable U.S. Treasury regulations), only a non-U.S. holder that actually or constructively owns, or owned at any time during the shorter of the five-year period ending on the date of the disposition or the non-U.S. holder’s holding period for the Class A common stock, more than 5% of our Class A common stock will be treated as disposing of a U.S. real property interest and will be taxable on gain realized on the disposition of our Class A common stock as a result of our status as a USRPHC. If we were to become a USRPHC and our Class A common stock were not considered to be regularly traded on an established securities market, such holder (regardless of the percentage of stock owned) would be treated as disposing of a U.S. real property interest and would be subject to U.S. federal income tax on a taxable disposition of our Class A common stock (as described in the preceding paragraph), and a 15% withholding tax would apply to the gross proceeds from such disposition. No assurance can be provided that our Class A common stock will be treated as regularly traded on an established securities market for purposes of the rules described above.

Non-U.S. holders should consult their tax advisors with respect to the application of the foregoing rules to their ownership and disposition of our Class A common stock.

Backup Withholding and Information Reporting

Any dividends paid to a non-U.S. holder must be reported annually to the IRS and to the non-U.S. holder. Copies of these information returns may be made available to the tax authorities in the country in which the non-U.S. holder resides or is established. Payments of dividends to a non-U.S. holder generally will not be subject to backup withholding if the non-U.S. holder establishes an exemption by properly certifying its non-U.S. status on an IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable or successor form).

Payments of the proceeds from a sale or other disposition by a non-U.S. holder of our Class A common stock effected by or through a U.S. office of a broker generally will be subject to information reporting and backup withholding (at the applicable rate) unless the non-U.S. holder establishes an exemption by properly certifying its non-U.S. status on an IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable or successor form) and certain other conditions are met. Information reporting and backup withholding generally will not apply to any payment of the proceeds from a sale or other disposition of our Class A common stock effected outside the United States by a non-U.S. office of a broker. However, unless such broker has documentary evidence in its records that the non-U.S. holder is not a United States person and certain other conditions are met, or the non-U.S. holder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the disposition of our Class A common stock effected outside the United States by such a broker if it has certain relationships within the United States.

Backup withholding is not an additional tax. Rather, the U.S. federal income tax liability (if any) of persons subject to backup withholding will be reduced by the amount of tax withheld. If backup withholding results in an overpayment of taxes, a refund may be obtained, provided that the required information is timely furnished to the IRS.

Additional Withholding Requirements under FATCA

Sections 1471 through 1474 of the Code, and the U.S. Treasury regulations and administrative guidance issued thereunder (“FATCA”), impose a 30% withholding tax on any dividends paid on our Class A common stock if paid to a “foreign financial institution” or a “non-financial foreign entity” (each as defined in the Code) (including, in some cases, when such foreign financial institution or non-financial foreign entity is acting as an intermediary), unless (i) in the case of a foreign financial institution, such institution enters into an agreement with the U.S. government to withhold on certain payments, and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are non-U.S. entities with U.S. owners); (ii) in the case of a non-financial foreign entity, such entity certifies that it does not have any “substantial United States owners” (as defined in the Code) or provides the applicable withholding agent with a certification identifying the direct and indirect substantial United States owners of the entity (in either case, generally on an IRS Form W-8BEN-E); or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules and provides appropriate documentation (such as an IRS Form W-8BEN-E). Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing these rules may be subject to different rules. FATCA also imposes a 30% withholding tax on any gross proceeds on a sale or other disposition of our Class A common stock. However, proposed U.S. Treasury regulations, which may be relied upon pending finalization, would eliminate this withholding tax on gross proceeds. Accordingly, FATCA withholding on gross proceeds is not expected to apply. Under certain circumstances, a holder might be eligible for refunds or credits of such taxes. Non-U.S. holders are encouraged to consult their own tax advisors regarding the effects of FATCA on an investment in our Class A common stock.

INVESTORS CONSIDERING THE PURCHASE OF OUR CLASS A COMMON STOCK ARE URGED TO CONSULT WITH AND RELY SOLELY UPON THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE APPLICABILITY AND EFFECT OF U.S. FEDERAL ESTATE AND GIFT TAX LAWS AND ANY STATE, LOCAL OR NON-U.S. TAX LAWS AND TAX TREATIES.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the acquisition and holding of shares of common stock by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) or other plans that are not subject to the foregoing but may be subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Laws”), and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each, a “Plan”).

This summary is based on the provisions of ERISA and the Code (and related regulations and administrative and judicial interpretations) as of the date of this registration statement. This summary does not purport to be complete or comprehensive, and no assurance is or can be given that future legislation, court decisions, regulations, rulings or pronouncements will not significantly modify the requirements summarized below. Any of those changes may be retroactive and may thereby apply to transactions entered into prior to the date of their enactment or release, including the date of this prospectus. This discussion is general in nature and is not intended to be all inclusive, nor should it be construed as investment, legal or other advice.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an “ERISA Plan”) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation to an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in shares of common stock with a portion of the assets of any Plan, a fiduciary should consider the Plan’s particular circumstances and all of the facts and circumstances of the investment and determine whether the acquisition and holding of shares of common stock is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code, or any Similar Law relating to the fiduciary’s duties to the Plan, including, without limitation:

- whether the investment is prudent under Section 404(a)(1)(B) of ERISA and any other applicable Similar Laws;
- whether, in making the investment, the ERISA Plan will satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA and any other applicable Similar Laws;
- whether the investment is permitted under the terms of the applicable documents governing the Plan;
- whether the acquisition or holding of the shares of common stock will constitute a “prohibited transaction” under Section 406 of ERISA or Section 4975 of the Code (please see discussion under “—Prohibited Transaction Issues” below); and
- whether the Plan will be considered to hold, as the Plan’s assets, (i) only shares of common stock or (ii) an undivided interest in our underlying assets (please see the discussion under “—Plan Asset Issues” below).

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA

Plan that engages in such a non-exempt prohibited transaction may be subject to excise taxes, penalties and liabilities under ERISA and the Code. The acquisition and/or holding of shares of common stock by an ERISA Plan with respect to which the issuer, the initial purchaser, or a guarantor is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

Because of the foregoing, shares of common stock should not be acquired or held by any person investing “plan assets” of any Plan, unless such acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a similar violation of any applicable Similar Laws.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares of Class A common stock being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares of Class A common stock indicated in the following table. B. Riley Securities, Inc. is the representative of the underwriters.

Underwriters	Number of Shares
B. Riley Securities, Inc.	
Total	

The underwriters are committed to take and pay for all of the shares of Class A common stock being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional _____ shares of Class A common stock from the Company. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ _____ per share from the initial public offering price. After the initial offering of the shares, the representative may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

The following table provides information regarding the amount of the underwriting discounts and commissions to be paid to the underwriters by us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares to cover over-allotments, if any.

	Per Share	Total Without Over-Allotment	With Over- Allotment
Underwriting discounts and commissions paid by us	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

We estimate that the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$ _____.

The representative has informed us that the underwriters do not intend to make sales to discretionary accounts.

The Company and its officers, directors, and holders of substantially all of the Company's shares of common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of Class A common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of B. Riley Securities, Inc. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

In addition, the underwriters have reserved for sale at the initial public offering price up to _____ % of the shares of Class A common stock being offered by this prospectus for sale to our employees, executive officers, directors and related persons who have expressed an interest in purchasing common stock in this offering. Pursuant to the underwriting agreement, the sales will be made by B. Riley Securities, Inc. through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they make will reduce the number of shares available to the general public. Any reserved shares not so purchased will be

offered by the underwriters to the general public on the same basis as the other shares of Class A common stock offered hereby. Substantially all of the persons buying shares of Class A common stock through the directed share program will be subject to a 180-day lock-up period with respect to such shares. We have agreed to indemnify the underwriters in connection with the directed share program, including for the failure of any participant to pay for its shares of Class A common stock. Other than the underwriting discount described on the cover page of this prospectus, the underwriters will not be entitled to any commission with respect to shares of Class A common stock sold pursuant to the directed share program.

Prior to the offering, there has been no public market for the Class A common stock. The initial public offering price will be negotiated among the Company and the representative. Among the factors to be considered in determining the initial public offering price of the Class A common stock, in addition to prevailing market conditions, will be the Company's historical performance, estimates of the business potential and earnings prospects of the Company, an assessment of the Company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to apply to list our Class A common stock on The Nasdaq Global Market under the symbol "SDIG."

Stabilization

Until the distribution of the securities offered by this prospectus is completed, rules of the SEC may limit the ability of the underwriters to bid for and to purchase our Class A common stock. As an exception to these rules, the underwriters may engage in transactions effected in accordance with Regulation M under the Exchange Act that are intended to stabilize, maintain or otherwise affect the price of our Class A common stock. The underwriters may engage in over-allotment sales, syndicate covering transactions, stabilizing transactions and penalty bids in accordance with Regulation M:

- Stabilizing transactions permit bids or purchases for the purpose of pegging, fixing or maintaining the price of the Class A common stock, so long as stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of securities in excess of the number of securities the underwriters are obligated to purchase, which creates a short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares of Class A common stock over-allotted by the underwriters is not greater than the number of shares of Class A common stock that they may purchase in the over-allotment option. In a naked short position, the number of shares of Class A common stock involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option or purchasing shares of our Class A common stock in the open market.
- Covering transactions involve the purchase of securities in the open market after the distribution has been completed in order to cover short positions. In determining the source of securities to close out the short position, the underwriters will consider, among other things, the price of securities available for purchase in the open market as compared to the price at which they may purchase securities through the over-allotment option. If the underwriters sell more shares of Class A common stock than could be covered by the over-allotment option, creating a naked short position, the position can only be closed out by buying securities in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the securities in the open market after pricing that could adversely affect investors who purchase in this offering.
- Penalty bids permit the underwriters to reclaim a selling concession from a selected dealer when the securities originally sold by the selected dealer are purchased in a stabilizing or syndicate covering transaction.

These stabilizing transactions, covering transactions and penalty bids may have the effect of raising or maintaining the market price of our Class A common stock or preventing or retarding a decline in the market price of our Class A common stock. As a result, the price of our Class A common stock may be higher than the price that might otherwise exist in the open market.

Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the prices of our Class A common stock. These transactions may occur on any trading market. If any of these transactions are commenced, they may be discontinued without notice at any time.

Right of First Offer

In connection with the Series A Private Placement, we granted B. Riley Securities, Inc. a right of first offer to act (a) as lead left book runner with active status in connection with any initial public offering of equity securities, (b) as sole placement agent in any private offering of equity or equity-linked securities, or (c) as financial advisor in connection with any potential purchase or sale of assets or stock, merger, acquisition, business combination, joint venture or other strategic transaction, in each case undertaken or consummated by us within 12 months following the consummation of the Series A Private Placement.

Certain Relationships

B. Riley Securities, Inc. acted as our placement agent with private placements of (i) 3,400,000 shares of our Series A Preferred Stock sold for cash at \$25.00 per share in April 2021 and (ii) 630,915 shares of our Series B Convertible Redeemable Preferred Stock sold for cash at \$31.70 per share in May 2021. In connection therewith, we paid B. Riley Securities, Inc. cash commissions and expenses of approximately \$6.5 million in the aggregate and issued it (i) a five-year warrant to purchase up to 34,000 shares of Series A Preferred Stock at a per share exercise price of \$25.00 and (ii) a five-year warrant to purchase up to 6,309 shares of Series B Preferred Stock at a per share exercise price of \$31.70. In each case the exercise price was equal to the respective private placement per share price. B. Riley Securities, Inc. and its affiliates purchased 152,500 and 31,812 shares of Series A Preferred Stock and Series B Preferred Stock, respectively, at the same private placement per share price. Such warrants and shares of Series B Preferred Stock acquired by B. Riley Securities, Inc. and its affiliates will be subject to lock-up restrictions, as required by FINRA Rule 5110(e)(1) and may not be sold during the offering, or sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of such securities by any person for a period of 180 days immediately following the date of effectiveness of the registration statement of which this prospectus forms a part or commencement of sales of the offering, except as provided in FINRA Rule 5110(e)(2).

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Electronic Prospectus

This prospectus may be made available in electronic format on Internet sites or through other online services maintained by the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. Other than this prospectus in electronic format, any information on the underwriters' or their affiliates' websites and any information contained in any other website maintained by the underwriters or any affiliate of the underwriters is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

Notice to Prospective Investors in Canada (Alberta, British Columbia, Manitoba, Ontario and Québec Only)

This document constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of shares of Class A common stock described herein (the "Securities"). No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Securities and any representation to the contrary is an offence.

Canadian investors are advised that this document has been prepared in reliance on section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"). Pursuant to section 3A.3 of NI 33-105, this document is exempt from the requirement that the issuer and the underwriters in the offering provide

Canadian investors with certain conflicts of interest disclosure pertaining to “connected issuer” and/or “related issuer” relationships as may otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Resale Restrictions

The offer and sale of the Securities in Canada are being made on a private placement basis only and are exempt from the requirement that the issuer prepare and file a prospectus under applicable Canadian securities laws. Any resale of Securities acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Securities outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases the Securities will be deemed to have represented to the issuer, the underwriters and each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an “accredited investor” as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a “permitted client” as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this document does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Securities and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Securities or with respect to the eligibility of the Securities for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Personal Information

We and the representatives hereby notify prospective Canadian purchasers that: (a) we may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number, email address, if provided, and the number and type of securities purchased, the total purchase price paid for such securities, the date of the purchase and specific details of the prospectus exemption relied upon under applicable securities laws to complete such purchase) (“personal information”), which Form 45-106F1 may be required to be filed by us under NI 45-106, (b) such personal information may be delivered to the securities regulatory authority or regulator in accordance with NI 45-106, (c) such personal information is being collected indirectly by the securities regulatory authority or regulator under the authority granted to it under the securities legislation of the applicable jurisdiction, (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of the applicable jurisdiction, and (e) the purchaser may contact the applicable securities regulatory authority or regulator

by way of the contact information provided in Schedule 2 to Form 45-106F1. Prospective Canadian purchasers that purchase securities in this offering will be deemed to have authorized the indirect collection of the personal information by each applicable securities regulatory authority or regulator, and to have acknowledged and consented to such information being disclosed to the Canadian securities regulatory authority or regulator, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws.

Language of Documents

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Notice to Prospective Investors in the European Economic Area and the United Kingdom

In relation to the Member States of the European Economic Area and the United Kingdom (each, a "Relevant State"), no offer of shares of our Class A common stock which are the subject of the offering contemplated by this prospectus to the public may be made in that Relevant State other than:

- to any legal entity that is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant representative or representatives nominated by us for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares of our Class A common stock described in this prospectus shall result in a requirement for the publication of a prospectus, by us or any of the underwriters, pursuant to Article 3 of the Prospectus Regulation.

Each purchaser of shares of our Class A common stock described in this prospectus located within a Relevant State will be deemed to have represented, acknowledged and agreed that (1) it is a "qualified investor" within the meaning of the Prospectus Regulation; and (2) in the case of any shares of Class A common stock acquired by it as a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares of Class A common stock acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of the underwriters has been given to the offer or resale; or where shares of Class A common stock have been acquired by it on behalf of persons in any Relevant State other than qualified investors, the offer of those shares of Class A common stock to it is not treated under the Prospectus Regulation as having been made to such persons. For purposes of this provision, the expression an "offer to the public" in relation to the shares of our Class A common stock in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of our Class A common stock to be offered so as to enable an investor to decide to purchase or subscribe to the shares and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

We and the underwriters have not authorized and do not authorize the making of any offer of shares of our Class A common stock through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares of our Class A common stock, other than the underwriters, is authorized to make any further offer of the shares on behalf of us or the underwriters.

References to the Prospectus Regulation includes, in relation to the UK, the Prospectus Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

The above selling restriction is in addition to any other selling restrictions set out below.

Additional Notice to Prospective Investors in the United Kingdom

The communication of this prospectus and any other document or materials relating to the issue of the shares of our Class A common stock offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended, or the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Financial Promotion Order), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the shares of our Class A common stock offered hereby are only available to, and any investment or investment activity to which this prospectus relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus or any of its contents.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the shares of our Class A common stock may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to us.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the shares of our Class A common stock in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Germany

This prospectus has not been prepared in accordance with the requirements for a securities or sales prospectus under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the German Sales Prospectus Act (*Verkaufprospektgesetz*), or the German Investment Act (*Investmentgesetz*). Neither the German Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht—BaFin*) nor any other German authority has been notified of the intention to distribute our Class A common stock in Germany. Consequently, the Class A common stock may not be distributed in Germany by way of public offering, public advertisement or in any similar manner and this prospectus and any other document relating to this offering, as well as information or statements contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of the Class A common stock to the public in Germany or any other means of public marketing. The Class A common stock is being offered and sold in Germany only to qualified investors which are referred to in Section 3 paragraph 2 no. 1, in connection with Section 2 no. 6, of the German Securities Prospectus Act, Section 8f paragraph 2 no. 4 of the German Sales Prospectus Act, and in Section 2 paragraph 11 sentence 2 no. 1 of the German Investment Act. This prospectus is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

Notice to Prospective Investors in Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the securities. The securities may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the securities to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the securities constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company or the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the securities.

LEGAL MATTERS

The validity of our Class A common stock offered by this prospectus will be passed upon for us by Vinson & Elkins L.L.P., New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Nelson Mullins Riley & Scarborough LLP, Washington, D.C.

EXPERTS

The audited financial statements of Stronghold Digital Mining LLC and Scrubgrass Generating Company, L.P. included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Urish Popeck & Co., LLC, independent auditors, upon the authority of said firm as experts in accounting and auditing.

The audited financial statements of Stronghold Digital Mining Inc. included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Urish Popeck & Co., LLC, independent auditors, upon the authority of said firm as experts in accounting and auditing.

The audited condensed financial statements of Panther Creek Power Operating LLC incorporated by reference in this prospectus supplement have been so incorporated by reference in reliance upon the report of Urish Popeck & Co., LLC, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 (including the exhibits, schedules and amendments thereto) under the Securities Act, with respect to the shares of our Class A common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to us and the Class A common stock offered hereby, we refer you to the registration statement, including all amendments, supplements, exhibits and schedules thereto. Statements contained in this prospectus as to the contents of any contract, agreement or any other document are summaries of the material terms of this contract, agreement or other document. With respect to each of these contracts, agreements or other documents filed as an exhibit to the registration statement, reference is made to the exhibits for a more complete description of the matter involved. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. Our website address is www.strongholddigitalmining.com. Information contained on our website does not constitute part of this prospectus.

As a result of this offering, we will become subject to full information requirements of the Exchange Act. We will fulfill our obligations with respect to such requirements by filing periodic reports and other information with the SEC. We intend to furnish our stockholders with annual reports containing financial statements certified by an independent public accounting firm.

INDEX TO COMBINED FINANCIAL STATEMENTS

	Page
Scrubgrass Generating Company, L.P. and Stronghold Digital Mining LLC	
<u>Unaudited Condensed Combined Financial Statements</u>	
Unaudited Condensed Combined Balance Sheets as of March 31, 2021 and December 31, 2020	F-2
Unaudited Condensed Combined Statements of Operations for the Three Months ended March 31, 2021 and 2020	F-3
Unaudited Condensed Combined Statements of Changes in Partners' Capital (Deficit) for the Three Months ended March 31, 2021 and 2020	F-4
Unaudited Condensed Combined Statements of Cash Flows for the Three Months ended March 31, 2021 and 2020	F-5
Notes to Unaudited Condensed Combined Financial Statements	F-6
<u>Combined Financial Statements</u>	
Report of Independent Registered Public Accounting Firm	F-19
Combined Balance Sheets as of December 31, 2020 and 2019	F-20
Combined Statements of Operations for the Years ended December 31, 2020 and 2019	F-21
Combined Statements of Changes in Partners' Capital (Deficit) for the Years ended December 31, 2020 and 2019	F-22
Combined Statements of Cash Flows for the Years ended December 31, 2020 and 2019	F-23
Notes to Combined Financial Statements	F-24
Stronghold Digital Mining Inc.	
Report of Independent Registered Public Accounting Firm	F-43
Balance Sheet as of March 19, 2021	F-44
Notes to Balance Sheet	F-
Panther Creek Power Operating LLC	
<u>Unaudited Condensed Financial Statements</u>	
Unaudited Condensed Balance Sheets as of March 31, 2021 and December 31, 2020	F-49
Unaudited Condensed Statements of Operations for the Three Months ended March 31, 2021 and 2020	F-50
Unaudited Condensed Statements of Changes in Members' Equity for the Three Months ended March 31, 2021 and 2020	F-51
Unaudited Condensed Statements of Cash Flows for the Three Months ended March 31, 2021 and 2020	F-52
Notes to Unaudited Condensed Financial Statements	F-53
<u>Financial Statements</u>	
Independent Auditor's Report	F-63
Balance Sheets as of December 31, 2020 and 2019	F-64
Statements of Operations for the Years ended December 31, 2020 and 2019	F-65
Statements of Changes in Members' Equity for the Years ended December 31, 2020 and 2019	F-66
Statements of Cash Flows for the Years ended December 31, 2020 and 2019	F-67
Notes to Financial Statements	F-68

SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC

UNAUDITED CONDENSED COMBINED BALANCE SHEETS
March 31, 2021 and December 31, 2020

	March 31, 2021	December 31, 2020
	(unaudited)	
CURRENT ASSETS		
Cash	\$ 1,622,762	\$ 303,187
Digital currencies	403,840	228,087
Accounts receivable	364,665	65,900
Due from related party	—	302,974
Inventory	282,142	396,892
Other current assets	100,622	65,831
Total Current Assets	2,774,030	1,362,871
PROPERTY, PLANT AND EQUIPMENT, NET	10,158,411	7,814,199
ROAD BOND	185,245	185,245
TOTAL ASSETS	\$ 13,117,686	\$ 9,362,315
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 417,822	\$ 449,447
Related-party notes	2,024,250	2,024,250
Accounts payable	11,828,011	8,479,188
Due to related parties	1,017,409	698,338
Accrued liabilities	226,592	828
Total Current Liabilities	15,514,084	11,652,051
LONG-TERM LIABILITIES		
Asset retirement obligation	451,889	446,128
Contract liabilities	40,000	40,000
Economic Injury Disaster Loan	151,402	150,000
Paycheck Protection Program Loan	841,670	638,800
Long-term debt	404,704	482,443
Total Long-Term Liabilities	1,889,665	1,757,371
Total Liabilities	17,403,749	13,409,422
PARTNERS' CAPITAL (DEFICIT)		
General partners	(2,993,232)	(2,825,963)
Limited partners	(1,292,831)	(1,221,144)
Total Partners' Deficit	(4,286,063)	(4,047,107)
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$ 13,117,686	\$ 9,362,315

The accompanying notes are an integral part of these condensed combined financial statements

SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC

UNAUDITED CONDENSED COMBINED STATEMENT OF OPERATIONS
Three months ending March 31, 2021 and 2020

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
OPERATING REVENUES	(unaudited)	
Energy	\$ 1,915,856	\$ 87,260
Capacity	687,690	752,528
Cryptocurrency hosting	555,747	0
Cryptocurrency mining	516,259	21,906
Other	122,782	14,907
Total operating revenues	<u>3,798,334</u>	<u>876,602</u>
OPERATING EXPENSES		
Fuel	2,172,109	193,468
Operations and maintenance	1,370,688	743,200
General and administrative	910,876	374,117
Depreciation and amortization	517,443	145,255
Total operating expenses	<u>4,971,117</u>	<u>1,456,041</u>
Operating Loss	(1,172,783)	(579,439)
OTHER INCOME (EXPENSE)		
Interest expense	(78,640)	(47,750)
Gain on extinguishment of PPP loan	638,800	—
Realized gain (loss) on sale of digital currencies	143,881	1,483
Derivative contracts, net	—	1,207,131
Waste coal credit	211,890	26,337
Other	17,895	—
Total other income	<u>933,827</u>	<u>1,187,201</u>
NET INCOME/(LOSS)	<u>\$ (238,956)</u>	<u>\$ 607,761</u>

The accompanying notes are an integral part of these condensed combined financial statements

SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC

UNAUDITED CONDENSED COMBINED STATEMENT OF PARTNERS' CAPITAL (DEFICIT)

March 31, 2021 and March 31, 2020

	<u>Limited Partners</u>	<u>General Partners</u>	<u>Partners' Deficit</u>
Balance - December 31, 2019	\$ (833,875)	\$ (1,947,086)	\$ (2,780,961)
Net income	182,328	425,433	607,761
Distributions paid		(321,933)	(321,933)
Balance- March 31, 2020	<u>\$ (651,547)</u>	<u>\$ (1,843,586)</u>	<u>\$ (2,495,133)</u>
Balance - December 31, 2020	\$ (1,221,144)	\$ (2,825,963)	\$ (4,047,107)
Net loss	(71,687)	(167,269)	(238,956)
Balance- March 31, 2021	<u>\$ (1,292,831)</u>	<u>\$ (2,993,232)</u>	<u>\$ (4,286,063)</u>

The accompanying notes are an integral part of these condensed combined financial statements

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

UNAUDITED CONDENSED COMBINED STATEMENTS OF CASH FLOWS
Three months ending March 31, 2021 and 2020

	March 31, 2021	March 31, 2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Income/(loss)	\$ (238,956)	\$ 607,761
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, Amortizations and Accretion of ARO	517,443	145,255
Forgiveness of PPP loan	(638,800)	—
Derivative contracts, net	—	505,747
Realized (gain) loss on sale of digital currency	(143,881)	1,483
(Increase) decrease in assets:		
Digital currencies	(516,259)	12,115
Accounts receivable	(298,765)	(268,109)
Due from related party	302,974	(27,195)
Inventory	114,750	—
Other current assets	(35,782)	11,078
Increase (decrease) in liabilities:		
Accounts payable	3,348,823	(276,049)
Due to related parties	319,071	(235,749)
Accrued liabilities	227,166	53
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,957,785	476,389
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of digital currencies	484,387	1,483
Purchase of property, plant and equipment	(2,854,904)	—
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(2,370,516)	1,483
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on long-term debt	(109,364)	(92,914)
Proceeds from PPP loan	841,670	—
Distributions paid	—	(321,933)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	732,306	(414,847)
NET INCREASE (DECREASE) IN CASH	1,319,575	63,025
CASH - BEGINNING OF YEAR	303,187	134,143
CASH - END OF YEAR	\$ 1,622,762	\$ 197,168

Supplementary cash flows disclosures as of March 31, 2021 and March 31, 2020:

	March 31, 2021	March 31, 2020
Equipment financed with debt	\$ 822,526	\$ 931,890
Interest paid	\$ 78,640	\$ 47,750

The accompanying notes are an integral part of these condensed combined financial statements

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
March 31, 2021 and December 31, 2020

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Scrubgrass Generating Company, L.P. (“Scrubgrass”) is a Delaware limited partnership formed on December 1, 1990. Q Power, LLC is a multi-member limited liability company and indirectly holds limited and general partner interests of Scrubgrass. Additionally, Aspen Scrubgrass Participant, LLC, a wholly-owned subsidiary of Olympus Power, LLC, is a limited partner of Scrubgrass.

Scrubgrass has two subsidiaries: Clearfield Properties, Inc. (“Clearfield”), which was formed for the purpose of purchasing a 175-acre site in Clearfield County, Pennsylvania, and acquiring access to certain coal material; and Leechburg Properties, Inc. (“Leechburg”), which was formed for the purpose of acquiring access rights to certain waste coal sites. Leechburg was a dormant entity at March 31, 2021 and December 31, 2020.

Scrubgrass operates as a qualifying cogeneration facility (“Facility”) under the provisions of the Public Utilities Regulatory Policies Act of 1978. Scrubgrass sells its electricity into the PJM Interconnection Merchant Market (“PJM”) under an Energy Management Agreement (“EMA”) with Direct Energy Business Marketing, LLC (“DEBM”) effective February 1, 2015. Scrubgrass’ primary fuel source is waste coal which is provided by various third parties.

Pursuant to an equity Assignment and Assumption agreement dated September 24, 2020, Q Power LLC assigned a 50%-member interest to a second individual. As a result, two individuals are the sole members of Q Power LLC. Stronghold Power LLC (“Stronghold”) was established on February 12, 2020 as a Delaware Limited Liability Company and is 100% owned by Q Power LLC. Stronghold was created to pursue opportunities involving cryptocurrency mining as well as providing hosting services for third-party miners.

Currently, Scrubgrass and Stronghold (collectively the “Company”), form a vertically integrated digital currency mining business. The Company buys and maintains a fleet of digital/cryptocurrency mining equipment and the required infrastructure, it also provides power to third party digital currency miners under favorable Power Purchase Agreement (“PPA”) agreements, and it sells energy as a merchant power producer and receives capacity payments from PJM for making its energy available to the grid. For all reported periods, Scrubgrass and Stronghold were under common control.

Waste coal credits are earned by Scrubgrass by generating electricity by using coal refuse.

Basis of Presentation

The combined financial statements include the accounts and operations of Scrubgrass Generating Co., LP, its wholly owned subsidiaries Clearfield and Leechburg, and Stronghold Digital Mining, LLC. All intercompany accounts and balances have been eliminated in combination.

The combined financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles. These combined financial statements reflect changes in statements of operations, changes in partners’ capital (deficit) and cash flows of the Company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. The Company maintains its cash in non-interest bearing accounts that are insured by the Federal Deposit Insurance Company up

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

to \$250,000. The Company's deposits may, from time to time, exceed the \$250,000 limit; however, management believes that there is no unusual risk present, as the Company places its cash with financial institutions which management considers being of high quality.

Digital Currencies

Digital currencies are included in current assets in the combined balance sheet. Digital currencies are recorded at cost less any impairment. Currently Bitcoin constitutes the only cryptocurrency the Company mines or holds in material amounts.

An intangible asset with an indefinite useful life is not amortized but assessed for impairment quarterly as well as annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company, concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted. The Company accounts for its gains or losses in accordance with the first-in, first-out (FIFO) method of accounting.

The following table presents the activities of the digital currencies for the three months ended March 31, 2021 and the year ended December 31, 2020:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Digital currencies at beginning of year	\$ 228,087	\$ 15,436
Additions of digital currencies	516,259	339,456
Realized gain (loss) on sale of digital currencies	143,881	31,810
Sale of digital currencies	<u>(484,387)</u>	<u>(158,615)</u>
Digital currencies at month ending	<u>\$ 403,840</u>	<u>\$ 228,087</u>

Cryptocurrency Machines

Management has assessed the basis of depreciation of the Company's cryptocurrency machines used to verify digital currency transactions and generate digital currencies and believes they should be depreciated over a two-year period. The rate at which the Company generates digital assets and, therefore, consumes the economic benefits of its transaction verification servers are influenced by a number of factors including the following:

- The complexity of the transaction verification process which is driven by the algorithms contained within the bitcoin open source software;
- The general availability of appropriate computer processing capacity on a global basis (commonly referred to in the industry as hashing capacity which is measured in Petahash units); and
- Technological obsolescence reflecting rapid development in the transaction verification server industry such that more recently developed hardware is more economically efficient to run in terms of digital assets generated as a function of operating costs, primarily power costs, i.e. the speed of hardware evolution in the industry is such that later hardware models generally have faster processing capacity combined with lower operating costs and a lower cost of purchase.

The Company operates in an emerging industry for which limited data is available to make estimates of the useful economic lives of specialized equipment. Management has determined that two years best reflects the current expected useful life of transaction verification servers. This assessment takes into consideration the availability of historical data and management's expectations regarding the direction of the industry including potential changes in technology. Management will review this estimate annually and will revise such estimate as and when data comes available.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

To the extent that any of the assumptions underlying management's estimate of useful life of its transaction verification servers are subject to revision in a future reporting period either as a result of changes in circumstances or through the availability of greater quantities of data then the estimated useful life could change and have a prospective impact on depreciation expense and the carrying amounts of these assets.

Inventory

Waste coal, fuel oil and limestone are valued at the lower of average cost or net realizable value and includes all related transportation and handling costs.

The Company performs periodic assessments to determine the existence of obsolete, slow-moving and unusable inventory and records necessary provisions to reduce such inventories to net realizable value.

Derivative Contracts

In accordance with guidance on accounting for derivative instruments and hedging activities all derivatives should be recognized at fair value. Derivatives or any portion thereof, that are not designated as, and effective as, hedges must be adjusted to fair value through earnings. Derivative contracts are classified as either assets or liabilities on the accompanying combined balance sheets. Certain contracts that require physical delivery may qualify for and be designated as normal purchases/normal sales. Such contracts are accounted for on an accrual basis.

The Company uses derivative instruments to mitigate its exposure to various energy commodity market risks. The Company does not enter into any derivative contracts or similar arrangements for speculative or trading purposes. The Company will, at times, sell its forward unhedged electricity capacity to stabilize its future operating margins.

At December 31, 2020, all derivative contracts were settled.

Fair Value Measurements

The Company measures at fair value certain of its financial and non-financial assets and liabilities by using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, essentially an exit price, based on the highest and best use of the asset or liability. The levels of the fair value hierarchy are:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At December 31, 2020, the Company does not have any assets or liabilities remeasured at fair value as there were no open positions.

Property and Equipment

Property and equipment were recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. The Company records all assets associated with the cryptocurrency hosting operations at cost. These assets are comprised of storage trailers and the related electrical components. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the remaining estimated useful lives ("EUL") of the related assets using the straight-line method.

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

The Company's depreciation is based on its Facility being considered a single property unit. Certain components of the Facility may require replacement or overhaul several times over its estimated life. Costs associated with overhauls are recorded as an expense in the period incurred. However, in instances where a replacement of a Facility component is significant and the Company can reasonably estimate the original cost of the component being replaced, the Company will write-off the replaced component and capitalize the cost of the replacement. The component will be depreciated over the lesser of the EUL of the component or the remaining useful life of the Facility.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of property and equipment may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of property and equipment. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property and equipment is used, and the effects of obsolescence, demand, competition, and other economic factors.

Asset Retirement Obligations

Asset retirement obligations, including those conditioned on future events, are recorded at fair value in the period in which they are incurred, if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset in the same period. In each subsequent period, the liability is accreted to its present value and the capitalized cost is depreciated over the EUL of the long-lived asset. If the asset retirement obligation is settled for other than the carrying amount of the liability, the Company recognizes a gain or loss on settlement. The Company's asset retirement obligation represents the cost the Company would incur to perform environmental clean-up or dismantle certain portions of the Facility.

Revenue Recognition

Revenues are recognized in the period electricity is delivered and capacity is provided.

Providing computing power in crypto asset transaction verification services is an output of the Company's ordinary activities. The provision of computing power is the only performance obligation in the Company's contracts with pool operators. The transaction consideration the Company receives, if any, is noncash consideration, which the Company measures at fair value on the date received. The consideration is all variable. Because it is not probable that a significant reversal of cumulative revenue will not occur, the consideration is constrained until the Company successfully places a block (by being the first to solve an algorithm) and the Company receives confirmation of the consideration it will receive, at which point in time revenue is recognized. There is no significant financing component in these transactions.

The Company has entered into digital asset mining pools by executing contracts with the mining pool operators to provide computing power to the mining pool. The contracts are terminable at any time by either party and the Company's enforceable right to compensation only begins when the Company provides computing power to the mining pool operator. In exchange for providing computing power, the Company is entitled to a fractional share of the fixed cryptocurrency award the mining pool operator receives (less digital asset transaction fees to the mining pool operator), for successfully adding a block to the blockchain. The Company's fractional share is based on the proportion of computing power the Company contributed to the mining pool operator to the total computing power contributed by all mining pool participants in solving the current algorithm. The Company, at times, will receive advances or deposits from customers before revenue is recognized, resulting in contract liabilities. Hosting services related to cryptocurrency are treated as one distinct performance obligation in which the Company recognizes over time.

Fair value of the digital asset award received is determined using the average U.S. dollar spot rate of the related digital currency at the time of receipt.

There is currently no specific definitive guidance under GAAP or alternative accounting framework for the accounting for cryptocurrencies recognized as revenue or held, and management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacted by the FASB, the Company may be required to change its policies, which could have an effect on the Company's combined financial position and results from operations.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

Income Taxes

Scrubgrass and Stronghold are structured as a limited partnership and limited liability company, respectively; therefore the taxable income or loss of the Company is included in the income tax returns of the individual partners. Accordingly, no recognition has been given to federal or state income taxes in the accompanying financial statements.

Scrubgrass' two subsidiaries, Clearfield and Leechburg, are corporations for federal and state income tax purposes. Income taxes attributable to Clearfield and Leechburg are provided based on the asset and liability method of accounting pursuant to the Income Taxes Topic of the FASB ASC. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all, of the deferred tax asset will not be realized. Clearfield and Leechburg have not recorded any temporary differences resulting in either a deferred tax asset or liability for the years ending December 31, 2020.

Clearfield and Leechburg follow the Accounting for Uncertainty in Income Taxes Sub-Topic of the FASB ASC which governs the accounting for uncertainty in income taxes. Pursuant to this Sub-Topic, a tax position can be recognized in the financial statements only when it is more likely than not that the position will be sustained upon examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured as the largest amount of benefit that will more likely than not be realized upon settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the financial statements. Clearfield and Leechburg did not recognize an impact under this Sub-Topic for the years ending December 31, 2020 and 2019. As of December 31, 2020, the tax years ended December 31, 2017 through 2020 are open for potential examination by taxing authorities.

Adoption of New Accounting Standard

As of January 1, 2019, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Company adopted Topic 606 under the modified retrospective approach whereby the cumulative effect of adopting the new guidance was recognized on the date of initial application. The adoption of ASC 606 did not result in a change to the accounting for revenue, as such, no cumulative effect adjustment was recorded.

Subsequent Events

Management has evaluated events and transactions subsequent to the balance sheet date through the date of the independent auditor's report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Except as disclosed at Note 11, management has not identified any items requiring recognition or disclosure.

NOTE 2 - INVENTORIES

Inventories consist of the following components at March 31, 2021 and December 31, 2020:

	<u>March 31,2021</u>	<u>December 31, 2020</u>
Waste coal	\$ 205,694	\$ 342,476
Fuel oil	46,927	33,243
Limestone	29,521	21,173
TOTALS	<u>\$ 282,142</u>	<u>\$ 396,892</u>

SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2021 and December 31, 2020:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
	<u>(unaudited)</u>	
Land and electric plant	\$ 30,288,979	\$ 30,288,979
Machinery and equipment	5,025,112	2,862,736
Computer hardware and software	4,236	5,062
Vehicles	81,733	81,733
Construction in progress	2,238,881	1,544,536
Asset retirement obligation	79,848	79,848
	<u>37,718,789</u>	<u>34,862,894</u>
Accumulated depreciation and amortization	<u>(27,560,377)</u>	<u>(27,048,695)</u>
TOTALS	<u>\$ 10,158,411</u>	<u>\$ 7,814,199</u>

Depreciation and amortization charged to operations was \$517,443 and \$558,630 for the three months ended March 31, 2021 and for the year end December 31, 2020 respectively.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

NOTE 4 – LONG-TERM DEBT

Long-term debt consisted of the following at March 31, 2021 and December 31, 2020:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
\$66,076 loan for equipment with monthly payments of \$1,537 with interest at 5.55%, due July 2021.	\$ 12,048	\$ 16,440
\$75,000 loan for equipment with monthly payments of \$2,489 with interest at 12.67%, due April 2021.	7,312	14,934
\$142,000 loan for equipment with monthly payments of \$4,620 with interest at 11.21%, due April 2021.	4,577	18,056
\$70,000 loan for equipment with monthly payments of \$2,300 with interest at 11.92%, due April 2021.	2,277	8,974
\$499,520 loan for equipment with monthly payments of \$8,863 with interest at 2.49% due December 2023.	307,134	333,599
\$499,895 loan for equipment with monthly payments of \$11,054 with interest at 2.95% due July 2023.	339,765	371,490
\$212,675 loan for equipment with monthly payments of \$7,239 with interest at 6.75% due October 2022.	149,413	168,397
	<u>822,526</u>	<u>931,890</u>
Less current portion	417,822	449,447
	<u>\$ 404,704</u>	<u>\$ 482,443</u>

Future scheduled maturities on the outstanding borrowings for each of the next three years as of March 31, 2021 are as follows:

<u>Years ending December 31:</u>		
2021	\$	417,822
2022		300,887
2023		181,556
	\$	<u>900,265</u>

NOTE 5 – CONCENTRATIONS

Credit risk is the risk of loss the Company would incur if counterparties fail to perform their contractual obligations (including accounts receivable). The Company primarily conducts business with counterparties in the crypto mining and energy industry. This concentration of counterparties may impact the Company's overall exposure to credit risk, either positively or negatively, in that its counterparties may be similarly affected by changes in economic, regulatory or other conditions. The Company mitigates potential credit losses by dealing, where practical, with counterparties that are rated at investment grade by a major credit agency or have a history of reliable performance within the crypto mining and energy industry.

Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents customarily exceed federally insured limits. The Company's significant credit risk is primarily concentrated with DEBM, which amounted to approximately 100% of the Company's energy revenues for the three months ending March 31, 2021 and 2020. DEBM accounted for 75% and 38% of the Company's accounts receivable balance at March 31, 2021 and December 31, 2020, respectively.

For the three months ended March 31, 2021 and 2020, the Company purchased 100% and 99% of coal from two related parties, respectively. See Note G for further information.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Company experiences routine litigation in the normal course of business. Management is of the opinion that none of this routine litigation will have a material adverse effect on the Company's combined financial position or results of operations.

NOTE 7 – RELATED-PARTY TRANSACTIONS

Related-Party Notes

In December 2020, one of the general partners loaned \$1,500,000 to the Company for working capital and equipment financing. The loan is due December 2021 plus applicable interest. Interest accrues daily at 8.0%. At March 31, 2021, the outstanding balance due was \$1,500,000.

In December 2020, a second general partner loaned \$524,250 to the Company for working capital and equipment financing. The loan is due December 2021 plus applicable interest. Interest accrues daily at 8.0%. At March 31, 2021, the outstanding balance due was \$524,250.

Total accrued interest as of March 31, 2021 is \$40,374.

Management Services Agreement

The Company has a management services agreement with Q Power, LLC to provide day-to-day management and administration services to the Company. The agreement provides for a monthly fee of 25,000 in 2021 and 2020. Amounts incurred for the three months ended March 31, 2021 and March 31, 2020 were \$150,000 and \$75,000, respectively. This Management Agreement ceased on May 9, 2021 was terminated; and a new agreement was executed effective May 10, 2021 (refer to NOTE 12- SUBSEQUENT EVENTS section) for more details on this new agreement.

Waste Coal Agreement

The Company is obligated under a Waste Coal Agreement (the "WCA") to take minimum annual delivery of 200,000 tons of waste coal as long as there is a sufficient quantity of Waste Coal that meets the Average Quality Characteristics. Under the terms of the WCA, the Company is not charged for the waste coal itself but is charged a \$6.07 per ton base handling fee as it is obligated to mine, process, load and otherwise handle the waste coal for itself and also for other customers of Coal Valley Sales, LLC ("CVS") from the Russellton Site specifically. The Company is also obligated to unload and properly dispose of ash at the Russellton site.

A reduced handling fee is charged at \$1.00 per ton for any tons in excess of the minimum take of 200,000 tons.

The Company is the designated operator at the Russellton site and therefore is responsible for complying with all state and federal requirements and regulations.

In December 2020, the Company notified CVS by letter that it intends to restart operations at Russellton during Q1 of 2021. It proposed a ramp-up of tons and payments at \$25,000 a month until the economics of the plant steady and return to the minimum take per the contract. Subsequent to March 31, 2021, the Company has resumed the semi-monthly minimum payments of approximately \$53 thousand per the WCA.

The Company purchased coal from Coal Valley Properties, LLC, a single-member LLC which is entirely owned by one individual that has ownership in Q Power LLC, and from CVS. CVS is a single-member LLC which is owned by a coal reclamation partnership of which an owner of Q Power LLC has a direct and an indirect interest in the partnership of 16.26%.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

The Company purchased coal from the following related parties for the three months ended March 31, 2021 and March 31, 2020, as follows:

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Coal Purchases:		
Coal Valley Properties, LLC	\$ —	\$ —
Coal Valley Sales, LLC	75,000	0
TOTALS	<u>\$ 75,000</u>	<u>\$ —</u>

Amounts due to related parties at March 31, 2021 and December 31, 2020:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Payables:		
Coal Valley Properties, LLC	\$ 188,338	\$ 188,338
Q Power LLC	660,000	510,000
Coal Valley Sales, LLC	169,071	—
TOTALS	<u>\$ 1,017,409</u>	<u>\$ 698,338</u>

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN, ECONOMIC INJURY DISASTER LOAN

The Company was issued an Economic Injury Disaster Loan (EIDL) in April 2020 of \$150,000, and a round two loan of \$841,670 in March 2021 under the Paycheck Protection Program (PPP) pursuant to the Coronavirus, Aid, Relief, and Economic Security (CARES) Act. As a U.S. small business, the Company qualified for the PPP, which allowed businesses and non-profits with fewer than 500 employees to obtain loans of up to \$10 million to incentivize companies to maintain their workers as they manage the business disruptions caused by the COVID-19 outbreak.

As of March 31, 2021, \$150,000 remains on the EIDL loan, which matures in April 2050. The loan bears interest at 3.75%, requires \$731 in monthly installments, and is secured by substantially all assets of the Company. The principal payments required on the EIDL loan for years subsequent to December 31, 2020 are as follows:

<u>Years ending December 31:</u>	<u>Amount</u>
2021	\$ —
2022	2,987
2023	3,102
2024	3,206
2025	3,346
Thereafter	137,359
TOTAL	<u>\$ 150,000</u>

The round 2 PPP loan in the amount of \$841,670 accrues an interest of 1% per year; and matures on the fifth anniversary of the date of the note. In January 2021, the Company was granted relief as forgiveness for the round 1 PPP loan in the amount of \$638,800.

NOTE 9 - COVID-19

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the future effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
 March 31, 2021 and December 31, 2020

NOTE 10 – SEGMENT REPORTING

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Our chief operating decision maker is the chief executive officer. The Company functions in two operating segments about which separate financial information is available as follows:

Reportable segment results for the three months ending March 31, 2021 and March 31, 2020 are as follows:

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Operating Revenues		
Energy Operations	\$ 2,726,328	\$ 854,695
Cryptocurrency Operations	1,072,006	\$ 21,906
Total Operating Revenues	<u>\$ 3,798,334</u>	<u>\$ 876,602</u>
Operating Income/(Loss)		
Energy Operations	\$ (1,683,917)	\$ (599,155)
Cryptocurrency Operations	\$ 511,134	\$ 19,716
Total Operating Income	<u>\$ (1,172,783)</u>	<u>\$ (579,439)</u>
Depreciation and Amortization		
Energy Operations	\$ (143,634)	\$ (145,255)
Cryptocurrency Operations	\$ (373,809)	\$ —
Total Depreciation & Amortization	<u>\$ (517,443)</u>	<u>\$ (145,255)</u>
Interest Expense		
Energy Operations	\$ (38,266)	\$ (47,750)
Cryptocurrency Operations	\$ (40,374)	\$ —
Total Interest Expense	<u>\$ (78,640)</u>	<u>\$ (47,750)</u>

NOTE 11 – SUBSEQUENT EVENTS

Reorganization

On April 1, 2021, contemporaneously with the Series A Private Placement (see below), the Company underwent a corporate reorganization. As part of the reorganization, the Company acquired the Aspen Scrubgrass Participant, LLC (“Aspen”) interest using 200,000 shares of newly issued Series A Preferred Stock in Stronghold Digital Mining Inc. and \$2.0 million in cash from proceeds from the Series A Private Placement. Pursuant to the Reorganization, Q Power, LLC contributed all of its ownership interests in EIF Scrubgrass, LLC, Falcon Power, LLC and Stronghold Digital Mining LLC to Stronghold Digital Mining Holdings, LLC in exchange for 9,400,000 Stronghold LLC Units, Stronghold Digital Mining, Inc. contributed cash (using the remaining proceeds from the Series A Private Placement, net of fees, expenses and amounts paid to Aspen), 9,400,000 shares of Class V common stock of Stronghold Digital Mining, Inc. and the Aspen Interest to Digital Mining Holdings, LLC in exchange for 3,600,000 preferred units of Stronghold Digital Mining Holdings, LLC, and Stronghold Digital Mining Holdings, LLC immediately thereafter distributed the 9,400,000 shares of Class V common stock to Q Power, LLC. In addition, effective as of April 1, 2021, Stronghold Digital Mining, Inc. acquired 5,000 Stronghold Digital Mining Holdings, LLC Units held by Q Power, LLC (along with an equal number of shares of Class V common stock) in exchange for 5,000 newly issued shares of Class A common stock.

As a result of the reorganization, the acquisition of the Aspen Interest and the acquisition of Stronghold Digital Mining Holdings, LLC Units by Stronghold Digital Mining, Inc. discussed above, (a) Q Power, LLC acquired and retained 9,395,000 Stronghold Digital Mining Holdings, LLC Units, 5,000 shares of Class A common stock of Stronghold Digital Mining Inc., and 9,395,000 shares of Class V common stock of Stronghold Digital Mining, Inc., effectively giving Q Power, LLC approximately 72% of the voting power of Stronghold Digital Mining, Inc. and approximately 72% of the economic interest in Stronghold Digital Mining Holdings, LLC, (b) Stronghold Digital Mining, Inc. acquired 3,600,000 preferred units of Stronghold Digital Mining Holdings LLC and 5,000 Stronghold Digital Mining Holdings, LLC Units, effectively giving Stronghold Digital Mining, Inc. approximately 28% of the economic interest in Stronghold Digital Mining Holdings, LLC,

SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

(c) Stronghold Digital Mining, Inc. became the sole managing member of Stronghold Digital Mining Holdings, LLC and is responsible for all operational, management and administrative decisions relating to Stronghold Digital Mining Holdings LLC's business and will consolidate financial results of Stronghold Digital Mining Holdings, LLC and its subsidiaries, (d) Stronghold Digital Mining, Inc. became a holding company whose only material asset consists of membership interests in Stronghold Digital Mining Holdings LLC, and (e) Stronghold Digital Mining Holdings, LLC directly or indirectly owns all of the outstanding equity interests in the subsidiaries through which we operate our assets, including Scrubgrass Reclamation Company, L.P. and Stronghold Digital Mining LLC.

Acquisition

On March 3, 2021, SDM entered into a non-binding letter of intent with Olympus Power, LLC for the purchase of (i) the Scrubgrass Plant, (ii) the Panther Creek Plant, a coal refuse reclamation-to-energy facility with 94 MW of electricity generation capacity located near Nesquehoning, Pennsylvania and (iii) the Third Plant, a coal refuse reclamation-to-energy facility with 134 MW of electricity generation capacity located in Pennsylvania. The completed the acquisition of the Aspen interest on April 1, 2021 (Scrubgrass Plant). On July 2, 2021, Stronghold Digital Mining Holdings, LLC (Buyer) entered into a binding Equity and Capital Contribution Agreement for the Panther Creek Plant. The consideration for the Panther Creek Plant is approximately \$3,000,000 of cash consideration and 400,000 Series A Preferred Units.

Private Placements

On April 1, 2021 the Company entered into a Series A Preferred Stock Purchase Agreement pursuant to which the Company issued and sold 3,400,000 shares of Series A Convertible Redeemable Preferred Stock in a private offering at a price of \$25.00 per share to various accredited individuals in reliance upon exemptions from registration pursuant to Section 4(a)(2) under the Securities Act and Regulation D thereunder for aggregate consideration of approximately \$85.0 million. In connection with the offering, the Company incurred approximately \$7.3 million in fees and expenses.

Further, pursuant to the Series A Stock Purchase Agreement, Stronghold Digital Mining Inc., the investors in Series A Private Placement and key holders entered into the Right of First Refusal ("ROFR") Agreement. Under the ROFR Agreement, the key holders agreed to grant a right of first refusal to Stronghold Digital Mining, Inc. to purchase all or any portion capital stock of Stronghold Digital Mining, Inc., held by a key holder or issued to a key holder after the date of the ROFR Agreement, not including any shares of Series A Preferred Stock or common stock issued or issuable upon conversion of the Series A Preferred Stock. The key holders also granted a secondary refusal right to the investors in the Series A Private Placement to purchase all or any eligible capital stock not purchased by Stronghold Digital Mining, Inc. pursuant to their right of first refusal.

The ROFR Agreement also provides certain co-sale rights to investors in the Series A Private Placement to participate in any sale or similar transfer of any shares of common stock owned by a key holder or issued to a key holder after the Series A Private Placement, on the terms and conditions specified in a written notice from a key holder. The investors, however, are not obligated to participate in such sales or similar transfers. The co-sale and rights of first refusal under the ROFR Agreement will terminate upon certain specified events outlined in the agreement.

On May 14, 2021, the Company completed the Series B Private Placement for shares of the Company's Series B Preferred Stock. The terms of the Series B Preferred Stock are substantially similar to the Series A Preferred Stock, except for differences in the stated value of such shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or certain deemed liquidation events. In connection with this offering, the Company sold 630,915 shares of its preferred stock for an aggregate purchase of \$20.0 million. In connection with the offering the Company incurred approximately \$2.4 million in fees and expenses.

The Series A Placement and Series B Placement are subject to a Registration Rights Agreement with certain filing deadlines as defined in the agreements. Failure to meet certain requirements will require the Company to pay PIK Dividends outlined in the agreements.

On each of April 1, 2021 and May 14, 2021, Stronghold Digital Mining Inc. entered into a warrant agreement with American Stock Transfer & Trust Company (Warrant Agent). B. Riley Securities, Inc. acted as the Company's placement agent in connection with the Series A Stock Purchase Agreement and Series B Stock Purchase Agreement. In connection therewith, the Company issued B. Riley Securities, Inc. (i) a five-year warrant to purchase up to 34,000 shares of Series A

SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

Preferred Stock at a per share exercise price of \$25.00 and (ii) a five-year warrant to purchase up to 6,309 shares of Series B Preferred Stock at a per share exercise price of \$31.70. In each case the exercise price was equal to the respective private placement per share price. B. Riley Securities, Inc. and its affiliates purchased 152,500 and 31,812 shares of Series A Preferred Stock and Series B Preferred Stock, respectively, at the same private placement per share price.

Debt Financing

On June 30, 2021, in connection with the WhiteHawk Finance Agreement, Stronghold Digital Mining Equipment LLC (whose sole member is Stronghold Digital Mining Holdings, LLC) executed a promissory note with WhiteHawk, in the principal sum of \$40,000,000. The first payment on this note is to commence on July 31, 2021, consisting of both principal and interest. The term of this note is for two years, ending June 30, 2023. The interest rate applicable to this note is 10%. An administration charge of \$30,000 per quarter is payable beginning on June 30, 2021 and the last date of each quarter thereafter. A corporate guaranty was executed by Stronghold Digital Mining, Inc. on June 30, 2021 for the payments of the note. On June 30, 2021 Stronghold Digital Mining, LLC drew funds of \$39,100,000 from WhiteHawk Finance LLC. In connection with the promissory note, Stronghold Digital Mining, Inc. issued WhiteHawk Finance LLC, warrants to purchase a number of shares of Class A common stock, par value \$0.0001 per share, of Stronghold Digital Mining, Inc., equal to the Warrant Share Number at a price per share equal to \$0.01 (the "Exercise Price"). The number of warrants issued is equal to approximately \$2.0 million divided by a base share value defined in the warrant agreement.

On June 25, 2021, Stronghold Digital Mining, LLC entered into two (2) separate master equipment finance agreements with Arctos Credit LLC. The first equipment finance agreement was in the amount of \$10,641,362. The first payment on this agreement is to commence on July 25, 2021, consisting of both principal and interest. The term for this agreement is for two years, ending June 25, 2023. The interest rate applicable to this agreement is 10%. A closing fee of \$212,827 is part of the first finance agreement. The second equipment finance agreement is in the amount of \$14,077,800. The first payment of this agreement is to commence on July 25, 2021, consisting of both principal and interest. The terms for this agreement are for two years, ending June 25, 2023. The interest rate applicable to this agreement is 10%. A closing fee of \$281,556 is part of the second finance agreement. On July 2, 2021 Stronghold Digital Mining Inc. received funds net of miscellaneous fees of \$24,249,778 from Arctos Credit LLC. An affiliate of Arctos Credit, LLC was issued a total of 43,845 shares of common stock of Stronghold Inc. under the master equipment finance agreements.

Equipment

2, 2021, the Company entered into a purchase agreement with a seller for the acquisition of 15,000 of their MV7 ASIC SHA256 model cryptocurrency miner equipment (miners) with a total terahash to be delivered equal to 1.5 million terahash (total terahash). The price per miner is \$4,892.50 for an aggregate purchase price of \$73,387,500 to be paid in installments. The first installment equal to 60% of the purchase price, or \$44,032,500, was paid on April 2, 2021. The company shall make two additional installment payments of 20% of the purchase price, or \$14,677,500 each, to be paid on June 2, 2021 and the other one month before the shipping date. The seller anticipates shipping no less than 5,000 miners by October 31, 2021, no less than 5,000 miners by November 30, 2021 and the remainder by December 31, 2021. In exchange for the delivery of the total terahash, seller shall be granted 154,114 shares of Stronghold Digital Mining at a price per share of \$25. The aggregate purchase price does not include shipping costs, which are the responsibility of the Company and shall be determined at which time the miners are ready for shipment.

any entered into a hardware purchase and sales agreement with a party effective April 1, 2021. Hardware includes, but is not limited to ASIC Miners, power supply units, power distribution units and replacement fans for ASIC Miners. All hardware must be paid for in advance before being shipped to the Company. The Company made payments to this party totaling \$4,528,000 in April 2021.

any entered into an agreement with a party to provide approximately 14,285 miners at a cost of approximately \$33,783,000. The Company was required to make an initial payment on the miners that are expected to begin delivery in August 2021. The Company made a deposit of \$15,758,432 in April 2021. Once operational, after deducting an amount equal to \$0.027/kWh for the actual power used, 65% of all cryptocurrency revenue generated by the miners shall be payable to the Company and 35% of all cryptocurrency revenue generated by the miners shall be payable to this party or its designee.

SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (CONTINUED)
March 31, 2021 and December 31, 2020

2021, the Company purchased 800 miners for a combined purchase price of \$5,657,432. These miners have been partially delivered and the remainder are expected to be delivered in 2021.

Long-Term Incentive Plan

On April 28, 2021, Stronghold Digital Mining, Inc. approved a long-term incentive plan (the "LTIP") pursuant to which they may grant stock options to employees, officers, consultants and other service providers of the Company. The aggregate number of shares of common stock that may be issued or used for reference purposes or with respect to which awards may be granted under the plan shall not exceed 1,300,000 shares (subject to any increase or decrease pursuant to section 4.2 hereof). The board is duly authorized to administer the LTIP. On June 18, 2021, the board granted 216,900 of stock option grants with various vesting terms.

Related Party Agreements

On May 10, 2021, a management and advisory agreement was entered into between Q Power LLC, and William Spence. In consideration of consultant's performance of the services thereunder, Q Power LLC will pay Mr. Spence a fee at the rate of \$50,000 per complete calendar month (pro-rated for partial months) that Mr. Spence provides services thereunder, payable in arrears. Q Power LLC will not be liable for any other payments to Mr. Spence including, but not limited to, any cost or expenses incurred by Mr. Spence in the course of performing his obligations thereunder.

In June of 2021, the companies repaid \$2,093,018 in related party notes with Greg Beard and William Spence.

Report of Independent Registered Public Accounting Firm

To the Partners and Members
and Board of Directors
Scrubgrass Generating Company, L.P. and
Stronghold Digital Mining, LLC.
Kennerdell, Pennsylvania

Opinion on the Combined Financial Statements

We have audited the accompanying combined balance sheets of Scrubgrass Generating Company, L.P. and Stronghold Digital Mining LLC, (collectively the "Company") as of December 31, 2020 and 2019, the related combined statements of operations, changes in partners' capital (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "combined financial statements"). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for years ended December 31, 2020 and 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's combined financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the combined financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter - Subsequent Event

As more fully described in Note 12 of the combined financial statements, on April 1, 2021, the Company effected a reorganization.

/s/ Urish Popeck & Co., LLC

We have served as the Company's auditor since 2021.

Pittsburgh, PA
May 10, 2021

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

AUDITED COMBINED BALANCE SHEETS
December 31, 2020 and 2019

	2020	2019
CURRENT ASSETS		
Cash	\$ 303,187	\$ 134,143
Cryptocurrencies	228,087	15,436
Accounts receivable	65,900	136,518
Due from related party	302,975	-
Inventory	396,892	529,483
Derivative contracts, net	-	505,747
Other current assets	65,831	57,960
	1,362,872	1,379,287
PROPERTY, PLANT AND EQUIPMENT, NET	7,814,199	6,386,428
ROAD BOND	185,245	185,245
TOTAL ASSETS	\$ 9,362,316	\$ 7,950,960
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 449,447	\$ 292,292
Related-party notes payable	2,024,250	-
Accounts payable	8,479,183	7,932,464
Due to related parties	698,338	1,147,206
Accrued liabilities	828	3,757
	11,652,046	9,375,719
LONG-TERM LIABILITIES		
Asset retirement obligation	446,128	424,307
Contract liabilities	40,000	-
Economic Injury Disaster Loan	150,000	-
Paycheck Protection Program Loan	638,800	-
Long-term debt	482,443	931,890
	1,757,371	1,356,197
Total Liabilities	13,409,417	10,731,916
COMMITMENTS AND CONTINGENCIES		
PARTNERS' CAPITAL (DEFICIT)		
General partners	(2,710,317)	(1,935,489)
Limited partner	(1,336,784)	(845,467)
	(4,047,101)	(2,780,956)
TOTAL LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)	\$ 9,362,316	\$ 7,950,960

The accompanying notes are an integral part of these combined financial statements.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

AUDITED COMBINED STATEMENTS OF OPERATIONS
Years ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Energy	\$ 518,397	\$ 7,047,237
Capacity	2,816,457	3,832,457
Cryptocurrency hosting	252,413	-
Cryptocurrency mining	339,456	33,337
Other	191,661	136,299
Total operating revenues	4,118,384	11,049,330
OPERATING EXPENSES		
Fuel	425,126	8,435,990
Operations and maintenance	3,305,833	5,637,118
General and administrative	2,269,525	3,072,285
Depreciation and amortization	558,630	483,658
Total operating expenses	6,559,114	17,629,051
Operating Loss	(2,440,730)	(6,579,921)
OTHER INCOME (EXPENSE)		
Interest income	2,982	4,177
Interest expense	(205,480)	(192,961)
Gain on extinguishment of EIDL advance	10,000	-
Realized gain (loss) on sale of cryptocurrencies	31,810	(1,516)
Commission on sale of ash	-	590,832
Derivative contracts, net	1,207,131	2,244,810
Waste coal credits	1,188,210	2,011,044
Renewable energy credits	35,493	105,532
Other	25,590	(33,640)
Total other income	2,295,736	4,728,278
NET LOSS	\$ (144,994)	\$ (1,851,443)

The accompanying notes are an integral part of these combined financial statements.

SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC

COMBINED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL (DEFICIT)
Years ended December 31, 2020 and 2019

	<u>Limited Partner</u>	<u>General Partners and Members</u>	<u>Total Partners' Deficit</u>
Balance - December 31, 2018	\$ (106,474)	\$ (246,855)	\$ (353,329)
Net loss	(564,980)	(1,286,463)	(1,851,443)
Distributions paid	<u>(174,013)</u>	<u>(402,171)</u>	<u>(576,184)</u>
Balance - December 31, 2019	\$ (845,467)	\$ (1,935,489)	\$ (2,780,956)
Partner contribution	-	62,000	62,000
Net (loss) income	(147,546)	2,552	(144,994)
Distributions paid	<u>(343,771)</u>	<u>(839,380)</u>	<u>(1,183,151)</u>
Balance - December 31, 2020	<u>\$ (1,336,784)</u>	<u>\$ (2,710,317)</u>	<u>\$ (4,047,101)</u>

The accompanying notes are an integral part of these combined financial statements.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

COMBINED STATEMENTS OF CASH FLOWS
Years ended December 31, 2020 and 2019

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net loss	\$ (144,994)	\$ (1,851,443)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of property and equipment	558,630	483,658
Accretion of asset retirement obligation	21,821	20,662
Forgiveness of EIDL advance	(10,000)	-
Loss on disposal of assets	-	23,113
Derivative contracts, net	505,747	(1,423,602)
Realized (gain) loss on sale of cryptocurrencies	(31,810)	1,516
(Increase) decrease in assets:		
Cryptocurrencies	(339,456)	(33,337)
Accounts receivable	70,618	339,760
Due from related party	(302,975)	-
Inventory	132,591	(68,236)
Other current assets	(7,871)	(3,940)
Increase (decrease) in liabilities:		
Accounts payable	546,719	2,778,390
Due to related parties	(448,868)	488,683
Accrued liabilities	(2,929)	(42)
Contract liabilities	40,000	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>587,223</u>	<u>755,182</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of cryptocurrencies	158,615	17,982
Purchase of property, plant and equipment	(1,986,401)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,827,786)</u>	<u>17,982</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on long-term debt	(292,292)	(250,058)
Proceeds from PPP loan	638,800	-
Proceeds from EIDL loan	150,000	-
Proceeds from EIDL advance	10,000	-
Proceeds from related-party notes payable	2,024,250	-
Partner contribution	62,000	-
Distributions paid	(1,183,151)	(576,184)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>1,409,607</u>	<u>(826,242)</u>
NET INCREASE (DECREASE) IN CASH	169,044	(53,078)
CASH - BEGINNING OF YEAR	<u>134,143</u>	<u>187,221</u>
CASH - END OF YEAR	<u>\$ 303,187</u>	<u>\$ 134,143</u>

The accompanying notes are an integral part of these combined financial statements.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - NATURE OF OPERATIONS AND PARTNERSHIP INFORMATION

Scrubgrass Generating Company, L.P. (“Scrubgrass”) is a Delaware limited partnership formed on December 1, 1990. Q Power, LLC is a multi-member limited liability company and indirectly holds limited and general partner interests of Scrubgrass. Additionally, Aspen Scrubgrass Participant, LLC, a wholly-owned subsidiary of Olympos Power, LLC, is a limited partner of Scrubgrass.

Scrubgrass has two subsidiaries: Clearfield Properties, Inc. (“Clearfield”), which was formed for the purpose of purchasing a 175-acre site in Clearfield County, Pennsylvania, and acquiring access to certain coal material; and Leechburg Properties, Inc. (“Leechburg”), which was formed for the purpose of acquiring access rights to certain waste coal sites. Leechburg was a dormant entity on December 31, 2019 and 2020.

Scrubgrass operates as a qualifying cogeneration facility (“Facility”) under the provisions of the Public Utilities Regulatory Policies Act of 1978. Scrubgrass sells its electricity into the PJM Interconnection Merchant Market (“PJM”) under an Energy Management Agreement (“EMA”) with Direct Energy Business Marketing, LLC (“DEBM”) effective February 1, 2015. Scrubgrass’ primary fuel source is waste coal which is provided by various third parties.

Pursuant to an equity Assignment and Assumption agreement dated September 24, 2020, Q Power LLC assigned a 50%-member interest to a second individual. As a result, two individuals are the sole members of Q Power LLC. Stronghold Power LLC (“Stronghold”) was established on February 12, 2020 as a Delaware Limited Liability Company and is 100% owned by Q Power LLC. Stronghold was created to pursue opportunities involving cryptocurrency mining as well as providing hosting services for third-party miners.

Currently, Scrubgrass and Stronghold (collectively the “Company”), form a vertically integrated cryptocurrency mining operation, which utilizes specialized computers (also known as “miners”) using application-specific integrated circuit (ASIC) chips to solve complex cryptographic algorithms in order to support the Bitcoin blockchain (in a process known as “solving a block”), in exchange for cryptocurrency rewards. For all reported periods, Scrubgrass and Stronghold were under common control.

The Company buys and maintains a fleet of cryptocurrency mining equipment and the required infrastructure, it also provides power to third party cryptocurrency miners under favorable Power Purchase Agreement (“PPA”) agreements, and it sells energy as a merchant power producer and receives capacity payments from PJM for making its energy available to the grid. Waste coal credits are earned by Scrubgrass by generating electricity by using coal refuse.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The combined financial statements include the accounts and operations of Scrubgrass Generating Co., LP, its wholly owned subsidiaries Clearfield and Leechburg, and Stronghold Digital Mining, LLC. All intercompany accounts and balances have been eliminated in combination.

The combined financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles. These combined financial statements reflect changes in statements of operations, changes in partners’ capital (deficit) and cash flows of the Company.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standard

As of January 1, 2019, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Company adopted Topic 606 under the modified retrospective approach whereby the cumulative effect of adopting the new guidance was recognized on the date of initial application. The adoption of ASC 606 did not result in a change to the accounting for revenue, as such, no cumulative effect adjustment was recorded.

Cash

The Company places its cash with a financial institution that it considers to be of high quality; however, at times, the deposits may be in excess of the Federal Deposit Insurance Corporation insurance limits applicable in the United States.

Cryptocurrencies

Cryptocurrencies are included in current assets in the combined balance sheet. Cryptocurrencies purchased are recorded at cost and cryptocurrencies awarded to the Company through its mining activities are accounted for in connection with the Company's revenue recognition policy disclosed below. Currently Bitcoin constitutes the only cryptocurrency the Company mines or holds in material amounts.

Cryptocurrencies held are accounted for as intangible assets with indefinite useful lives. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the cryptocurrency at the time its fair value is being measured. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted.

Purchases of cryptocurrencies by the Company are included within investing activities in the accompanying combined statements of cash flows, while cryptocurrencies awarded to the Company through its mining activities are included within operating activities on the accompanying combined statements of cash flows. The sales of cryptocurrencies are included within investing activities in the accompanying combined statements of cash flows and any realized gains or losses from such sales are included in other income (expense) in the combined statements of operations. The Company accounts for its gains or losses in accordance with the first in first out (FIFO) method of accounting.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cryptocurrencies (Continued)

The following table presents the activities of the cryptocurrencies for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Cryptocurrencies at beginning of year	\$ 15,436	\$ 1,597
Additions of cryptocurrencies	339,456	33,337
Realized gain (loss) on sale of cryptocurrencies	31,810	(1,516)
Sale of cryptocurrencies	<u>(158,615)</u>	<u>(17,982)</u>
Cryptocurrencies at end of year	<u>\$ 228,087</u>	<u>\$ 15,436</u>

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. An allowance for doubtful accounts is provided when necessary and is based upon management's evaluation of outstanding accounts receivable at year end. The potential risk is limited to the amount recorded in the financial statements. No allowance was considered necessary as of December 31, 2020 and 2019.

Inventory

Waste coal, fuel oil and limestone are valued at the lower of average cost or net realizable value and includes all related transportation and handling costs.

The Company performs periodic assessments to determine the existence of obsolete, slow-moving and unusable inventory and records necessary provisions to reduce such inventories to net realizable value.

Derivative Contracts

In accordance with guidance on accounting for derivative instruments and hedging activities all derivatives should be recognized at fair value. Derivatives or any portion thereof, that are not designated as, and effective as, hedges must be adjusted to fair value through earnings. Derivative contracts are classified as either assets or liabilities on the accompanying combined balance sheets. Such contracts are accounted for on an accrual basis.

The Company uses derivative instruments to mitigate its exposure to various energy commodity market risks. The Company does not enter into any derivative contracts or similar arrangements for speculative or trading purposes. The Company will, at times, sell its forward unhedged electricity capacity to stabilize its operating margins.

On December 31, 2020, all derivative contracts were settled.

Fair Value Measurements

The Company measures at fair value certain of its financial and non-financial assets and liabilities by using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, essentially an exit price, based on the highest and best use of the asset or liability.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The levels of the fair value hierarchy are:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. On December 31, 2019, the Company remeasured its derivative contracts at fair value using Level 1 inputs obtained from active markets. On December 31, 2020, the Company does not have any assets or liabilities remeasured at fair value as there were no open positions.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over estimated useful lives (EUL). Repairs and maintenance, which do not extend the lives of applicable assets, are expensed as incurred. Gain or loss resulting from the retirement or other disposition of assets is included in income.

The Company's depreciation is based on its Facility being considered a single property unit. Certain components of the Facility may require replacement or overhaul several times over its estimated life. Costs associated with overhauls are recorded as an expense in the period incurred. However, in instances where a replacement of a Facility component is significant and the Company can reasonably estimate the original cost of the component being replaced, the Company will write-off the replaced component and capitalize the cost of the replacement. The component will be depreciated over the lesser of the EUL of the component or the remaining useful life of the Facility.

Cryptocurrency Machines

The Company records all assets associated with the cryptocurrency hosting operations at cost. These assets are comprised of storage trailers and the related electrical components.

The Company operates in an emerging industry for which limited data is available to make estimates of the useful economic lives of specialized equipment. Management has determined that two years best reflects the current expected useful life of transaction verification servers. This assessment takes into consideration the availability of historical data and management's expectations regarding the direction of the industry including potential changes in technology. Management will review this estimate annually and will revise such estimate as and when data comes available.

To the extent that any of the assumptions underlying management's estimate of useful life of its transaction verification servers are subject to revision in a future reporting period either as a result of changes in circumstances or through the availability of greater quantities of data then the estimated useful life could change and have a prospective impact on depreciation expense and the carrying amounts of these assets.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of long-lived assets

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the long-lived asset is used, and the effects of obsolescence, demand, competition, and other economic factors.

Asset Retirement Obligations

Asset retirement obligations, including those conditioned on future events, are recorded at fair value in the period in which they are incurred, if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset in the same period. In each subsequent period, the liability is accreted to its present value and the capitalized cost is depreciated over the EUL of the long-lived asset. If the asset retirement obligation is settled for other than the carrying amount of the liability, the Company recognizes a gain or loss on settlement. The Company's asset retirement obligation represents the cost the Company would incur to perform environmental clean-up or dismantle certain portions of the Facility.

Revenue Recognition

The Company recognizes revenue under ASC 606, Revenue from Contracts with Customers. The core principle of the new revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the Company satisfies a performance obligation

In order to identify the performance obligations in a contract with a customer, a company must assess the promised goods or services in the contract and identify each promised good or service that is distinct. A performance obligation meets ASC 606's definition of a "distinct" good or service (or bundle of goods or services) if both of the following criteria are met: The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct), and the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

If a good or service is not distinct, the good or service is combined with other promised goods or services until a bundle of goods or services is identified that is distinct.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

When determining the transaction price, an entity must consider the effects of all of the following:

- Variable consideration
- Constraining estimates of variable consideration
- The existence of a significant financing component in the contract
- Noncash consideration
- Consideration payable to a customer

Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The transaction price is allocated to each performance obligation on a relative standalone selling price basis. The transaction price allocated to each performance obligation is recognized when that performance obligation is satisfied, at a point in time or over time as appropriate. There were no revenue streams with variable consideration during 2020 and 2019.

The Company's policies with respect to its revenue streams are detailed below.

Energy Revenue

The Company operates as a market participant through PJM Interconnection, a Regional Transmission Organization ("RTO") that coordinates the movement of wholesale electricity. The Company sells energy in the wholesale generation market in the PJM RTO. Energy revenues are delivered as a series of distinct units that are substantially the same and that have the same pattern of transfer to the customer over time and are therefore accounted for as a distinct performance obligation. The transaction price is based on pricing published in the day ahead market which constitute the stand-alone selling price.

Energy revenue is recognized over time as energy volumes are generated and delivered to the RTO (which is contemporaneous with generation), using the output method for measuring progress of satisfaction of the performance obligation. The Company applies the invoice practical expedient in recognizing energy revenue. Under the invoice practical expedient, energy revenue is recognized based on the invoiced amount which is considered equal to the value provided to the customer for the Company's performance obligation completed to date.

Reactive energy power is provided to maintain a continuous voltage level. Revenue from reactive power is recognized ratably over time as the Company stands ready to provide it if called upon by the PJM RTO.

Capacity Revenue

The Company provides capacity to a customer through participation in capacity auctions held by the PJM RTO. Capacity revenues are a series of distinct performance obligations that are substantially the same and that have the same pattern of transfer to the customer over time and are therefore accounted for as a distinct performance obligation. The transaction price for capacity is market-based and constitutes the stand-alone selling price.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Capacity Revenue (Continued)

As capacity represents the Company's stand-ready obligation, capacity revenue is recognized as the performance obligation is satisfied ratably over time, on a monthly basis, since the Company stands ready equally throughout the period to deliver power to the PJM RTO if called upon. The Company applies the invoice practical expedient in recognizing capacity revenue. Under the invoice practical expedient, capacity revenue is recognized based on the invoiced amount which is considered equal to the value provided to the customer for the Company's performance obligation completed to date. Penalties may be assessed by the PJM RTO against generation facilities if the facility is not available during the capacity period. The penalties assessed by the PJM RTO, if any, are recorded as a reduction to capacity revenue when incurred.

Cryptocurrency Hosting

The Company has entered into customer hosting contracts whereby the Company provides electrical power to cryptocurrency mining customers, and the customers pay a stated amount per MWh (Contract Capacity). This amount is paid monthly in advance. Amounts used in excess of the Contract Capacity are billed based upon calculated formulas as contained in the contracts. If any shortfalls occur due to outages, make-whole payment provisions contained in the contracts are used to offset the billings to the customer which prevented them from cryptocurrency mining.

Cryptocurrency Mining

The Company has entered into digital asset mining pools by executing contracts, as amended from time to time, with the mining pool operators to provide computing power to the mining pool. The contracts are terminable at any time by either party and the Company's enforceable right to compensation only begins when the Company provides computing power to the mining pool operator. In exchange for providing computing power, the Company is entitled to a fractional share of the fixed cryptocurrency award the mining pool operator receives (less digital asset transaction fees to the mining pool operator which are recorded as a component of cost of revenues), for successfully adding a block to the blockchain. The terms of the agreement provides that neither party can dispute settlement terms after thirty-five days following settlement. The Company's fractional share is based on the proportion of computing power the Company contributed to the mining pool operator to the total computing power contributed by all mining pool participants in solving the current algorithm.

Providing computing power in digital asset transaction verification services is an output of the Company's ordinary activities. The provision of providing such computing power is the only performance obligation in the Company's contracts with mining pool operators. The transaction consideration the Company receives, if any, is noncash consideration, which the Company measures at fair value on the date received, which is not materially different than the fair value at contract inception or the time the Company has earned the award from the pools. The consideration is all variable. Because it is not probable that a significant reversal of cumulative revenue will not occur, the consideration is constrained until the mining pool operator successfully places a block (by being the first to solve an algorithm) and the Company receives confirmation of the consideration it will receive, at which time revenue is recognized. There is no significant financing component in these transactions.

Fair value of the cryptocurrency award received is determined using the quoted price of the related cryptocurrency at the time of receipt. There is currently no specific definitive guidance under GAAP or alternative accounting framework for the accounting for cryptocurrencies recognized as revenue or held, and management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacted by the FASB, the Company may be required to change its policies, which could have an effect on the Company's combined financial position and results from operations.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Waste Coal Credits

Waste coal credits are issued by the Commonwealth of Pennsylvania. Facilities that generate electricity by using coal refuse for power generation, control acid gasses for emission control, and use the ash produced to reclaim mining-affected sites are eligible for such credits. Income related to these credits is recorded upon cash receipt.

Income Taxes

Scrubgrass and Stronghold are structured as a limited partnership and limited liability company, respectively; therefore, the taxable income or loss of the Company is included in the income tax returns of the individual partners. Accordingly, no recognition has been given to federal or state income taxes in the accompanying financial statements.

Scrubgrass' two subsidiaries, Clearfield and Leechburg, are corporations for federal and state income tax purposes. Income taxes attributable to Clearfield and Leechburg are provided based on the asset and liability method of accounting pursuant to the Income Taxes Topic of the FASB ASC. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all, of the deferred tax asset will not be realized. Clearfield and Leechburg have not recorded any temporary differences resulting in neither a deferred tax asset nor liability for the years ending December 31, 2020.

Clearfield and Leechburg follow the Accounting for Uncertainty in Income Taxes Sub-Topic of the FASB ASC which governs the accounting for uncertainty in income taxes. Pursuant to this Sub-Topic, a tax position can be recognized in the financial statements only when it is more likely than not that the position will be sustained upon examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured as the largest amount of benefit that will more likely than not be realized upon settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the financial statements. Clearfield and Leechburg did not recognize an impact under this Sub-Topic for the years ending December 31, 2020 and 2019. As of December 31, 2020, the tax years ended December 31, 2017 through 2020 are open for potential examination by taxing authorities.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment Reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Our chief operating decision-maker is our chief executive officer. The Company functions in two operating segments about which separate financial information is available as follows:

	2020	2019
Operating Revenues		
Energy Operations	\$ 3,526,515	\$ 11,015,993
Cryptocurrency Operations	591,869	33,337
Total Operating Revenues	\$ 4,118,384	\$ 11,049,330
Operating (Loss) Income		
Energy Operations	\$ (2,454,197)	\$ (6,611,924)
Cryptocurrency Operations	13,467	32,003
Total Operating Loss	\$ (2,440,730)	\$ (6,579,921)
Depreciation and Amortization		
Energy Operations	\$ (558,630)	\$ (483,658)
Cryptocurrency Operations	-	-
Total	\$ (558,630)	\$ (483,658)
Interest Expense		
Energy Operations	\$ (205,480)	\$ (192,961)
Cryptocurrency Operations	-	-
Total	\$ (205,480)	\$ (192,961)

Assets, at December 31, 2020, by energy operations and cryptocurrency operations totaled \$6,743,479 and \$2,618,837, respectively. Assets at December 31, 2019 related to cryptocurrency operations were not significant.

	Energy Operations	Cryptocurrency Operations	Total
Cash	\$ 223,188	\$ 79,999	\$ 303,187
Cryptocurrencies	-	228,087	228,087
Accounts receivable	65,900	-	65,900
Due from related party	-	302,975	302,975
Inventory	396,892	-	396,892
Derivative contracts, net	-	-	-
Other current assets	65,831	-	65,831
Property, plant and equipment, net	5,806,423	2,007,776	7,814,199
Road bond	185,245	-	185,245
	\$ 6,743,479	\$ 2,618,837	\$ 9,362,316

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases (“Topic 842”), which supersedes ASC Topic 840, Leases. Topic 842 requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative and qualitative disclosures surrounding leases. Topic 842 will be applied using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In November 2019, FASB deferred the effective date for implementation of Topic 842 by one year and, in June 2020, FASB deferred the effective date by an additional year. The guidance under Topic 842 is effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Earlier adoption is permitted. The Company is in the process of developing its new accounting policies and determining the potential aggregate impact this guidance is likely to have on its combined financial statements as of its adoption date.

NOTE 3 - INVENTORY

Inventories consist of the following components on December 31:

	2020	2019
Waste coal	\$ 342,476	\$ 451,073
Fuel oil	33,243	36,383
Limestone	21,173	42,027
	\$ 396,892	\$ 529,483

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following on December 31:

	2020	2019
Land and electric plant (land: non-depreciable; plant: 5-40 years)	\$ 30,288,979	\$ 30,288,979
Machinery and equipment (2-10 years)	2,862,736	2,421,124
Computer hardware and software (3-5 years)	5,062	4,236
Vehicles (7 years)	81,733	81,733
Construction in progress (non-depreciable)	1,544,536	-
Asset retirement obligation (5 years)	79,848	79,848
	34,862,894	32,875,920
Accumulated depreciation and amortization	(27,048,695)	(26,489,492)
	\$ 7,814,199	\$ 6,386,428

Depreciation and amortization charged to operations was \$558,630 and \$483,658 for the years ended December 31, 2020 and 2019, respectively.

There were no impairment charges related to miners for the years ended December 31, 2020 and 2019.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 5 - LONG-TERM DEBT

Long-term debt consisted of the following on December 31:

	<u>2020</u>	<u>2019</u>
\$66,076 loan for equipment with monthly payments of \$1,537 with interest at 5.55%, due July 2021.	\$ 16,440	\$ 30,896
\$75,000 loan for equipment with monthly payments of \$2,489 with interest at 12.67%, due April 2021.	14,934	34,362
\$142,000 loan for equipment with monthly payments of \$4,620 with interest at 11.21%, due April 2021.	18,056	68,364
\$70,000 loan for equipment with monthly payments of \$2,300 with interest at 11.92%, due April 2021.	8,974	31,900
\$499,520 loan for equipment with monthly payments of \$8,863 with interest at 2.49% due December 2023.	333,599	396,500
\$499,895 loan for equipment with monthly payments of \$11,054 with interest at 2.95% due July 2023.	371,490	460,450
\$212,675 loan for equipment with monthly payments of \$7,239 with interest at 6.75% due October 2022.	<u>168,397</u>	<u>201,710</u>
	931,890	1,224,182
Less current portion	<u>449,447</u>	<u>292,292</u>
	<u>\$ 482,443</u>	<u>\$ 931,890</u>

Future scheduled maturities on the outstanding borrowings for each of the next three years as of December 31, 2020 are as follows:

<u>Years ending,</u>		
2021	\$	449,447
2022		300,887
2023		<u>181,556</u>
	\$	<u>931,890</u>

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6 - PAYCHECK PROTECTION PROGRAM AND ECONOMIC INJURY DISASTER LOANS

The Company received a \$638,800 loan in April 2020 under the Paycheck Protection Program (PPP) pursuant to the Coronavirus, Aid, Relief, and Economic Security (CARES) Act and a loan of \$150,000 was issued as an Economic Injury Disaster Loan (EIDL) and a \$10,000 advance from the EIDL. As a U.S. small business, the Company qualified for the PPP, which allowed businesses and non-profits with fewer than 500 employees to obtain loans of up to \$10 million to incentivize companies to maintain their workers as they manage the business disruptions caused by the COVID-19 outbreak. On December 27, 2020, the Bipartisan-Bicameral Omnibus COVID Relief Deal eliminated the requirement that PPP borrowers deduct the amount of EIDL advance from their PPP forgiveness amount. As of December 31, 2020, the \$10,000 advance was recognized as other income.

As of December 31, 2020, \$150,000 remains on the EIDL loan, which matures in April 2050. The loan bears interest at 3.75%, requires \$731 in monthly installments, and is secured by substantially all assets of the Company.

The principal payments required on the EIDL loan for years subsequent to December 31, 2020 are as follows:

<u>Years ending,</u>	
2021	\$ -
2022	2,987
2023	3,102
2024	3,206
2025	3,346
Thereafter	<u>137,359</u>
	<u>\$ 150,000</u>

Subsequent to year end, the Company applied for and received forgiveness of this PPP loan. On March 16, 2021, the Company received a loan of \$841,670 under the Second Draw Paycheck Protection Program.

NOTE 7 - CONCENTRATIONS

Credit risk is the risk of loss the Company would incur if counterparties fail to perform their contractual obligations (including accounts receivable). The Company primarily conducts business with counterparties in the cryptocurrency mining and energy industry. This concentration of counterparties may impact the Company's overall exposure to credit risk, either positively or negatively, in that its counterparties may be similarly affected by changes in economic, regulatory or other conditions. The Company mitigates potential credit losses by dealing, where practical, with counterparties that are rated at investment grade by a major credit agency or have a history of reliable performance within the cryptocurrency mining and energy industry.

Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company's significant credit risk is primarily concentrated with DEBM, which amounted to approximately 100% of the Company's energy revenues for the years ended December 31, 2020 and 2019. DEBM accounted for 75% and 38% of the Company's accounts receivable balance at December 31, 2020 and 2019, respectively.

For the years ended December 31, 2020 and 2019, the Company purchased 100% and 99% of coal from two related parties, respectively. See Note 9 for further information.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Company experiences routine litigation in the normal course of business. Management is of the opinion that none of this routine litigation will have a material adverse effect on the Company's combined financial position or results of operations.

NOTE 9 - RELATED-PARTY TRANSACTIONS

Related-Party Notes

In December 2020, one of the general partners loaned \$1,500,000 to the Company for working capital and equipment financing. The loan is due December 2021 plus applicable interest. Interest accrues daily at 8.0%. On December 31, 2020, the outstanding balance due was \$1,500,000.

In December 2020, a second general partner loaned \$524,250 to the Company for working capital and equipment financing. The loan is due December 2021 plus applicable interest. Interest accrues daily at 8.0%. On December 31, 2020, the outstanding balance due was \$524,250.

Management Services Agreement

The Company has a management services agreement with Q Power, LLC to provide day-to-day management and administration services to the Company. The agreement provides for a monthly fee of \$25,000 in 2020 and \$50,000 in 2019. Amounts incurred for the years ended December 31, 2020 and 2019 were \$300,000 and \$600,000, respectively.

The Company has an amount due from Q Power, LLC of \$302,975 on December 31, 2020.

Waste Coal Agreement

The Company is obligated under a Waste Coal Agreement (the "WCA") to take minimum annual delivery of 200,000 tons of waste coal as long as there is a sufficient quantity of Waste Coal that meets the Average Quality Characteristics. Under the terms of the WCA, the Company is not charged for the waste coal itself but is charged a \$6.07 per ton base handling fee as it is obligated to mine, process, load and otherwise handle the waste coal for itself and also for other customers of Coal Valley Sales, LLC ("CVS") from the Russellton Site specifically. The Company is also obligated to unload and properly dispose of ash at the Russellton site.

A reduced handling fee is charged at \$1.00 per ton for any tons in excess of the minimum take of 200,000 tons. The Company is the designated operator at the Russellton site and therefore is responsible for complying with all state and federal requirements and regulations.

In December 2019, the Company notified CVS by letter that it intended to reduce its payments and halt production from the Russellton site due to reasons consisting of but not limited to decline of power pricing, non-performance of the Company's trucking contractor and CVS's loss of other customers sales.

In December 2020, the Company notified CVS by letter that it intends to restart operations at Russellton during Q1 of 2021. It proposed a ramp-up of tons and payments at \$25,000 a month until the economics of the plant steady and return to the minimum take per the contract.

The Company purchased coal from Coal Valley Properties, LLC, a single-member LLC which is entirely owned by one individual that has ownership in Q Power LLC, and from CVS. CVS is a single-member LLC which is owned by a coal reclamation partnership of which an owner of Q Power LLC has a direct and an indirect interest in the partnership of 16.26%.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 9 - RELATED-PARTY TRANSACTIONS (CONTINUED)

Waste Coal Agreement (Continued)

The Company purchased coal from the following related parties for the years ended December 31, as follows:

	<u>2020</u>	<u>2019</u>
Coal Purchases:		
Coal Valley Properties, LLC	\$ -	\$ 754,305
Coal Valley Sales, LLC	17,095	1,210,562
	<u>\$ 17,095</u>	<u>\$ 1,964,867</u>

Amounts due to related parties on December 31:

	<u>2020</u>	<u>2019</u>
Payables:		
Coal Valley Properties, LLC	\$ 188,338	\$ 188,338
Q Power LLC	510,000	695,000
Coal Valley Sales, LLC	-	263,868
	<u>\$ 698,338</u>	<u>\$ 1,147,206</u>

The Company earned commissions from Coal Valley Properties, LLC on sales of ash of \$590,832 for the year ended December 31, 2019. The Company had receivables from those sales to Coal Valley Properties, LLC of \$6,148 as of December 31, 2019.

SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 10 - COVID-19

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the future effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

NOTE 11 - SUPPLEMENTAL CASH FLOW INFORMATION

Supplementary cash flow disclosures as of December 31:

	2020	2019
Equipment financed with debt	\$ -	\$ 712,570
Interest paid	\$ 205,480	\$ 192,961

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 12 - SUBSEQUENT EVENTS

Corporate Reorganization

Stronghold Digital Mining Inc. (“Stronghold Inc.”) was incorporated as a Delaware corporation on March 19, 2021. On April 1, 2021, contemporaneously with the April 2021 Private Placement (as defined herein), the Company underwent a corporate reorganization pursuant to a Master Transaction Agreement, which is referred to herein as the “Reorganization.”

Immediately prior to the Reorganization, Q Power directly held all of the equity interests in Stronghold Digital Mining LLC (“SDM”), and indirectly held 70% of the limited partner interests, and all of the general partner interests, in Scrubgrass LP, through wholly-owned subsidiaries EIF Scrubgrass, LLC (“EIF Scrubgrass”), Falcon Power LLC (“Falcon”) and Falcon’s wholly-owned subsidiary Scrubgrass Power LLC (“Scrubgrass Power”). Aspen Scrubgrass Participant, LLC (“Aspen”), a subsidiary of Olympus Power, LLC (“Olympus”), held the remaining 30% of the limited partner interests in Scrubgrass LP. Scrubgrass LP is a Delaware limited partnership originally formed on December 1, 1990 under the name of Scrubgrass Generating Company, L.P. SDM is a Delaware limited liability company originally formed on February 12, 2020 under the name Stronghold Power LLC.

Contemporaneously with the Reorganization, using in part 200,000 shares of newly issued Series A Preferred Stock of Stronghold Inc. and in part proceeds from the April 2021 Private Placement, Stronghold Inc. acquired all of Aspen’s limited partner interest in Scrubgrass LP (the “Aspen Interest”). Pursuant to the Reorganization, Q Power contributed all of its ownership interests in EIF Scrubgrass, Falcon and SDM to Stronghold LLC in exchange for 9,400,000 common units of Stronghold LLC (“Stronghold LLC Units”), Stronghold Inc. contributed cash (using the remaining proceeds from the April 2021 Private Placement, net of fees, expenses and amounts paid to Aspen), 9,400,000 shares of Class V common stock of Stronghold Inc. and the Aspen Interest to Stronghold LLC in exchange for 3,600,000 preferred units of Stronghold LLC, and Stronghold LLC immediately thereafter distributed the 9,400,000 shares of Class V common stock to Q Power. In addition, effective as of April 1, 2021, Stronghold Inc. acquired 5,000 Stronghold LLC Units held by Q Power (along with an equal number of shares of Class V common stock) in exchange for 5,000 newly issued shares of Class A common stock.

As a result of the Reorganization, the acquisition of the Aspen Interest and the acquisition of Stronghold LLC Units by Stronghold Inc. discussed above, (i) Q Power acquired and retained 9,395,000 Stronghold LLC Units, 5,000 shares of Class A common stock of Stronghold Inc., and 9,395,000 shares of Class V common stock of Stronghold Inc., effectively giving Q Power approximately 72% of the voting power of Stronghold Inc. and approximately 72% of the economic interest in Stronghold LLC, (ii) Stronghold Inc. acquired 3,600,000 preferred units of Stronghold LLC and 5,000 Stronghold LLC Units, effectively giving Stronghold Inc. approximately 28% of the economic interest in Stronghold LLC, (iii) Stronghold Inc. became the sole managing member of Stronghold LLC and is responsible for all operational, management and administrative decisions relating to Stronghold LLC’s business and will consolidate financial results of Stronghold LLC and its subsidiaries, (iv) Stronghold Inc. became a holding company whose only material asset consists of membership interests in Stronghold LLC, and (v) Stronghold LLC directly or indirectly owns all of the outstanding equity interests in the subsidiaries through which it operates its assets, including Scrubgrass LP and SDM.

The Company’s organizational structure following the Reorganization is commonly referred to as an umbrella partnership-C corporation (or “Up-C”) structure. Pursuant to this structure, following this offering Stronghold Inc. will hold a number of Stronghold LLC Units equal to the number of shares of Class A common stock issued and outstanding, and Stronghold Unit Holders (other than Stronghold Inc.) will hold a number of Stronghold LLC Units equal to the number of shares of Class V common stock issued and outstanding.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 12 - SUBSEQUENT EVENTS (CONTINUED)

Corporate Reorganization (Continued)

Pursuant to the terms of the Preferred Stock, on (i) the date that a registration statement registering the shares of Class A common stock issuable upon the conversion of the Preferred Stock is declared effective by the SEC or (ii) the date on which a “Significant Transaction Event” occurs, as defined in the Company’s amended and restated certificate of incorporation, such shares of Preferred Stock will automatically convert into shares of Class A common stock of Stronghold Inc. on a one to one ratio, subject to certain adjustments as set forth in the Company’s amended and restated certificate of incorporation. Correspondingly, pursuant to the Stronghold LLC Agreement, preferred units in Stronghold LLC automatically convert into Stronghold LLC Units on a one to one ratio under like circumstances (subject to corresponding adjustments). All of the outstanding shares of Preferred Stock will convert into shares of Class A common stock in connection with this offering (the “Preferred Stock Conversion”) and, correspondingly, all of the preferred units in Stronghold LLC will convert into Stronghold LLC Units.

Each share of Class V common stock has no economic rights but entitles its holder to one vote on all matters to be voted on by stockholders generally. Holders of Class A common stock and Class V common stock vote together as a single class on all matters presented to the Company’s stockholders for their vote or approval, except as otherwise required by applicable law or by the Company’s amended and restated certificate of incorporation. Stronghold Inc. does not intend to list Class V common stock on any exchange.

Under the Second Amended and Restated Limited Liability Company Agreement of Stronghold LLC, as amended from time to time (the “Stronghold LLC Agreement”), each holder of Stronghold LLC units (each, a “Stronghold Unit Holder”), other than Stronghold Inc., subject to certain limitations, has the right (the “Redemption Right”) to cause Stronghold LLC to acquire all or a portion of its Stronghold LLC Units for, at Stronghold LLC’s election, (i) shares of Stronghold Inc.’s Class A common stock at a redemption ratio of one share of Class A common stock for each Stronghold LLC Unit redeemed, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions or (ii) an approximately equivalent amount of cash as determined pursuant to the Stronghold LLC Agreement. Alternatively, upon the exercise of the Redemption Right, Stronghold Inc. (instead of Stronghold LLC) has the right (the “Call Right”), for administrative convenience, to acquire each tendered Stronghold LLC Unit directly from the redeeming Stronghold Unit Holder for, at its election, (x) one share of Class A common stock, subject to conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions, or (y) an approximately equivalent amount of cash as determined pursuant to the terms of the Stronghold LLC Agreement. In addition, Stronghold Inc. has the right to require (i) upon the acquisition by Stronghold Inc. of substantially all of the Stronghold LLC Units, certain minority unitholders or (ii) upon a change of control of Stronghold Inc., each Stronghold Unit Holder (other than Stronghold Inc.), in each case, to exercise its Redemption Right with respect to some or all of such unitholder’s Stronghold LLC Units. In connection with any redemption of Stronghold LLC Units pursuant to the Redemption Right or the Call Right, the corresponding number of shares of Class V common stock will be cancelled.

NOTE 12 - SUBSEQUENT EVENTS (CONTINUED)

Corporate Reorganization (Continued)

Stronghold Inc.'s acquisition (or deemed acquisition for U.S. federal income tax purposes) of Stronghold LLC Units pursuant to an exercise of the Redemption Right or the Call Right is expected to result in adjustments to the tax basis of the tangible and intangible assets of Stronghold LLC, and such adjustments will be allocated to Stronghold Inc. These adjustments would not have been available to Stronghold Inc. absent its acquisition or deemed acquisition of Stronghold LLC Units and are expected to reduce the amount of cash tax that Stronghold Inc. would otherwise be required to pay in the future.

In connection with the Reorganization, Stronghold Inc. entered into a Tax Receivable Agreement with Q Power and an agent named by Q Power (the "Tax Receivable Agreement"). The Tax Receivable Agreement generally provides for the payment by Stronghold Inc. to Q Power (or its permitted assignees) of 85% of the net cash savings, if any, in U.S. federal, state and local income and franchise tax (computed using the estimated impact of state and local taxes) that Stronghold Inc. actually realizes (or is deemed to realize in certain circumstances) as a result of (i) certain increases in tax basis that occur as a result of its acquisition (or deemed acquisition for U.S. federal income tax purposes) of all or a portion of Stronghold Unit Holders' Stronghold LLC Units pursuant to an exercise of the Redemption Right or the Call Right and (ii) imputed interest deemed to be paid by Stronghold Inc. as a result of, and additional tax basis arising from, any payments Stronghold Inc. makes under the Tax Receivable Agreement.

Payments will generally be made under the Tax Receivable Agreement as Stronghold Inc. realizes actual cash tax savings from the tax benefits covered by the Tax Receivable Agreement. However, if Stronghold Inc. experiences a change of control (as defined under the Tax Receivable Agreement, which includes certain mergers, asset sales and other forms of business combinations, but generally would not include an initial public offering of a combination with a SPAC) or the Tax Receivable Agreement terminates early (at Stronghold Inc.'s election or as a result of Stronghold Inc.'s breach), Stronghold Inc. would be required to make an immediate payment equal to the present value of the future payments it would be required to make if it realized deemed tax savings pursuant to the Tax Receivable Agreement (determined by applying a discount rate equal to one-year LIBOR (or an agreed successor rate, if applicable) plus 100 basis points, and using numerous assumptions to determine deemed tax savings) and such early termination payment is expected to be substantial and may exceed the future tax benefits realized by Stronghold Inc. Stronghold Inc. will be dependent on Stronghold LLC to make distributions to Stronghold Inc. in an amount sufficient to cover Stronghold Inc.'s obligations under the Tax Receivable Agreement.

On April 1, 2021, Stronghold Inc. entered into the Series A Stock Purchase Agreement with certain accredited investors to sell 3,400,000 shares of Series A Preferred Stock at a price of \$25.00 per share, for an aggregate purchase price of \$85.0 million.

Purchase Agreements

On April 2, 2021, the Company entered into a purchase agreement with a seller for the acquisition of 15,000 of their MV7 ASIC SHA256 model cryptocurrency miner equipment (miners) with a total terahash to be delivered equal to 1.5 million terahash (total terahash). The price per miner is \$4,892.50 for an aggregate purchase price of \$73,387,500 to be paid in installments. The first installment equal to 60% of the purchase price, or \$44,032,500, was paid on April 2, 2021. The company shall make two additional installment payments of 20% of the purchase price, or \$14,677,500 each, to be paid on June 2, 2021 and the other one month before the shipping date. The seller anticipates shipping no less than 5,000 miners by October 31, 2021, no less than 5,000 miners by November 30, 2021 and the remainder by December 31, 2021. In exchange for the delivery of the total terahash, seller shall be granted 154,114 shares of Stronghold Digital Mining at a price per share of \$25. The aggregate purchase price does not include shipping costs, which are the responsibility of the Company and shall be determined at which time the miners are ready for shipment.

**SCRUBGRASS GENERATING COMPANY, LP AND
STRONGHOLD DIGITAL MINING LLC**

NOTES TO AUDITED COMBINED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 12 - SUBSEQUENT EVENTS (CONTINUED)

Purchase Agreements (Continued)

The Company entered into a hardware purchase and sales agreement with a party effective April 1, 2021. Hardware includes, but is not limited to ASIC Miners, power supply units, power distribution units and replacement fans for ASIC Miners. All hardware must be paid for in advance before being shipped to the Company. The Company made payments to this party totaling \$4,528,000 in April 2021.

The Company entered into an agreement with a party to provide approximately 14,285 miners at a cost of approximately \$33,783,000. The Company was required to make an initial payment on the miners that are expected to begin delivery in August 2021. The Company made a deposit of \$15,758,432 in April 2021. Once operational, after deducting an amount equal to \$0.027/kWh for the actual power used, 65% of all cryptocurrency revenue generated by the miners shall be payable to the Company and 35% of all cryptocurrency revenue generated by the miners shall be payable to this party or its designee.

In April 2021, the Company purchased 800 miners for a combined purchase price of \$5,657,432. These miners have been partially delivered and the remainder are expected to be delivered in 2021.

Non-binding Letter of Intent

In March 2021, the Company entered into a non-binding letter of intent for the purchase of two additional coal refuse reclamation-to-energy facilities.

Series B Offering

On April 26, 2021, the Company commenced an offering for shares of its Series B Convertible Redeemable Preferred Stock.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Stronghold Digital Mining, Inc.
New York, New York

Opinion on the Financial Statement

We have audited the balance sheet of Stronghold Digital Mining, Inc. (the “Company”) as of March 19, 2021 (date of inception), and the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of March 19, 2021 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Emphasis of Matter - Subsequent Events

As more fully described in Note 3 of the financial statement, on April 1, 2021 the Company effected a reorganization and various other corporate matters.

/s/ Urish Popeck & Co., LLC

We have served as the Company's auditor since 2021.

Pittsburgh, PA
July 26, 2021

STRONGHOLD DIGITAL MINING, INC.

AUDITED BALANCE SHEET

March 19, 2021

	<u>March 31, 2021</u>
TOTAL ASSETS	\$ —
STOCKHOLDERS' EQUITY	
Common Stock	\$ —
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ —

F-44

The accompanying notes are an integral part of this financial statement.

NOTE 1 - ORGANIZATION

Stronghold Digital Mining, Inc. (Stronghold or the Company) was incorporated in Delaware on March 19, 2021. On April 1, 2021 (See Note 3), pursuant to a reorganization, the Company converted to a holding company and its sole material asset is a minority equity interest in Stronghold Digital Mining Holdings, LLC, which holds all of the equity interest in Scrubgrass Reclamation, L.P. and Stronghold Digital Mining, LLC. As the sole managing member of Stronghold Digital Mining Holdings, LLC, the Company will operate and control all of the business and affairs of Stronghold Digital Mining Holdings, LLC, and through Stronghold Digital Mining Holdings, LLC and its subsidiaries, conduct its business.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The balance sheet was prepared in accordance with U.S. generally accepted accounting principles. Separate statements of operations, changes in stockholders' equity and cash flows have not been presented because the Company has not engaged in any business or other activities except in connection with its formation and initial capitalization.

Stockholder's Equity

The Company is authorized to issue 300,000,000 shares, par value \$0.0001 per share, consisting of 238,000,000 shares of Class A common stock, 12,000,000 shares of Class V common stock, and 50,000,000 shares of preferred stock. No common or preferred shares were issued or outstanding as of March 19, 2021.

Commitments and Contingencies

The Company did not have any commitments or contingencies as of March 19, 2021.

Subsequent Events

Management evaluated events occurring subsequent through July 26, 2021 the date these financial statements were available for issuance and determined that no material recognizable subsequent events occurred, except as noted below.

On April 1, 2021, Stronghold underwent a corporate reorganization and amended its articles of incorporation.

NOTE 3 – SUBSEQUENT EVENTS

Reorganization

On April 1, 2021, contemporaneously with the Series A Private Placement (see below), the Company underwent a corporate reorganization. As part of the reorganization, the Company acquired the Aspen Scrubgrass Participant, LLC ("Aspen") interest using 200,000 shares of newly issued Series A Preferred Stock in Stronghold Digital Mining Inc. and \$2.0 million in cash from proceeds from the Series A Private Placement. Pursuant to the Reorganization, Q Power, LLC contributed all of its ownership interests in EIF Scrubgrass, LLC, Falcon Power, LLC and Stronghold Digital Mining LLC to Stronghold Digital Mining Holdings, LLC in exchange for 9,400,000 Stronghold LLC Units, Stronghold Digital Mining, Inc. contributed cash (using the remaining proceeds from the Series A Private Placement, net of fees, expenses and amounts paid to Aspen), 9,400,000 shares of Class V common stock of Stronghold Digital Mining, Inc. and the Aspen Interest to Stronghold Digital Mining Holdings, LLC in exchange for 3,600,000 preferred units of Stronghold Digital Mining Holdings, LLC, and Stronghold Digital Mining Holdings, LLC immediately thereafter distributed the 9,400,000 shares of Class V common stock to Q Power, LLC. In addition, effective as of April 1, 2021, Stronghold Digital Mining, Inc. acquired 5,000 Stronghold Digital Mining Holdings, LLC Units held by Q Power, LLC (along with an equal number of shares of Class V common stock) in exchange for 5,000 newly issued shares of Class A common stock.

As a result of the reorganization, the acquisition of the Aspen Interest and the acquisition of Stronghold Digital Mining Holdings, LLC Units by Stronghold Digital Mining, Inc. discussed above, (a) Q Power, LLC acquired and

NOTE 3 – SUBSEQUENT EVENTS (CONTINUED)

Reorganization (continued)

retained 9,395,000 Stronghold Digital Mining Holdings, LLC Units, 5,000 shares of Class A common stock of Stronghold Digital Mining Inc., and 9,395,000 shares of Class V common stock of Stronghold Digital Mining, Inc., effectively giving Q Power, LLC approximately 72% of the voting power of Stronghold Digital Mining, Inc. and approximately 72% of the economic interest in Stronghold Digital Mining Holdings, LLC, (b) Stronghold Digital Mining, Inc. acquired 3,600,000 preferred units of Stronghold Digital Mining Holdings LLC and 5,000 Stronghold Digital Mining Holdings, LLC Units, effectively giving Stronghold Digital Mining, Inc. approximately 28% of the economic interest in Stronghold Digital Mining Holdings, LLC, (c) Stronghold Digital Mining, Inc. became the sole managing member of Stronghold Digital Mining Holdings, LLC and is responsible for all operational, management and administrative decisions relating to Stronghold Digital Mining Holdings LLC's business and will consolidate financial results of Stronghold Digital Mining Holdings, LLC and its subsidiaries, (d) Stronghold Digital Mining, Inc. became a holding company whose only material asset consists of membership interests in Stronghold Digital Mining Holdings LLC, and (e) Stronghold Digital Mining Holdings, LLC directly or indirectly owns all of the outstanding equity interests in the subsidiaries through which we operate our assets, including Scrubgrass Reclamation Company, L.P. and Stronghold Digital Mining LLC.

Acquisition

On March 3, 2021, SDM entered into a non-binding letter of intent with Olympus Power, LLC for the purchase of (i) the Scrubgrass Plant, (ii) the Panther Creek Plant, a coal refuse reclamation-to-energy facility with 94 MW of electricity generation capacity located near Nesquehoning, Pennsylvania and (iii) the Third Plant, a coal refuse reclamation-to-energy facility with 134 MW of electricity generation capacity located in Pennsylvania. The completed the acquisition of the Aspen interest on April 1, 2021 (Scrubgrass Plant). On July 2, 2021, Stronghold Digital Mining Holdings, LLC (Buyer) entered into a binding Equity and Capital Contribution Agreement for the Panther Creek Plant. The consideration for the Panther Creek Plant is approximately \$3,000,000 of cash consideration and 400,000 Series A Preferred Units.

Private Placements

On April 1, 2021 the Company entered into a Series A Preferred Stock Purchase Agreement pursuant to which the Company issued and sold 3,400,000 shares of Series A Convertible Redeemable Preferred Stock in a private offering at a price of \$25.00 per share to various accredited individuals in reliance upon exemptions from registration pursuant to Regulation D under the Securities Act for aggregate consideration of approximately \$85.0 million. In connection with the offering the Company incurred approximately \$7.3 million in fees and expenses.

Further, pursuant to the Series A Stock Purchase Agreement, Stronghold Digital Mining Inc., the investors in Series A Private Placement and key holders entered into the Right of First Refusal ("ROFR") Agreement. Under the ROFR Agreement, the key holders agreed to grant a right of first refusal to Stronghold Digital Mining, Inc. to purchase all or any portion capital stock of Stronghold Digital Mining, Inc., held by a key holder or issued to a key holder after the date of the ROFR Agreement, not including any shares of Series A Preferred Stock or common stock issued or issuable upon conversion of the Series A Preferred Stock. The key holders also granted a secondary refusal right to the investors in the Series A Private Placement to purchase all or any eligible capital stock not purchased by Stronghold Digital Mining, Inc. pursuant to their right of first refusal.

The ROFR Agreement also provides certain co-sale rights to investors in the Series A Private Placement to participate in any sale or similar transfer of any shares of common stock owned by a key holder or issued to a key holder after the Series A Private Placement, on the terms and conditions specified in a written notice from a key holder. The investors, however, are not obligated to participate in such sales or similar transfers. The co-sale and rights of first refusal under the ROFR Agreement will terminate upon certain specified events outlined in the agreement.

NOTE 3 – SUBSEQUENT EVENTS (CONTINUED)

Private Placements (continued)-

On May 14, 2021, the Company completed the Series B Private Placement for shares of the Company's Series B Preferred Stock. The terms of the Series B Preferred Stock are substantially similar to the Series A Preferred Stock, except for differences in the stated value of such shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or certain deemed liquidation events. In connection with this offering, the Company sold 630,915 shares of its preferred stock for an aggregate purchase of \$20.0 million. In connection with the offering the Company incurred approximately \$2.4 million in fees and expenses.

The Series A Placement and Series B Placement are subject to a Registration Rights Agreement with certain filing deadlines as defined in the agreements. Failure to meet certain requirements will require the Company to pay PIK Dividends outlined in the agreements.

On each of April 1, 2021 and May 14, 2021, Stronghold Digital Mining Inc. entered into a warrant agreement with American Stock Transfer & Trust Company (Warrant Agent). B. Riley Securities, Inc. acted as the Company's placement agent in connection with the Series A Stock Purchase Agreement and Series B Stock Purchase Agreement. In connection therewith, the Company issued B. Riley Securities, Inc. (i) a five-year warrant to purchase up to 34,000 shares of Series A Preferred Stock at a per share exercise price of \$25.00 and (ii) a five-year warrant to purchase up to 6,309 shares of Series B Preferred Stock at a per share exercise price of \$31.70. In each case the exercise price was equal to the respective private placement per share price. B. Riley Securities, Inc. and its affiliates purchased 152,500 and 31,812 shares of Series A Preferred Stock and Series B Preferred Stock, respectively, at the same private placement per share price.

Debt Financing

On June 30, 2021, in connection with the WhiteHawk Finance Agreement, Stronghold Digital Mining Equipment LLC (whose sole member is Stronghold Digital Mining Holdings, LLC) executed a promissory note with WhiteHawk, in the principal sum of \$40,000,000. The first payment on this note is to commence on July 31, 2021, consisting of both principal and interest. The term of this note is for two years, ending June 30, 2023. The interest rate applicable to this note is 10%. An administration charge of \$30,000 per quarter is payable beginning on June 30, 2021 and the last date of each quarter thereafter. A corporate guaranty was executed by Stronghold Digital Mining Inc. on June 30, 2021 for the payments of the note. On June 30, 2021 Stronghold Digital Mining, LLC drew funds of \$39,100,000 USD from WhiteHawk Finance LLC. In connection with the promissory note, Stronghold Digital Mining, Inc. issued WhiteHawk Finance LLC, warrants to purchase a number of shares of Class A common stock, par value \$0.0001 per share, of Stronghold Digital Mining, Inc., equal to the Warrant Share Number at a price per share equal to \$0.01 (the "Exercise Price"). The number of warrants issued is equal to \$2.0 million divided by a base share value defined in the warrant agreement.

On June 25, 2021, Stronghold Digital Mining, LLC entered into two (2) separate master equipment finance agreements with Arctos Credit LLC. The first equipment finance agreement was in the amount of \$10,641,362. The first payment on this agreement is to commence on July 25, 2021, consisting of both principal and interest. The term for this agreement is for two years, ending June 25, 2023. The interest rate applicable to this agreement is 10%. A closing fee of \$212,827 is part of the first finance agreement. The second equipment finance agreement is in the amount of \$14,077,800. The first payment of this agreement is to commence on July 25, 2021, consisting of both principal and interest. The terms for this agreement are for two years, ending June 25, 2023. The interest rate applicable to this agreement is 10%. A closing fee of \$281,556 is part of the second finance agreement. On July 2, 2021 Stronghold Digital Mining Inc. received funds net of miscellaneous fees of \$24,249,778 from Arctos Credit LLC. An affiliate of Arctos Credit, LLC was issued a total of 43,845 shares of common stock of Stronghold Inc. under the master equipment finance agreements.

Equipment

On April 2, 2021, the Company entered into a purchase agreement with a seller for the acquisition of 15,000 of their MV7 ASIC SHA256 model cryptocurrency miner equipment (miners) with a total terahash to be delivered equal to 1.5 million terahash (total terahash). The price per miner is \$4,892.50 for an aggregate purchase price of \$73,387,500 to be paid in installments. The first installment equal to 60% of the purchase price, or \$44,032,500, was paid on April 2, 2021.

The company shall make two additional installment payments of 20% of the purchase price, or \$14,677,500 each, to be paid on June 2, 2021 and the other one month before the shipping date. The seller anticipates shipping no less than 5,000 miners by October 31, 2021, no less than 5,000 miners by November 30, 2021 and the remainder by December 31, 2021. In exchange for the delivery of the total terahash, seller shall be granted 154,114 shares of Stronghold Digital Mining at a price per share of \$25. The aggregate purchase price does not include shipping costs, which are the responsibility of the Company and shall be determined at which time the miners are ready for shipment.

The Company entered into a hardware purchase and sales agreement with a party effective April 1, 2021. Hardware includes, but is not limited to ASIC Miners, power supply units, power distribution units and replacement fans for ASIC Miners. All hardware must be paid for in advance before being shipped to the Company. The Company made payments to this party totaling \$4,528,000 in April 2021.

The Company entered into an agreement with a party to provide approximately 14,285 miners at a cost of approximately \$33,783,000. The Company was required to make an initial payment on the miners that are expected to begin delivery in August 2021. The Company made a deposit of \$15,758,432 in April 2021. Once operational, after deducting an amount equal to \$0.027/kWh for the actual power used, 65% of all cryptocurrency revenue generated by the miners shall be payable to the Company and 35% of all cryptocurrency revenue generated by the miners shall be payable to this party or its designee.

In April 2021, the Company purchased 800 miners for a combined purchase price of \$5,657,432. These miners have been partially delivered and the remainder are expected to be delivered in 2021.

Long-Term Incentive Plan

On April 28, 2021, the Stronghold Digital Mining, Inc. approved a long-term incentive plan (the "LTIP") pursuant to which they may grant stock options to employees, officers, consultants and other service providers of the Company. The aggregate number of shares of common stock that may be issued or used for reference purposes or with respect to which awards may be granted under the plan shall not exceed 1,300,000 shares (subject to any increase or decrease pursuant to section 4.2 hereof). The board is duly authorized to administer the LTIP. On June 18, 2021 the board granted 216,900 of stock option grants with various vesting terms.

Related Party Agreements

On May 10, 2021, a management and advisory agreement was entered into between Q Power LLC, and William Spence. In consideration of consultant's performance of the services thereunder, Q Power LLC will pay Mr. Spence a fee at the rate of \$50,000 per complete calendar month (pro-rated for partial months) that Mr. Spence provides services thereunder, payable in arrears. Q Power LLC will not be liable for any other payments to Mr. Spence including, but not limited to, any cost or expenses incurred by Mr. Spence in the course of performing his obligations thereunder.

In June of 2021, the companies repaid \$2,093,018 in related party notes with Greg Beard and William Spence.

PANTHER CREEK POWER OPERATING LLC
UNAUDITED CONDENSED BALANCE SHEETS

	March 31, 2021	December 31, 2020
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 72,440	\$ 33,241
Accounts receivable	111,790	69,539
Inventory	1,792,563	2,268,653
Prepays and other current assets	141,173	181,151
Total current assets	2,117,966	2,552,584
Property, plant and equipment	10,270,443	10,270,443
Less: accumulated depreciation	4,300,558	4,198,472
Property, plant and equipment, net	5,969,885	6,071,971
Security Deposits	246,869	246,869
Total assets	\$ 8,334,720	\$ 8,871,424
<u>Liabilities and Members' Equity</u>		
Current liabilities		
Accounts payable	\$ 389,448	\$ 940,895
Payable to affiliates, net	2,894,882	2,628,123
Accrued liabilities	529,917	426,406
Notes payable – current portion	77,290	77,290
Total current liabilities	3,891,537	4,072,714
Notes payable – non-current portion	186,056	204,833
Total long-term liabilities	186,056	204,833
Commitments and contingencies		
Members' Equity	4,257,127	4,593,877
Total liabilities and members' equity	\$ 8,334,720	\$ 8,871,424

The accompanying notes are an integral part of these financial statements.

PANTHER CREEK POWER OPERATING LLC
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

	2021	2020
Operating revenues		
Electricity	\$ 1,883,751	\$ 1,896,280
Other revenue	2,500	35,263
Total operating revenues	1,886,251	1,931,543
Operating expenses		
Fuel	776,821	1,858,880
Operations and maintenance	1,336,777	1,471,599
Depreciation	102,087	105,450
Total operating expenses	2,215,684	3,435,929
Loss from operations	(329,432)	(1,504,386)
Other income (expense)		
Interest expense	(7,318)	(2,992)
Total other income (expense)	(7,318)	(2,992)
Net loss	\$ (336,750)	\$ (1,507,378)

The accompanying notes are an integral part of these financial statements.

PANTHER CREEK POWER OPERATING LLC
STATEMENTS OF UNAUDITED CONDENSED MEMBERS' EQUITY
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

	Olympus Panther Holdings, LLC	Liberty Bell Funding, LLC	Total Members' Equity
Balance, January 1, 2020	\$ 2,325,426	\$ 4,829,678	\$ 7,155,104
Net loss	(489,898)	(1,017,480)	(1,507,378)
Balance, March 31, 2020	<u>\$ 1,835,528</u>	<u>\$ 3,812,198</u>	<u>\$ 5,647,726</u>

	Olympus Panther Holdings, LLC	Liberty Bell Funding, LLC	Total Members' Equity
Balance, January 1, 2021	\$ 1,493,027	\$ 3,100,850	\$ 4,593,877
Net loss	(109,444)	(227,306)	(336,750)
Balance, March 31, 2021	<u>\$ 1,383,583</u>	<u>\$ 2,873,544</u>	<u>\$ 4,257,127</u>

The accompanying notes are an integral part of these financial statements.

PANTHER CREEK POWER OPERATING LLC
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

	2021	2020
Operating activities		
Net loss	\$ (336,750)	\$ (1,507,377)
Adjustment to reconcile net loss to net cash provided by operating activities:		
Depreciation	102,087	105,450
Changes in operating assets and liabilities:		
Accounts receivable	(42,251)	172,902
Inventory	476,090	1,215,177
Prepays and other current assets	39,978	(26,114)
Security deposits		
Accounts payable	(551,447)	(9,553)
Payable to affiliates, net	266,759	212,903
Accrued liabilities	103,511	10,890
Net cash provided by operating activities	57,977	174,280
Investing activities		
Purchases of property, plant and equipment	—	—
Net cash used in investing activities	—	—
Financing activities		
Payment of notes payable	(18,777)	(17,425)
Net cash used in financing activities	(18,777)	(17,425)
Net increase (decrease) in cash and cash equivalents	39,199	156,855
Cash and cash equivalents, beginning of period	33,241	16,670
Cash and cash equivalents, end of period	\$ 72,440	\$ 173,525
Supplemental disclosure		
Cash paid for interest	\$ 5,242	\$ 6,013

The accompanying notes are an integral part of these financial statements.

PANTHER CREEK POWER OPERATING LLC
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

1. Organization and Business

Panther Creek Partners, a Delaware general partnership (the “Partnership”) was organized in November 1989 pursuant to a Joint Venture Agreement on November 1, 1989 (as amended and restated as of July 1, 1990 and November 1, 1991, the “Partnership Agreement”) between Pegasus Power Partners, a California limited partnership (“Pegasus Partners”), and CD Panther Partners, L.P., a Delaware limited partnership (“CD Panther”). Pegasus Partners and CD Panther were general partners of the Partnership, each with a 50% interest.

The Partnership was formed to develop, own, lease and operate a culm-fired generation facility (the “Facility”) in the Borough of Nesquehoning, Carbon County, Pennsylvania, and an approximate thirty-one mile transmission line (collectively the “Project”). On December 31, 1992, the Partnership sold three separate undivided interests (aggregating 100% of the project) to State Street Bank and Trust Company of Connecticut National Association who acts as Trustee (State Street, together with U.S. Bank National Association as its successor, the “Owner Trustees”) for three independent affiliates of financial institutions, or corporations, acting as investors (the “Owner Participants”). The three Owner Trustees in turn beneficially held the real property interests related to the Facility through a fourth trust, of which State Street (and its successor U.S. Bank National Association) is also the trustee (the “Owner Real Property Trustee”).

The Partnership then leased such undivided interests back from the Owner Trustees under three separate, but substantially identical, triple net leases (the “Leases”), together with a separate reassignment and sublease agreement with the Owner Trustees and the Owner Real Property Trustee with respect to the real property interests in the Facility. The Leases, which were for nineteen years and seven months and expired in August 2012, included provisions to either extend the lease terms under a renewal option for periods ranging from two to ten years, or to purchase the Project at its fair market value or 50% of original cost at the end of the base or extended terms. Absent exercise of these options and agreement on the relevant terms, the Leases and related agreements provided for a handback of the Facility and the related interests therein to the Owner Trustees and the Owner Real Property Trustee acting on behalf of the Owner Participants.

The original bonds and construction loan of \$175 million used to finance the construction of the Project were assumed by the Owner Trustees as lessors of the Project (the “Lessors”). The Partnership remained liable for various costs including fluctuations in the fixed to floating rate swap arrangements, letter of credit fees, royalties for the Facility site lease, easement payments, and continuing administrative costs of the sale-leaseback transaction.

On January 22, 2011, the Partnership notified the Lessors of its decision to exercise the purchase option permitted by Section 13(c)(i) of the Leases. This election triggered a series of events, starting with an Appraisal Procedure, which determined the Fair Market Sales Value of the Undivided Interest and Real Property Interest on the last day of the Base Lease Term. The purchase price was the lesser of the Fair Market Sales Value, which was determined to be \$38,000,000, or an amount equal to \$247,000,000. The Partnership then withdrew its election by giving the Lessors written notice of such withdrawal.

Prior to July 10, 2012, two of the trust interests were held by Liberty Bell Funding LLC, a wholly-owned indirect subsidiary of ArcLight Capital Holding, LLC, totaling a 67.5% interest in the Facility and the other trust interest was held by BAL Investment & Advisory, Inc., representing a 32.5% interest in the Facility. Under the Agreement to Purchase dated July 10, 2012, Olympus Panther Holdings, LLC purchased BAL Investment & Advisory, Inc.’s trust interest. Olympus Panther Holdings, LLC is owned 23.077% by Liberty Bell Funding LLC and 76.923% by Olympus Panther Funding LLC, an affiliate of Olympus Power LLC. At the termination of the lease, Liberty Bell Funding LLC and Olympus Panther Holdings, LLC contributed their trust interests in the Facility into Panther Creek Power Operating LLC, a Delaware limited liability company (the “Company”), formed to hold the trust interests and operate the Facility. As this resulted in a change of control, the acquisition was accounted for using the purchase method of accounting for business combinations. As of December 31, 2012, through the direct and indirect membership interests, Panther Creek Power Operating LLC was owned 75% by Liberty Bell Funding LLC and 25% by Olympus Panther Funding, LLC. Under the Purchase and Sale Agreement dated July 27, 2016, Olympus

PANTHER CREEK POWER OPERATING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

Steelhead Holdings, LLC, an affiliate of Olympus Power LLC, purchased 100% of the membership in Liberty Bell Funding LLC from Liberty Bell Funding Holdings, LLC, a wholly-owned indirect subsidiary of ArcLight Capital Holding, LLC.

The Company has an interconnection agreement with PJM Interconnection LLC. The Company sells electricity in the day ahead market to PJM Settlement, Inc (“PJM”).

2. Going Concern

The Company has been unable to generate positive cash flows operating as a merchant coal facility under the current market conditions with PJM. The combination of low natural gas prices and mild winter weather have resulted in significantly depressed power pricing within PJM since 2019 leading to a situation where energy margins and capacity payments are not sufficient to operate the facility. Due to an extreme weather pattern in a section of the country in February 2021, the facility was dispatched by PJM for several days at favorable pricing. However, based on the forward energy curves, management does not expect to operate the facility for the remainder of 2021. Without positive cash flow from regular winter dispatch and favorable capacity clearing prices in the upcoming PJM capacity auctions, management anticipates that the Company will continue to experience significant cash deficiencies under its existing cost structure.

Management of the Company is currently in negotiation with a third party to sell the Company. Management of the Company believes the viability of the Company is contingent upon the potential buyer’s ability and willingness to invest additional capital in the Company’s operations. Absent a sale to the potential buyer, the ability to continue as a going concern is predicated on the Company’s ability to meet budget and/or seek alternative financing. There are no assurances that the Company will be successful in either of these efforts.

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These conditions raise substantial doubt about the Company’s ability to continue in operation as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. Summary of Significant Accounting Policies

Basis of Presentation

The Company’s financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as codified by the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”).

Use of Estimates in Financial Statement Preparation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reported period. While management believes current estimates are reasonable and appropriate, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Company reviews the collectability of its accounts receivable on a regular basis, primarily under the specific identification method. As of March 31, 2021 and 2020, no allowance for doubtful accounts was considered necessary.

Inventory

Inventory consists of culm and is valued using the lower of cost or market with cost determined using the average cost method.

Property, Plant and Equipment

The Company's property, plant and equipment is primarily comprised of a culm-fired generation facility and an approximately thirty-one mile transmission line. The value assigned was based on the fair value of the property, plant and equipment at acquisition and is being depreciated on a straight-line basis over thirty years. Other components of property, plant and equipment are stated at cost and are depreciated on a straight-line basis over their respective estimated useful lives of two to five years. Depreciation expense for the periods ended March 31, 2021 and 2020 was \$102,087 and \$105,450, respectively.

The Company accounts for the impairment or disposal of property, plant and equipment in accordance with Accounting Standards Codification ("ASC") 360, *Property, Plant and Equipment*. An impairment loss is recognized if the carrying amount of a long-lived asset is not recoverable from its future undiscounted cash flows and measured as the difference between the carrying amount and fair value of the asset. The Company records impairment losses on long-lived assets when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows to be generated by those assets are less than the carrying amounts of those assets. Based on management's estimates, there was no impairment of long-lived assets for the periods ended March 31, 2021 and 2020.

Revenue Recognition

On January 1, 2019, the Company adopted ASU 2014-09, "Revenues from Contracts with Customers" (ASC 606), which is the new revenue recognition guidance. The Company elected to apply ASC 606 using the modified retrospective method which allows entities to (a) record the cumulative effect of initially applying ASC 606 as an adjustment to opening member's equity and (b) electing to apply the guidance in ASC 606 only to contracts that were not completed as of January 1, 2019.

ASC 606 requires an entity to recognize revenue when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the entity expects to be entitled to receive in exchange for those goods or services.

The adoption of ASC 606 did not result in any change to the accounting for the Company's revenues. As such no cumulative effect adjustment was recorded to partner's deficit as of January 1, 2019. Additionally, ASC 606 had no impact on any of the Company's financial statement line items for the year ended December 31, 2019. The Company's policies with respect to its revenue streams are detailed below.

Energy Revenue - The Company operates as a market participant through PJM Interconnection, a Regional Transmission Organization ("RTO") that coordinates the movement of wholesale electricity. The Company sells energy in the wholesale generation market in the PJM RTO. Energy revenues are delivered as a series of distinct units that are substantially the same and that have the same pattern of transfer to the customer over time and are therefore accounted for as a distinct performance obligation. The transaction price is based on pricing published in the day ahead market which constitute the stand-alone selling price.

Energy revenue is recognized as energy volumes are generated and delivered to the RTO (which is contemporaneous with generation), using the output method for measuring progress of satisfaction of the

PANTHER CREEK POWER OPERATING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

performance obligation. The Company applies the invoice practical expedient in recognizing energy revenue. Under the invoice practical expedient, energy revenue is recognized based on the invoiced amount which is considered equal to the value provided to the customer for the Company's performance obligation completed to date.

Capacity Revenue - The Company provides capacity to customers through participation in capacity auctions held by the PJM RTO. Capacity revenues are a series of distinct performance obligations that are substantially the same and that have the same pattern of transfer to the customer over time and are therefore accounted for as a distinct performance obligation. The transaction price for capacity is market-based and constitutes the stand-alone selling price.

As capacity represents the Company's stand-ready obligation, capacity revenue is recognized as the performance obligation is satisfied ratably over time, on a monthly basis, since the Company stands ready equally throughout the period to deliver power to the PJM RTO if called upon. The Company applies the invoice practical expedient in recognizing capacity revenue. Under the invoice practical expedient, capacity revenue is recognized based on the invoiced amount which is considered equal to the value provided to the customer for the Company's performance obligation completed to date. Penalties may be assessed by the PJM RTO against generation facilities if the facility is not available during the capacity period. The penalties assessed by the PJM RTO, if any, are recorded as a reduction to capacity revenue when incurred.

Reactive Power and Ancillary Services – Other wholesale contracts include revenue activity with the PJM RTO for reactive power and ancillary services. These are delivered over time as a series of distinct performance obligations. The transaction price for these services is market based.

Reactive power revenue is provided to maintain a continuous voltage level. Revenue from reactive power is recognized ratably over time as the Company stands ready to provide it if called upon by the PJM RTO. Ancillary service revenue is recorded when the service is performed. The right to invoice directly corresponds to the value provided to the customer for the Company's performance obligations completed to date and therefore the Company applies the invoice practical expedient when recognizing these revenues.

Accounting for Asset Retirement Obligation

The Company accounts for asset retirement obligations in accordance with ASC 410, *Asset Retirement and Environmental Obligations*. ASC 410 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The costs associated with the asset retirement obligation are capitalized as part of the carrying amount of the long-lived asset. The Company does not have any asset retirement obligations as it is management's intent to maintain these facilities in a manner such that they will be operated indefinitely.

Environmental Costs

The Company may be exposed to environmental costs in the ordinary course of business. Expenditures for ongoing compliance with environmental regulations that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and that do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated. Estimates of the liability are based upon currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs. These amounts also consider prior experience in remediating contaminated sites, other companies' clean-up experience and data released by the Environmental Protection Agency or other organizations. These estimated liabilities are subject to revision in future periods based on actual costs or new circumstances, and are included on the balance sheets at their undiscounted amounts, if any. As of March 31, 2021 and 2020, no known environmental liabilities exist.

Income Taxes

As a limited liability company, the Company is not a taxpaying entity for federal income tax purposes. The Company's income, gains, losses and tax credits for federal income tax purposes pass to the members who individually report their share of such items on their income tax returns. The Partnership is not subject to Pennsylvania state income tax.

The Company accounts for income taxes and uncertainty in income taxes in accordance with ASC 740, *Income Taxes*. The guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two step process. A determination is made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The income tax positions taken by the Company for any years open under the various statutes of limitations is that the Company continues to be exempt from federal income taxes by virtue of its pass through status and that federal income tax is attributable to the members. Management believes that this income tax position meets the more likely than not threshold and, accordingly, the tax benefit of this income tax position (no federal income tax expense or liability) has been recognized for the periods ended March 31, 2021 and 2020. The Company believes there are no income tax positions (federal or state) taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within twelve months of the reporting date.

None of the Company's federal or state income tax returns are currently under examination by the Internal Revenue Service ("IRS") or respective state authority. However, fiscal year 2017 and later remains subject to examination by the IRS and respective state authority.

Derivative Instruments and Hedging Activities

In accordance with ASC 815, *Derivatives and Hedging*, derivative instruments are recorded at fair value as either assets or liabilities in the Company's balance sheet. For a derivative designated as, and meeting the specific criteria as a hedge, any change in fair value of the derivative against changes in future cash flows of the underlying hedged item may be deferred through other comprehensive income, a component of members' equity, in the period of change. For a derivative not designated as, or not meeting specific criteria as a hedge, changes in fair value will be recognized in current earnings in the period of change.

The Company has certain commodity contracts for the physical delivery of purchase and sale quantities transacted in the normal course of business. Since these activities are executory contracts and qualify as normal purchase and normal sale activities under ASC 815, the Company has not recorded the value of the related contracts on its balance sheet as permitted under ASC 815.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to credit risk, consist primarily of cash and cash equivalents, and accounts receivable. The Company's cash and cash equivalents balance includes investments in money market securities and securities backed by the U.S. Government. The Company's cash accounts, which at times exceed federally insured limits, are held by major financial institutions.

For the periods ended March 31, 2021 and 2020, PJM accounted for approximately 100% and 100%, respectively, of the Company's revenue and for 100% of the Company's trade accounts receivable as of March 31, 2021 and 2020. The Company does not collateralize accounts receivable.

PANTHER CREEK POWER OPERATING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

Costs Associated with Exit or Disposal Activities

The Company accounts for costs associated with exit or disposal activities in accordance with ASC 420, *Exit or Disposal Cost Obligations*. This statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The Company did not initiate any disposal activities in 2021 and 2020 and is not currently contemplating any such activities.

Major Maintenance

In accordance with ASC 360, *Property, Plant and Equipment*, the Company expenses costs for major maintenance in the period such costs are incurred.

Waste Coal Credits

Under the Coal Refuse Energy and Reclamation Tax Credit Program administered by the Pennsylvania Department of Community and Economic Development, the Company earns tax certificates by using coal refuse for power generation to reclaim mining-affected sites in the state of Pennsylvania.

Recent Accounting Pronouncements

ASU No. 2016-02, *Leases (Topic 842)*. In February 2016, the FASB issued a new standard on leasing. From the lessee's perspective, the new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement for lessees. From the lessor's perspective, the new standard requires a lessor to classify leases as sales type, finance or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risk and rewards are conveyed without the transfer of control, the lease is treated as a financing lease. If the lessor doesn't convey risks and rewards or control, an operating lease results. For nonpublic entities this new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. A modified retrospective transition approach is required for lessors for sales-type, direct financing, and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is in the process of evaluating the impact of this new pronouncement on its financial statements.

4. Limited Liability Company Agreement

The Limited Liability Company Agreement of Panther Creek Power Operating LLC (the "LLC Agreement") dated April 18, 2012, among other things, provides for the allocation of net income and loss and cash distributions between Olympus Panther Holdings LLC and Liberty Bell Funding LLC. The LLC Agreement also establishes the board of managers defines manager duties and defines accounting and tax reporting requirements.

PANTHER CREEK POWER OPERATING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

5. Property, Plant and Equipment

Major classifications and estimated useful lives of property, plant and equipment as of March 31, 2021 and 2020 are as follows:

	Estimated Life	2021	2020
Plant facility	30 years	\$ 8,322,521	\$ 8,322,521
Rolling stock	2-5 years	1,896,395	1,896,395
Furniture & fixtures	5 years	22,000	22,000
Office equipment	3-5 years	29,527	28,704
		<u>10,270,443</u>	<u>10,269,620</u>
Less: accumulated depreciation		(4,300,558)	(3,886,341)
Total property, plant and equipment, net		<u>\$ 5,969,885</u>	<u>\$ 6,383,279</u>

6. Notes Payable

On October 25, 2018, the Company entered into an installment sale agreement with Caterpillar Financial Services Corporation to finance the purchase of a wheel loader. The term of the loan is 60 months and has a 7.60% annual interest rate. Under a customer care program payment assistance agreement with Caterpillar Financial Services Corporation, which was offered to its customers who had a demonstrated impact from the Covid-19 virus, the Company was able to skip four monthly payments and extend the term of the original agreement.

The future maturities of notes payable for the next five years as of March 31, 2021 are as following:

2022	\$	78,768
2023		84,967
2024		91,655
2025		7,956
Total minimum payments required	<u>\$</u>	<u>263,346</u>

7. Related Party Transactions

Effective August 2, 2012, the Company entered into the Operations and Maintenance Agreement (the "O&M Agreement") with Panther Creek Energy Services LLC, a wholly-owned subsidiary of Olympus Services LLC, which in turn, is a wholly-owned subsidiary of Olympus Power LLC. Under the O&M Agreement, Panther Creek Energy Services LLC provides the Company with operations and maintenance services with respect to the Facility. The Company reimburses Panther Creek Energy Services LLC for actual wages and salaries. The Company also pays a management fee of \$175,000 per operating year, which is payable monthly and is adjusted by the consumer price index on each anniversary date of the effective date. The amount expensed for the periods ended March 31, 2021 and 2020 was \$449,493 and \$683,269, respectively, of which \$1,301,245 and \$785,107 was included in accounts payable - affiliates as of March 31, 2021 and 2020, respectively.

Effective August 1, 2012, the Company entered into the Fuel Management Agreement (the "Fuel Agreement") with Panther Creek Fuel Services LLC, a wholly-owned subsidiary of Olympus Services LLC, which in turn, is a wholly-owned subsidiary of Olympus Power LLC. Under the Fuel Agreement, Panther Creek Fuel Services LLC provides the Company with operations and maintenance services with respect to the Facility. The Company reimburses Panther Creek Energy Services LLC for actual wages and salaries. The amount expensed for the periods ended March 31, 2021 and 2020 was \$148,041 and \$209,494, respectively, of which \$98,252 and \$17,376 was included in accounts payable - affiliates as of March 31, 2021 and 2020, respectively.

Effective August 1, 2012, the Company entered into the Asset Management Agreement with Olympus Services LLC. Under the Asset Management Agreement, Olympus Services LLC provides the Company with asset

PANTHER CREEK POWER OPERATING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

management services with respect to the Facility. The Company reimburses Olympus Services LLC for actual wages and salaries. The Company also pays an asset management fee of \$175,000 per operating year, which is payable monthly and is adjusted by the consumer price index on each anniversary date of the effective date. The amount expensed for the periods ended March 31, 2021 and 2020 was \$47,012 and \$47,012, respectively, of which \$867,583 and \$695,206 was included in accounts payable - affiliates as of March 31, 2021 and 2020, respectively.

The Company has a Fuel Service and Beneficial Use Agreement (“FBUA”) with Northampton Fuel Supply Company, Inc. (“NFS”), a wholly-owned subsidiary of Olympus Power. The Company buys fuel from and sends ash to NFS, for the mutual benefit of both facilities, under the terms and rates established in the FBUA. The FBUA expires December 31, 2023. For the periods ended March 31, 2021 and 2020, the Company expensed approximately \$38,000 and \$123,000, respectively, which is included in fuel expense in the accompanying statement of operations. The Company owed NFS approximately \$37,810 and \$171,114 at March 31, 2021 and 2020, respectively, which is included in payable - affiliates, net on the accompanying balance sheets.

8. Fair Value of Financial Instruments

The estimated fair value of the Company’s financial instruments has been determined using available market information and valuation methodologies in accordance with ASC 820, *Fair Value Measurements and Disclosures*. At March 31, 2021, the carrying value of cash and cash equivalents, accounts receivable and accounts payable are representative of fair values due to the short-term nature of these instruments.

ASC 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1 - Quoted prices in active market for identical assets and liabilities.

Level 2 - Other significant observable inputs (including quoted prices in active markets for similar assets/liabilities).

Level 3 - Significant unobservable inputs (including the Company’s own assumptions in determining the fair value).

9. Commitments

The Company is the grantee under a land easement that encompasses approximately 31 miles of transmission lines along a railroad line owned by Norfolk Southern Corporation. Under the terms of the land easement, the Company pays an annual rent of \$110,527, which escalates based upon a specific consumer price index, and covers a period through October 2018. The first of two five year renewal options was exercised in April 2018. Under an amendment to the license agreement, the annual rent was modified, whereby the annual rent was reduced to \$125,000 for the period November 1, 2019 to October 31, 2020. In addition, the subsequent annual rent increases by \$25,000 until time the rent matches or exceeds the rent under the original provisions. At such time, the rent shall revert to the original agreement. In addition, the Company is the grantee under a land easement to allow a transmission line to be run along Lehigh Coal and Navigation Company’s right of way. Under the terms of the land easement, the Company pays an annual rent of \$10,000, which escalates based upon a specific consumer price index and the easement covers a period through the later of the expiration of the power purchase agreement with MetEd or any future agreement to sell electricity. The Company is the grantee under a land easement with Carbon Country Railroad Commission to construct and operate a well house, water pump, pipes and other pumping facilities for the withdrawal of water for use at the Facility. The initial annual fee is \$1,200 and escalates 4.5% annually. These easements are classified as operating leases. The following is a schedule of the approximate amount of future

PANTHER CREEK POWER OPERATING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

minimum rental payments required under such easements that have initial or remaining noncancelable lease terms in excess of one year as of March 31, 2021 for succeeding years ending March 31 up to expiration:

2022	\$ 181,250
2023	206,250
2024	231,250
2025	251,950
2026	259,410
Thereafter	469,033
Total minimum payments required	<u>\$ 1,599,143</u>

Rent expense for the periods ended March 31, 2021 and 2020 was \$51,045 and \$27,833, respectively.

Under the Second Restated Site Lease, Easement and Operating Agreement dated July 6, 1990, the Company leases an approximately forty-acre site for the Facility from Kovatch Enterprises, Inc. The initial term of the agreement is 30 years from the commercial operation date of the Facility, which was October 18, 1992, and includes renewal provisions. The Company exercised its option on November 18, 2020 to extend the initial term an additional five years, bringing the contractual expiration to October 18, 2027. Annual rental payments to Kovatch Enterprises, Inc. for the Facility site lease equal 3% of the gross revenue of the Facility and are reported as net in operating revenues. Under the Amendment to Second Restated Site Lease, Easement and Operating Agreement effective April 1, 2019, for operations after March 31, 2019 through December 31, 2021, the rental payments for the site lease was amended to 3% of the gross margin of the Facility. The amount expensed for the periods ended March 31, 2021 and 2020 was \$35,546 and \$9,348, respectively, of which \$35,546 and \$9,348 was included in accounts payable as of March 31, 2021 and 2020, respectively.

10. Contingencies

The Company entered into a services agreement effective October 10, 2012 with Lehigh Anthracite, L.P. for the supply of waste anthracite and the loading, transportation, and removal of ash. The initial term of the agreement extended to December 31, 2016. Under the amended and restated agreement effective November 3, 2015, the term was extended to December 31, 2018. Under provisions of the agreement, the Company was to accept delivery of at least 300,000 tons of qualifying waste anthracite per year. On February 24, 2016, the Company gave written notice to Lehigh Anthracite, L.P. that it would not accept delivery of waste anthracite due to force majeure. While Lehigh Anthracite, L.P. contended that the Company breached a contractual agreement resulting in damages, the Company maintained that performance was excused pursuant to force majeure provisions within the contract. Lehigh Anthracite, L.P. filed a civil action in the Court of Common Pleas of Carbon County, Pennsylvania, Docket No. 16-0572 on June 3, 2016. The Company vigorously defended the case and was ultimately negotiated a settlement that was finalized on April 6, 2021. At the execution of the settlement documents, the Company made a \$100,000 initial settlement payment to Lehigh Anthracite, L.P. In addition, the settlement provides for \$300,000 in future payments to be paid quarterly over the course of three years starting on June 30, 2021. As a result of the settlement, Lehigh Anthracite, L.P. filed a discontinuance of the lawsuit. For the year ended December 31, 2020, \$400,000 was included in other expense in the statement of operations.

A former employee of Panther Creek Fuel Services LLC filed a Pennsylvania Workers' Compensation claim seeking benefits for alleged coal workers' pneumoconiosis contracted as the result of his exposure to coal mine dust during his employment with Panther Creek Fuel Services LLC. Panther Creek Fuel Services LLC, through its insurance carrier, denied the allegations and obtained an independent medical evaluation. The claim was scheduled for mandatory mediation on April 14, 2021, at which time the parties were successful in resolving the claim in exchange for a full and final Compromise and Release of both indemnity and medical benefits. Parties are waiting for an estimated Medicare set aside before proceeding with a final settlement of the claim. In addition, the former employee file a claim for Federal Black Lung benefits under the Black Lung Benefits Act. Panther Creek Fuel Services LLC's insurance carrier denied insurance coverage for this claim but the former employee has agreed to withdraw that claim as part of the settlement of the Pennsylvania Workers' Compensation claim.

PANTHER CREEK POWER OPERATING LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDING MARCH 31, 2021 AND 2020

The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

There may be other certain contingencies arising from the ordinary course of business to which the Company is a party. It is management's belief that the ultimate resolution of those commitments and contingencies will not have a material adverse impact on the Company's financial position, results of operations or cash flows.

11. Subsequent Events

Management has evaluated events and transactions subsequent to the balance sheet date through the date the financial statements were available to be issued for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure, except for those below.

On April 16, 2021 Olympus Panther Funding, LLC contributed its 25% membership interest in the Company, its 76.92% of the membership interests in Olympus Panther Holdings, LLC, and its 50% of the membership interests in Panther Creek Permitting, LLC, a Delaware limited liability company, to Panther Creek Reclamation Holdings, LLC, a Delaware limited liability company. Simultaneously, Olympus Steelhead Holdings, LLC contributed its 100% membership interest in Liberty Bell Funding, LLC to Panther Creek Reclamation Holdings, LLC. Following this reorganization of the membership interests, Olympus Steelhead Holdings, LLC owns 75% of Panther Creek Reclamation Holdings, LLC, Olympus Panther Funding, LLC holds 25% of the membership interests in Panther Creek Reclamation Holdings, LLC and Panther Reclamation Holdings, LLC owns 100% of Liberty Bell Funding, LLC which, in turn, owns 100% of each of the Company, Panther Creek Permitting, LLC, and Olympus Panther Holdings, LLC.

On July 9, 2021 an Equity Capital Contribution Agreement was entered into by and among Panther Creek Reclamation Holdings, LLC, Stronghold Digital Mining Holdings LLC and Olympus Power, LLC, whereby Panther Creek Reclamation Holdings, LLC has agreed to contribute all of the membership interests in Liberty Bell Funding, LLC to Stronghold Digital Mining Holdings, LLC. The consideration for the Panther Creek Plant is approximately \$3,000,000 of cash consideration and 400,000 Series A Preferred Units.

Independent Auditor's Report

To the Members of
Panther Creek Power Operating LLC

We have audited the accompanying financial statements of Panther Creek Power Operating LLC, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Panther Creek Power Operating LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that Panther Creek Power Operating LLC will continue as a going concern. As described in Note 2 to the financial statements, Panther Creek Power Operating LLC has suffered net losses during the past two years and reported negative working capital at December 31, 2020. These items raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

/s/ Urish Popeck & Co., LLC

Pittsburgh, PA
June 11, 2021

PANTHER CREEK POWER OPERATING LLC
BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 33,241	\$ 16,670
Accounts receivable	69,539	291,147
Inventory	2,268,653	3,529,728
Prepays and other current assets	181,151	132,443
Total current assets	2,552,584	3,969,988
Property, plant and equipment	10,270,443	10,269,620
Less: accumulated depreciation	4,198,472	3,780,891
Property, plant and equipment, net	6,071,971	6,488,729
Security Deposits	246,869	164,869
Total assets	\$ 8,871,424	\$ 10,623,586
Liabilities and Members' Equity		
Current liabilities		
Accounts payable	\$ 940,895	\$ 1,249,445
Payable to affiliates	2,628,123	1,861,557
Accrued liabilities	426,406	34,926
Notes payable – current portion	77,290	71,651
Total current liabilities	4,072,714	3,217,579
Notes payable – non-current portion	204,833	250,903
Total long-term liabilities	204,833	250,903
Commitments and contingencies		
Members' Equity	4,593,877	7,155,104
Total liabilities and members' equity	\$ 8,871,424	\$ 10,623,586

The accompanying notes are an integral part of these financial statements.

PANTHER CREEK POWER OPERATING LLC
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Operating revenues		
Electricity	\$ 3,941,942	\$ 8,969,769
Other revenue	424,474	75,952
Total operating revenues	4,366,416	9,045,721
Operating expenses		
Fuel	1,916,161	3,418,740
Operations and maintenance	4,512,277	6,923,515
Depreciation	417,581	535,091
Total operating expenses	6,846,019	10,877,346
Loss from operations	(2,479,603)	(1,831,625)
Other income (expense)		
Interest income	—	1,209
Interest expense	(26,629)	(7,721)
Waste coal credit	345,005	179,474
Other expense	(400,000)	—
Total other income (expense)	(81,624)	172,962
Net loss	\$ (2,561,227)	\$ (1,658,663)

The accompanying notes are an integral part of these financial statements.

**PANTHER CREEK POWER OPERATING LLC
STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Olympus Panther Holdings, LLC	Liberty Bell Funding, LLC	Total Members' Equity
Balance, January 1, 2019	\$ 2,864,491	\$ 5,949,276	\$ 8,813,767
Net loss	(539,065)	(1,119,598)	(1,658,663)
Balance, December 31, 2019	\$ 2,325,426	\$ 4,829,678	\$ 7,155,104
Net loss	(832,399)	(1,728,828)	(2,561,227)
Balance, December 31, 2020	<u>\$ 1,493,027</u>	<u>\$ 3,100,850</u>	<u>\$ 4,593,877</u>

The accompanying notes are an integral part of these financial statements.

PANTHER CREEK POWER OPERATING LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Operating activities		
Net loss	\$ (2,561,227)	\$ (1,658,663)
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	417,581	535,091
Changes in operating assets and liabilities:		
Accounts receivable	221,608	740,966
Inventory	1,261,075	263,926
Prepays and other current assets	(48,708)	119,524
Security deposits	(82,000)	3,500
Accounts payable	(308,550)	86,292
Payable to affiliates	766,566	(67,048)
Accrued liabilities	391,480	26,267
Net cash provided by operating activities	57,825	49,855
Investing activities		
Purchases of property, plant and equipment	(823)	—
Net cash used in investing activities	(823)	—
Financing activities		
Payment of notes payable	(40,431)	(93,526)
Net cash used in financing activities	(40,431)	(93,526)
Net increase (decrease) in cash and cash equivalents	16,571	(43,671)
Cash and cash equivalents, beginning of year	16,670	60,341
Cash and cash equivalents, end of year	\$ 33,241	\$ 16,670
Supplemental disclosure		
Cash paid for interest	\$ 15,529	\$ 27,556

The accompanying notes are an integral part of these financial statements.

PANTHER CREEK POWER OPERATING LLC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

1. Organization and Business

Panther Creek Partners, a Delaware general partnership (the “Partnership”) was organized in November 1989 pursuant to a Joint Venture Agreement on November 1, 1989 (as amended and restated as of July 1, 1990 and November 1, 1991, the “Partnership Agreement”) between Pegasus Power Partners, a California limited partnership (“Pegasus Partners”), and CD Panther Partners, L.P., a Delaware limited partnership (“CD Panther”). Pegasus Partners and CD Panther were general partners of the Partnership, each with a 50% interest.

The Partnership was formed to develop, own, lease and operate a culm-fired generation facility (the “Facility”) in the Borough of Nesquehoning, Carbon County, Pennsylvania, and an approximate thirty-one mile transmission line (collectively the “Project”). On December 31, 1992, the Partnership sold three separate undivided interests (aggregating 100% of the project) to State Street Bank and Trust Company of Connecticut National Association who acts as Trustee (State Street, together with U.S. Bank National Association as its successor, the “Owner Trustees”) for three independent affiliates of financial institutions, or corporations, acting as investors (the “Owner Participants”). The three Owner Trustees in turn beneficially held the real property interests related to the Facility through a fourth trust, of which State Street (and its successor U.S. Bank National Association) is also the trustee (the “Owner Real Property Trustee”).

The Partnership then leased such undivided interests back from the Owner Trustees under three separate, but substantially identical, triple net leases (the “Leases”), together with a separate reassignment and sublease agreement with the Owner Trustees and the Owner Real Property Trustee with respect to the real property interests in the Facility. The Leases, which were for nineteen years and seven months and expired in August 2012, included provisions to either extend the lease terms under a renewal option for periods ranging from two to ten years, or to purchase the Project at its fair market value or 50% of original cost at the end of the base or extended terms. Absent exercise of these options and agreement on the relevant terms, the Leases and related agreements provided for a handback of the Facility and the related interests therein to the Owner Trustees and the Owner Real Property Trustee acting on behalf of the Owner Participants.

The original bonds and construction loan of \$175 million used to finance the construction of the Project were assumed by the Owner Trustees as lessors of the Project (the “Lessors”). The Partnership remained liable for various costs including fluctuations in the fixed to floating rate swap arrangements, letter of credit fees, royalties for the Facility site lease, easement payments, and continuing administrative costs of the sale-leaseback transaction.

On January 22, 2011, the Partnership notified the Lessors of its decision to exercise the purchase option permitted by Section 13(c)(i) of the Leases. This election triggered a series of events, starting with an Appraisal Procedure, which determined the Fair Market Sales Value of the Undivided Interest and Real Property Interest on the last day of the Base Lease Term. The purchase price was the lesser of the Fair Market Sales Value, which was determined to be \$38,000,000, or an amount equal to \$247,000,000. The Partnership then withdrew its election by giving the Lessors written notice of such withdrawal.

Prior to July 10, 2012, two of the trust interests were held by Liberty Bell Funding LLC, a wholly-owned indirect subsidiary of ArcLight Capital Holding, LLC, totaling a 67.5% interest in the Facility and the other trust interest was held by BAL Investment & Advisory, Inc., representing a 32.5% interest in the Facility. Under the Agreement to Purchase dated July 10, 2012, Olympus Panther Holdings, LLC purchased BAL Investment & Advisory, Inc.’s trust interest. Olympus Panther Holdings, LLC is owned 23.077% by Liberty Bell Funding LLC and 76.923% by Olympus Panther Funding LLC, an affiliate of Olympus Power LLC. At the termination of the lease, Liberty Bell Funding LLC and Olympus Panther Holdings, LLC contributed their trust interests in the Facility into Panther Creek Power Operating LLC, a Delaware limited liability company (the “Company”), formed to hold the trust interests and operate the Facility. As this resulted in a change of control, the acquisition was accounted for using the purchase method of accounting for business combinations. As of December 31, 2012, through the direct and indirect membership interests, Panther Creek Power Operating LLC was owned 75% by Liberty Bell Funding LLC and 25% by Olympus Panther Funding, LLC. Under the Purchase and Sale Agreement dated July 27, 2016, Olympus Steelhead Holdings, LLC, an

affiliate of Olympus Power LLC, purchased 100% of the membership in Liberty Bell Funding LLC from Liberty Bell Funding Holdings, LLC, a wholly-owned indirect subsidiary of ArcLight Capital Holding, LLC.

The Company has an interconnection agreement with PJM Interconnection LLC. The Company sells electricity in the day ahead market to PJM Settlement, Inc (“PJM”).

2. Going Concern

The Company has been unable to generate positive cash flows operating as a merchant coal facility under the current market conditions with PJM. The combination of low natural gas prices and mild winter weather have resulted in significantly depressed power pricing within PJM since 2019 leading to a situation where energy margins and capacity payments are not sufficient to operate the facility. Due to an extreme weather pattern in a section of the country in February 2021, the facility was dispatched by PJM for several days at favorable pricing. However, based on the forward energy curves, management does not expect to operate the facility for the remainder of 2021. Without positive cash flow from regular winter dispatch and favorable capacity clearing prices in the upcoming PJM capacity auctions, management anticipates that the Company will continue to experience significant cash deficiencies under its existing cost structure.

Management of the Company is currently in negotiation with a third party to sell the Company. Management of the Company believes the viability of the Company is contingent upon the potential buyer’s ability and willingness to invest additional capital in the Company’s operations. Absent a sale to the potential buyer, the ability to continue as a going concern is predicated on the Company’s ability to meet budget and/or seek alternative financing. There are no assurances that the Company will be successful in either of these efforts.

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These conditions raise substantial doubt about the Company’s ability to continue in operation as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. Summary of Significant Accounting Policies

Basis of Presentation

The Company’s financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as codified by the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”).

Use of Estimates in Financial Statement Preparation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reported period. While management believes current estimates are reasonable and appropriate, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The Company reviews the collectability of its accounts receivable on a regular basis, primarily under the specific identification method. As of December 31, 2020 and 2019, no allowance for doubtful accounts was considered necessary.

Inventory

Inventory consists of culm and is valued using the lower of cost or net realizable value with cost determined using the average cost method.

Property, Plant and Equipment

The Company's property, plant and equipment is primarily comprised of a culm-fired generation facility and an approximately thirty-one mile transmission line. The value assigned was based on the fair value of the property, plant and equipment at acquisition and is being depreciated on a straight-line basis over thirty years. Other components of property, plant and equipment are stated at cost and are depreciated on a straight-line basis over their respective estimated useful lives of two to five years. Depreciation expense for the years ended December 31, 2020 and 2019 was \$417,581 and \$535,091, respectively.

The Company accounts for the impairment or disposal of property, plant and equipment in accordance with Accounting Standards Codification ("ASC") 360, *Property, Plant and Equipment*. An impairment loss is recognized if the carrying amount of a long-lived asset is not recoverable from its future undiscounted cash flows and measured as the difference between the carrying amount and fair value of the asset. The Company records impairment losses on long-lived assets when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows to be generated by those assets are less than the carrying amounts of those assets. Based on management's estimates, there was no impairment of long-lived assets for the years ended December 31, 2020 and 2019.

Revenue Recognition

On January 1, 2019, the Company adopted ASU 2014-09, "*Revenues from Contracts with Customers*" (ASC 606), which is the new revenue recognition guidance. The Company elected to apply ASC 606 using the modified retrospective method which allows entities to (a) record the cumulative effect of initially applying ASC 606 as an adjustment to opening member's equity and (b) electing to apply the guidance in ASC 606 only to contracts that were not completed as of January 1, 2019.

ASC 606 requires an entity to recognize revenue when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the entity expects to be entitled to receive in exchange for those goods or services.

The adoption of ASC 606 did not result in any change to the accounting for the Company's revenues. As such no cumulative effect adjustment was recorded to partner's deficit as of January 1, 2019. Additionally, ASC 606 had no impact on any of the Company's financial statement line items for the year ended December 31, 2019. The Company's policies with respect to its revenue streams are detailed below.

Energy Revenue - The Company operates as a market participant through PJM Interconnection, a Regional Transmission Organization ("RTO") that coordinates the movement of wholesale electricity. The Company sells energy in the wholesale generation market in the PJM RTO. Energy revenues are delivered as a series of distinct units that are substantially the same and that have the same pattern of transfer to the customer over time and are therefore accounted for as a distinct performance obligation. The transaction price is based on pricing published in the day ahead market which constitute the stand-alone selling price.

Energy revenue is recognized as energy volumes are generated and delivered to the RTO (which is contemporaneous with generation), using the output method for measuring progress of satisfaction of the performance obligation. The Company applies the invoice practical expedient in recognizing energy revenue. Under the invoice practical expedient,

energy revenue is recognized based on the invoiced amount which is considered equal to the value provided to the customer for the Company's performance obligation completed to date.

Capacity Revenue - The Company provides capacity to customers through participation in capacity auctions held by the PJM RTO. Capacity revenues are a series of distinct performance obligations that are substantially the same and that have the same pattern of transfer to the customer over time and are therefore accounted for as a distinct performance obligation. The transaction price for capacity is market-based and constitutes the stand-alone selling price.

As capacity represents the Company's stand-ready obligation, capacity revenue is recognized as the performance obligation is satisfied ratably over time, on a monthly basis, since the Company stands ready equally throughout the period to deliver power to the PJM RTO if called upon. The Company applies the invoice practical expedient in recognizing capacity revenue. Under the invoice practical expedient, capacity revenue is recognized based on the invoiced amount which is considered equal to the value provided to the customer for the Company's performance obligation completed to date. Penalties may be assessed by the PJM RTO against generation facilities if the facility is not available during the capacity period. The penalties assessed by the PJM RTO, if any, are recorded as a reduction to capacity revenue when incurred.

Reactive Power and Ancillary Services – Other wholesale contracts include revenue activity with the PJM RTO for reactive power and ancillary services. These are delivered over time as a series of distinct performance obligations. The transaction price for these services is market based.

Reactive power revenue is provided to maintain a continuous voltage level. Revenue from reactive power is recognized ratably over time as the Company stands ready to provide it if called upon by the PJM RTO. Ancillary service revenue is recorded when the service is performed. The right to invoice directly corresponds to the value provided to the customer for the Company's performance obligations completed to date and therefore the Company applies the invoice practical expedient when recognizing these revenues.

Accounting for Asset Retirement Obligation

The Company accounts for asset retirement obligations in accordance with ASC 410, *Asset Retirement and Environmental Obligations*. ASC 410 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The costs associated with the asset retirement obligation are capitalized as part of the carrying amount of the long-lived asset. The Company does not have any asset retirement obligations as it is management's intent to maintain these facilities in a manner such that they will be operated indefinitely.

Environmental Costs

The Company may be exposed to environmental costs in the ordinary course of business. Expenditures for ongoing compliance with environmental regulations that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and that do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated. Estimates of the liability are based upon currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs. These amounts also consider prior experience in remediating contaminated sites, other companies' clean-up experience and data released by the Environmental Protection Agency or other organizations. These estimated liabilities are subject to revision in future periods based on actual costs or new circumstances, and are included on the balance sheets at their undiscounted amounts, if any. As of December 31, 2020 and 2019, no known environmental liabilities exist.

Income Taxes

As a limited liability company, the Company is not a taxpaying entity for federal income tax purposes. The Company's income, gains, losses and tax credits for federal income tax purposes pass to the members who individually report their share of such items on their income tax returns. The Partnership is not subject to Pennsylvania state income tax.

The Company accounts for income taxes and uncertainty in income taxes in accordance with ASC 740, *Income Taxes*. The guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two step process. A determination is made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The income tax positions taken by the Company for any years open under the various statutes of limitations is that the Company continues to be exempt from federal income taxes by virtue of its pass through status and that federal income tax is attributable to the members. Management believes that this income tax position meets the more likely than not threshold and, accordingly, the tax benefit of this income tax position (no federal income tax expense or liability) has been recognized for the years ended December 31, 2020 and 2019. The Company believes there are no income tax positions (federal or state) taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within twelve months of the reporting date.

None of the Company's federal or state income tax returns are currently under examination by the Internal Revenue Service ("IRS") or respective state authority. However, fiscal year 2017 and later remains subject to examination by the IRS and respective state authority.

Derivative Instruments and Hedging Activities

In accordance with ASC 815, *Derivatives and Hedging*, derivative instruments are recorded at fair value as either assets or liabilities in the Company's balance sheet. For a derivative designated as, and meeting the specific criteria as a hedge, any change in fair value of the derivative against changes in future cash flows of the underlying hedged item may be deferred through other comprehensive income, a component of members' equity, in the period of change. For a derivative not designated as, or not meeting specific criteria as a hedge, changes in fair value will be recognized in current earnings in the period of change.

The Company has certain commodity contracts for the physical delivery of purchase and sale quantities transacted in the normal course of business. Since these activities are executory contracts and qualify as normal purchase and normal sale activities under ASC 815, the Company has not recorded the value of the related contracts on its balance sheet as permitted under ASC 815.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to credit risk, consist primarily of cash and cash equivalents, and accounts receivable. The Company's cash and cash equivalents balance includes investments in money market securities and securities backed by the U.S. Government. The Company's cash accounts, which at times exceed federally insured limits, are held by major financial institutions.

For the years ended December 31, 2020 and 2019, PJM accounted for approximately 100% of the Company's revenue and for 100% of the Company's trade accounts receivable as of December 31, 2020 and 2019. The Company does not collateralize accounts receivable.

Costs Associated with Exit or Disposal Activities

The Company accounts for costs associated with exit or disposal activities in accordance with ASC 420, *Exit or Disposal Cost Obligations*. This statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The Company did not initiate any disposal activities in 2020 and 2019 and is not currently contemplating any such activities.

Major Maintenance

In accordance with ASC 360, *Property, Plant and Equipment*, the Company expenses costs for major maintenance in the period such costs are incurred.

Waste Coal Credits

Under the Coal Refuse Energy and Reclamation Tax Credit Program administered by the Pennsylvania Department of Community and Economic Development, the company earns tax certificates by using coal refuse for power generation to reclaim mining-affected sites in the state of Pennsylvania.

Recent Accounting Pronouncements

ASU No. 2016-02, *Leases (Topic 842)*. In February 2016, the FASB issued a new standard on leasing. From the lessee's perspective, the new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement for lessees. From the lessor's perspective, the new standard requires a lessor to classify leases as sales type, finance or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risk and rewards are conveyed without the transfer of control, the lease is treated as a financing lease. If the lessor doesn't convey risks and rewards or control, an operating lease results. For nonpublic entities this new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. A modified retrospective transition approach is required for lessors for sales-type, direct financing, and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is in the process of evaluating the impact of this new pronouncement on its financial statements.

4. Limited Liability Company Agreement

The Limited Liability Company Agreement of Panther Creek Power Operating LLC (the "LLC Agreement") dated April 18, 2012, among other things, provides for the allocation of net income and loss and cash distributions between Olympus Panther Holdings LLC and Liberty Bell Funding LLC. The LLC Agreement also establishes the board of managers defines manager duties and defines accounting and tax reporting requirements.

PANTHER CREEK POWER OPERATING LLC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

5. Property, Plant and Equipment

Major classifications and estimated useful lives of property, plant and equipment as of December 31, 2020 and 2019 are as follows:

	<u>Estimated Life</u>	<u>2020</u>	<u>2019</u>
Plant facility	30 years	\$ 8,322,521	\$ 8,322,521
Rolling stock	2-5 years	1,896,395	1,896,395
Furniture & fixtures	5 years	22,000	22,000
Office equipment	3-5 years	29,527	28,704
		<u>10,270,443</u>	<u>10,269,620</u>
Less: accumulated depreciation		(4,198,472)	(3,780,891)
Total property, plant and equipment, net		<u>\$ 6,071,971</u>	<u>\$ 6,488,729</u>

6. Notes Payable

On October 25, 2018, the Company entered into an installment sale agreement with Caterpillar Financial Services Corporation to finance the purchase of a wheel loader. The term of the loan is 60 months and has a 7.60% annual interest rate. Under a customer care program payment assistance agreement with Caterpillar Financial Services Corporation, which was offered to its customers who had a demonstrated impact from the Covid-19 virus, the Company was able to skip four monthly payments and extend the term of the original agreement.

The future maturities of notes payable for the next five years as of December 31 are as following:

2021	\$	77,290
2022		83,373
2023		89,935
2024		31,525
Total minimum payments required	<u>\$</u>	<u>282,123</u>

7. Related Party Transactions

Effective August 2, 2012, the Company entered into the Operations and Maintenance Agreement (the "O&M Agreement") with Panther Creek Energy Services LLC, a wholly-owned subsidiary of Olympus Services LLC, which in turn, is a wholly-owned subsidiary of Olympus Power LLC. Under the O&M Agreement, Panther Creek Energy Services LLC provides the Company with operations and maintenance services with respect to the Facility. The Company reimburses Panther Creek Energy Services LLC for actual wages and salaries. The Company also pays a management fee of \$175,000 per operating year, which is payable monthly and is adjusted by the consumer price index on each anniversary date of the effective date. The amount expensed for the years ended December 31, 2020 and 2019 was \$2,134,946 and \$2,738,846, respectively, of which \$1,150,190 and \$716,039 was included in accounts payable - affiliates as of December 31, 2020 and 2019, respectively.

Effective August 1, 2012, the Company entered into the Fuel Management Agreement (the "Fuel Agreement") with Panther Creek Fuel Services LLC, a wholly-owned subsidiary of Olympus Services LLC, which in turn, is a wholly-owned subsidiary of Olympus Power LLC. Under the Fuel Agreement, Panther Creek Fuel Services LLC provides the Company with operations and maintenance services with respect to the Facility. The Company reimburses Panther Creek Energy Services LLC for actual wages and salaries. The amount expensed for the years ended December 31, 2020 and 2019 was \$520,901 and \$817,561, respectively, of which \$67,727 and \$5,568 was included in accounts payable - affiliates as of December 31, 2020 and 2019, respectively.

Effective August 1, 2012, the Company entered into the Asset Management Agreement with Olympus Services LLC. Under the Asset Management Agreement, Olympus Services LLC provides the Company with asset management services with respect to the Facility. The Company reimburses Olympus Services LLC for actual wages and salaries. The Company also pays an asset management fee of \$175,000 per operating year, which is payable monthly and is adjusted by the consumer price index on each anniversary date of the effective date. The amount expensed for the

years ended December 31, 2020 and 2019 was \$188,047 and \$183,290, respectively, of which \$820,571 and \$632,524 was included in accounts payable - affiliates as of December 31, 2020 and 2019, respectively.

The Company has a Fuel Service and Beneficial Use Agreement (“FBUA”) with Northampton Fuel Supply Company, Inc. (“NFS”), a wholly-owned subsidiary of Olympus Power. The Company buys fuel from and sends ash to NFS, for the mutual benefit of both facilities, under the terms and rates established in the FBUA. The FBUA expires December 31, 2023. For the years ended December 31, 2020 and 2019, the Company expensed approximately \$123,000 and \$748,000, respectively, which is included in fuel expense in the accompanying statement of operations. The Company owed NFS approximately \$0 and \$48,000 at December 31, 2020 and 2019, respectively, which is included in due to affiliates, net on the accompanying balance sheets.

8. Fair Value of Financial Instruments

The estimated fair value of the Company’s financial instruments has been determined using available market information and valuation methodologies in accordance with ASC 820, *Fair Value Measurements and Disclosures*. At December 31, 2020, the carrying value of cash and cash equivalents, accounts receivable and accounts payable are representative of fair values due to the short-term nature of these instruments.

ASC 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1 - Quoted prices in active market for identical assets and liabilities.

Level 2 - Other significant observable inputs (including quoted prices in active markets for similar assets/liabilities).

Level 3 - Significant unobservable inputs (including the Company’s own assumptions in determining the fair value).

9. Commitments

The Company is the grantee under a land easement that encompasses approximately 31 miles of transmission lines along a railroad line owned by Norfolk Southern Corporation. Under the terms of the land easement, the Company pays an annual rent of \$110,527, which escalates based upon a specific consumer price index, and covers a period through October 2018. The first of two five year renewal options was exercised in April 2018. Under an amendment to the license agreement, the annual rent was modified, whereby the annual rent was reduced to \$125,000 for the period November 1, 2019 to October 31, 2020. In addition, the subsequent annual rent increases by \$25,000 until time the rent matches or exceeds the rent under the original provisions. At such time, the rent shall revert to the original agreement. In addition, the Company is the grantee under a land easement to allow a transmission line to be run along Lehigh Coal and Navigation Company’s right of way. Under the terms of the land easement, the Company pays an annual rent of \$10,000, which escalates based upon a specific consumer price index and the easement covers a period through the later of the expiration of the power purchase agreement with MetEd or any future agreement to sell electricity. The Company is the grantee under a land easement with Carbon Country Railroad Commission to construct and operate a well house, water pump, pipes and other pumping facilities for the withdrawal of water for use at the Facility. The initial annual fee is \$1,200 and escalates 4.5% annually. These easements are classified as operating leases. The following is a schedule of the approximate amount of future minimum rental payments required under

PANTHER CREEK POWER OPERATING LLC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

such easements that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2020 for succeeding years ending December 31 up to expiration:

2021	\$	175,000
2022		200,000
2023		225,000
2024		250,000
2025		257,799
Thereafter		522,043
Total minimum payments required	\$	1,629,843

Rent expense for the years ended December 31, 2020 and 2019 was \$150,282 and \$272,755, respectively.

Under the Second Restated Site Lease, Easement and Operating Agreement dated July 6, 1990, the Company leases an approximately forty-acre site for the Facility from Kovatch Enterprises, Inc. The initial term of the agreement is 30 years from the commercial operation date of the Facility, which was October 18, 1992, and includes renewal provisions. The Company exercised its option on November 18, 2020 to extend the initial term an additional five years, bringing the contractual expiration to October 18, 2027. Annual rental payments to Kovatch Enterprises, Inc. for the Facility site lease equal 3% of the gross revenue of the Facility and are reported as net in operating revenues. Under the Amendment to Second Restated Site Lease, Easement and Operating Agreement effective April 1, 2019, for operations after March 31, 2019 through December 31, 2021, the rental payments for the site lease was amended to 3% of the gross margin of the Facility. The amount expensed for the years ended December 31, 2020 and 2019 was \$71,400 and \$253,603, respectively, of which \$40,418 and \$26,257 was included in accounts payable as of December 31, 2020 and 2019, respectively.

10. Contingencies

The Company entered into a services agreement effective October 10, 2012 with Lehigh Anthracite, L.P. for the supply of waste anthracite and the loading, transportation, and removal of ash. The initial term of the agreement extended to December 31, 2016. Under the amended and restated agreement effective November 3, 2015, the term was extended to December 31, 2018. Under provisions of the agreement, the Company was to accept delivery of at least 300,000 tons of qualifying waste anthracite per year. On February 24, 2016, the Company gave written notice to Lehigh Anthracite, L.P. that it would not accept delivery of waste anthracite due to force majeure. While Lehigh Anthracite, L.P. contended that the Company breached a contractual agreement resulting in damages, the Company maintained that performance was excused pursuant to force majeure provisions within the contract. Lehigh Anthracite, L.P. filed a civil action in the Court of Common Pleas of Carbon County, Pennsylvania, Docket No. 16-0572 on June 3, 2016. The Company vigorously defended the case and was ultimately negotiated a settlement that was finalized on April 6, 2021. At the execution of the settlement documents, the Company made a \$100,000 initial settlement payment to Lehigh Anthracite, L.P. In addition, the settlement provides for \$300,000 in future payments to be paid quarterly over the course of three years starting on June 30, 2021. As a result of the settlement, Lehigh Anthracite, L.P. filed a discontinuance of the lawsuit. For the year ended December 31, 2020, \$400,000 was included in other expense in the statement of operations.

A former employee of Panther Creek Fuel Services LLC filed a Pennsylvania Workers' Compensation claim seeking benefits for alleged coal workers' pneumoconiosis contracted as the result of his exposure to coal mine dust during his employment with Panther Creek Fuel Services LLC. Panther Creek Fuel Services LLC, through its insurance carrier, denied the allegations and obtained an independent medical evaluation. The claim was scheduled for mandatory mediation on April 14, 2021, at which time the parties were successful in resolving the claim in exchange for a full and final Compromise and Release of both indemnity and medical benefits. Parties are waiting for an estimated Medicare set aside before proceeding with a final settlement of the claim. In addition, the former employee file a claim for Federal Black Lung benefits under the Black Lung Benefits Act. Panther Creek Fuel Services LLC's insurance carrier denied insurance coverage for this claim but the former employee has agreed to withdraw that claim as part of the settlement of the Pennsylvania Workers' Compensation claim.

The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

There may be other certain contingencies arising from the ordinary course of business to which the Company is a party. It is management's belief that the ultimate resolution of those commitments and contingencies will not have a material adverse impact on the Company's financial position, results of operations or cash flows.

11. Subsequent Events

Management has evaluated events and transactions subsequent to the balance sheet date through the date of the independent auditors' report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

Shares

Stronghold Digital Mining, Inc.

Class A Common Stock



B. Riley Securities

, 2021

Until _____, 2021 all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Part II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth an itemized statement of the amounts of all expenses (excluding underwriting discounts and commissions) payable by us in connection with the registration of the common stock offered hereby. With the exception of the SEC registration fee, FINRA filing fee and the Nasdaq listing fee, the amounts set forth below are estimates.

	<u>Amount</u>
SEC registration fee	\$ 10,910
FINRA filing fee	15,500
Nasdaq listing fee	*
Accountants' fees and expenses	*
Legal fees and expenses	*
Printing and engraving expenses	*
Transfer agent and registrar fees	*
Blue Sky fees and expenses	*
Miscellaneous expenses	*
Total	<u>\$ *</u>

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers

Our amended and restated certificate of incorporation provides that a director will not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duties to the fullest extent permitted by the Delaware General Corporation Law ("DGCL"). In addition, if the DGCL is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided for in our amended and restated certificate of incorporation, will be limited to the fullest extent permitted by the amended DGCL. Our bylaws provide that the corporation will indemnify, and advance expenses to, any officer or director to the fullest extent authorized by the DGCL.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement in connection with specified actions, suits and proceedings whether civil, criminal, administrative, or investigative, other than a derivative action by or in the right of the corporation, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification extends only to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such action and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's certificate of incorporation, bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our amended and restated certificate of incorporation also contains indemnification rights for our directors and our officers. Specifically, our amended and restated certificate of incorporation provides that we shall indemnify our officers and directors to the fullest extent authorized by the DGCL. Furthermore, we may maintain insurance on behalf of our officers and directors against expense, liability or loss asserted against, or incurred by, them in their capacities as officers and directors.

We have obtained directors' and officers' insurance to cover our directors, officers and some of our employees for certain liabilities.

We will enter into written indemnification agreements with our directors and executive officers. Under these proposed agreements, if an officer or director makes a claim of indemnification to us, either a majority of the independent directors or independent legal counsel selected by the independent directors must review the relevant facts and make a determination whether the officer or director has met the standards of conduct under Delaware law that would permit (under Delaware law) and require (under the indemnification agreement) us to indemnify the officer or director.

The underwriting agreement provides for indemnification by the underwriters of us and our officers and directors, and by us of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Item 15. Recent Sales of Unregistered Securities

We were incorporated via a nominal owner on March 19, 2021 by the filing of a certificate of incorporation under the laws of the State of Delaware. No shares of stock were issued at such time. In connection with the Reorganization, we issued 9,400,000 shares of Class V common stock to Stronghold LLC on April 1, 2021, which shares were immediately thereafter distributed from Stronghold LLC to Q Power. Effective as of April 1, 2021, we acquired 5,000 common units of Stronghold LLC from Q Power (and a corresponding number of shares of Class V common stock), and in exchange, we issued directly to Q Power an additional 5,000 shares of Class A common stock. These securities were offered and sold by us in reliance upon the exemption from the registration requirements provided by Section 4(a)(2) of the Securities Act in a transaction by an issuer not involving any public offering.

On April 1, 2021, we entered into the Series A Stock Purchase Agreement with certain accredited investors to sell 3,400,000 shares of Series A Preferred Stock at a price of \$25.00 per share, for aggregate consideration of \$85.0 million. On May 14, 2021, we entered into the Series B Stock Purchase Agreement pursuant to which we issued and sold 630,915 shares of Series B Preferred Stock in a private offering at a price of \$31.70 per share, for aggregate consideration of \$20.0 million. These securities were offered and sold by us in reliance upon the exemption from the registration requirements provided by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder in a transaction by an issuer not involving any public offering.

On June 25, 2021, in connection with the entry into the Arctos Financing Agreement, we issued 43,845 shares of Class A common stock to Arctos pursuant to an exemption from the registration requirements provided by Section 4(a)(2) of the Securities Act.

On June 30, 2021, in connection with the entry into the WhiteHawk Financing Agreement, we issued a stock purchase warrant to WhiteHawk, which provides for the purchase of a number of shares of Class A common stock at \$0.01 per share, equal to approximately \$2,000,000, subject to adjustment as described in the warrant agreement, pursuant to an exemption from the registration requirements provided by Section 4(a)(2) of the Securities Act.

Item 16. Exhibits and financial statement schedules

See the Exhibit Index immediately preceding the signature page hereto, which is incorporated by reference as if fully set forth herein.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in

the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

INDEX TO EXHIBITS

Exhibit Number	Description
1.1*	Form of Underwriting Agreement Master Transaction Agreement, dated as of April 1, 2021, by and among Q Power LLC, Stronghold Digital Mining Holdings LLC, Stronghold Digital Mining, Inc., Stronghold Digital Mining LLC, EIF Scrubgrass, LLC, Falcon Power LLC, Scrubgrass Power LLC, Scrubgrass Generating Company, L.P., Gregory A. Beard and William Spence
2.1**¥#	
3.1**	Amended and Restated Certificate of Incorporation of Stronghold Digital Mining Inc.
3.2**	Certificate of Designation of the Series B Convertible Redeemable Preferred Stock
3.3**	Bylaws of Stronghold Digital Mining Inc.
5.1*	Opinion of Vinson & Elkins L.L.P. as to the legality of the securities being registered
10.1*†	Form of Stronghold Digital Mining Inc. Incentive Plan
10.2*†	Form of Indemnification Agreement Tax Receivable Agreement, dated as of April 1, 2021, by and among Stronghold Digital Mining, Inc., Gregory Beard, as Agent, and Q Power LLC
10.3**	
10.4**¥	Amended and Restated Limited Liability Company Operating Agreement of Stronghold Digital Mining Holdings LLC
10.5**¥	Registration Rights Agreement, dated as of April 1, 2021, by and among Stronghold Digital Mining, Inc. and the investors listed on Schedule A thereto
10.6**¥	Registration Rights Agreement, dated as of May 14, 2021, by and among Stronghold Digital Mining, Inc. and the investors listed on Schedule A thereto
10.7**¥	Right of First Refusal and Co-Sale Agreement, dated as of April 1, 2021, by and among Stronghold Digital Mining, Inc., the investors listed on Schedule A thereto and the Key Holders listed on Schedule B thereto
10.8**¥	Right of First Refusal and Co-Sale Agreement, dated as of May 14, 2021, by and among Stronghold Digital Mining, Inc., the investors listed on Schedule A thereto and the Key Holders listed on Schedule B thereto
10.9**¥	Series A Preferred Stock Purchase Agreement, dated as of April 1, 2021, by and among Stronghold Digital Mining, Inc. and the investors listed on Schedule A thereto
10.10**¥	Series B Preferred Stock Purchase Agreement, dated as of May 14, 2021, by and among Stronghold Digital Mining, Inc. and the investors listed on Schedule A thereto
10.11*†	Form of Employment Agreement, by and between Stronghold Digital Mining Inc. and certain persons
10.12*	Promissory Note, dated as of December 31, 2020, by and between Scrubgrass Generating Company, L.P. and Stronghold Power, LLC
10.13*	Promissory Note, dated as of December 31, 2020, by and between Stronghold Power, LLC and William B. Spence
10.14*	Promissory Note, dated as of December 31, 2020, by and between Stronghold Power, LLC and Gregory A. Beard
10.15*	Master Equipment Finance Agreement, dated June 25, 2021, by and between Stronghold Digital Mining LLC and Arctos Credit, LLC
10.16*	Financing Agreement, dated June 30, 2021, by and between Stronghold Digital Mining Equipment, LLC and WhiteHawk Finance LLC
10.17**¥	Stock Purchase Warrant, dated as of June 30, 2021

Exhibit Number	Description
10.18**†	Offer Letter, dated July 12, 2021, by and between Stronghold Digital Mining Inc. and Gregory A. Beard
10.19**‡	Equity Capital Contribution Agreement, dated July 9, 2021, by and among Panther Creek Reclamation Holdings, LLC, Stronghold Digital Mining Holdings LLC and Olympus Power, LLC
21.1**	List of subsidiaries of Stronghold Digital Mining Inc.
23.1**	Consent of Urish Popeck & Co., LLC
23.2**	Consent of Urish Popeck & Co., LLC
23.3**	Consent of Urish Popeck & Co., LLC
23.4*	Consent of Vinson & Elkins L.L.P. (included as part of Exhibit 5.1 hereto)
24.1**	Power of Attorney (included on the signature page of this Registration Statement)

* To be filed by amendment.

** Filed herewith.

† Indicates a management contract or compensatory plan or arrangement.

‡ Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC on request.

Certain portions of this exhibit were redacted pursuant to Item 601(b)(2)(ii) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, New York, on July 27, 2021.

Stronghold Digital Mining Inc.

By: /s/ Gregory A. Beard
Gregory A. Beard
Chief Executive Officer and Co-Chairman

Each person whose signature appears below appoints Gregory A. Beard and Ricardo R.A. Larroudé, and each of them, any of whom may act without the joinder of the other, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any Registration Statement (including any amendment thereto) for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or would do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them of their, or his or her substitute and substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities indicated below as of July 27, 2021.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Gregory A. Beard</u> Gregory A. Beard	Chief Executive Officer and Co-Chairman (Principal Executive Officer)	July 27, 2021
<u>/s/ Ricardo R. A Larroudé</u> Ricardo R. A Larroudé	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	July 27, 2021
<u>/s/ William B. Spence</u> William B. Spence	Co-Chairman	July 27, 2021

SPECIFIC TERMS IN THIS EXHIBIT HAVE BEEN REDACTED BECAUSE SUCH TERMS ARE BOTH NOT MATERIAL AND ARE THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. THESE REDACTED TERMS HAVE BEEN MARKED IN THIS EXHIBIT WITH THREE ASTERISKS [***].

MASTER TRANSACTION AGREEMENT

This Master Transaction Agreement (this “**Agreement**”), dated as of April 1, 2021 (the “**Effective Date**”), is entered into by and among the following:

- (a) Q Power LLC, a Delaware limited liability company (“**Q Power**”), (i) on behalf of itself; (ii) prior to the consummation of the Q Power Contribution (as defined below), in its capacity as the sole member of, as applicable, each of (A) EIF (as defined below), (B) Falcon (as defined below), and (C) Stronghold DM (as defined below); (iii) following the consummation of the Q Power Contribution and until the consummation of the transactions contemplated by Section 1.02(iii), in its capacity as the sole member of OpCo (as defined below); (iv) from and after the consummation of the transactions contemplated by Section 1.02(iii), in its capacity as a member of OpCo; and (v) from and after the OpCo Distribution (as defined below), as the holder of Class V Common Stock (as defined in the A&R Stronghold Corp COI (defined below)).
 - (b) Stronghold Digital Mining Holdings LLC, a Delaware limited liability company (“**OpCo**”), (i) on behalf of itself; (ii) from and after the Q Power Contribution, in its capacity as the sole member of, as applicable, (A) EIF, (B) Falcon, and (C) Stronghold DM; (iii) from and after the Stronghold Corp Contribution (as defined below) and until the OpCo Distribution, as the holder of Class V Common Stock; and (iv) from and after the Aspen Interest Contribution (as defined below), in its capacity as a limited partner of Scrubgrass LP (as defined below).
 - (c) Stronghold Digital Mining, Inc., a Delaware corporation (“**Stronghold Corp**”), (i) on behalf of itself; (ii) from and after the consummation of the Aspen LP Interest Acquisition (as defined below) and until the Aspen Interest Contribution, in its capacity as a limited partner of Scrubgrass LP; and (iii) from and after the consummation of the transactions contemplated by Section 1.02(iii), in its capacity as the managing member of OpCo.
 - (d) Stronghold Digital Mining LLC (formerly known as Stronghold Power LLC), a Delaware limited liability company (“**Stronghold DM**”), on behalf of itself.
 - (e) EIF Scrubgrass, LLC, a Delaware limited liability company (“**EIF**”), (i) on behalf of itself; (ii) prior to the consummation of the Recapitalization (as defined below), in its capacity as a general partner of Scrubgrass LP; and (iii) following the consummation of the Recapitalization, in its capacity as the sole general partner of Scrubgrass LP.
-

- (f) Falcon Power LLC, a California limited liability company (“**Falcon**”), (i) on behalf of itself; (ii) in its capacity as the sole member of Scrubgrass Power (as defined below); (iii) prior to the consummation of the Recapitalization, in its capacity as a limited partner of Scrubgrass LP and in its capacity as a general partner of Scrubgrass LP; and (iv) following the consummation of the Recapitalization, in its capacity as a limited partner of Scrubgrass LP.
- (g) Scrubgrass Power LLC, a Pennsylvania limited liability company (“**Scrubgrass Power**”), (i) on behalf of itself; (ii) prior to the consummation of the Recapitalization, in its capacity as a general partner of Scrubgrass LP; and (iii) following the consummation of the Recapitalization, in its capacity as a limited partner of Scrubgrass LP.
- (h) Scrubgrass Generating Company, L.P., a Delaware limited partnership (“**Scrubgrass LP**”), on behalf of itself.
- (i) Gregory A. Beard (“**Beard**”), (i) in his individual capacity; (ii) in his capacity as a director of Stronghold Corp; (iii) in his capacity as a member of Q Power; and (iv) following the transaction contemplated by Section 1.02(vii), in his capacity as agent under the Tax Receivable Agreement (as defined below).
- (j) William Spence (“**Spence**”), (i) in his individual capacity; (ii) in his capacity as a director of Stronghold Corp; and (iii) in his capacity as a member of Q Power.

Each of the above named persons and entities may be hereinafter referred to, individually, as a “**Party**” and, collectively, as the “**Parties**”. Additionally, with respect to each Party, the capacity(ies) set forth above with respect to such Party, and/or such other capacity(ies) as may be applicable with respect to such Party for a particular Contemplated Transaction (as defined below), may be referred to herein as such Party’s “**Representative Capacity**”.

RECITALS

WHEREAS, the Parties, acting on behalf of themselves and in their applicable respective Representative Capacities, have determined to enter into this Agreement, and cause the applicable Parties to enter into, and to undertake, and cause the applicable Parties to undertake, the transactions more particularly described in Section 1.01 through Section 1.05 of this Agreement (each, a “**Contemplated Transaction**” and, collectively, the “**Contemplated Transactions**”); and

WHEREAS, in connection with the Contemplated Transactions, the Parties, acting on behalf of themselves and in the their applicable respective Representative Capacities, desire to, among other things, (a) establish certain legal and economic terms of the Contemplated Transactions, and (b) approve, adopt, ratify and effectuate the Contemplated Transactions.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

ARTICLE I
REORGANIZATION AND PRIVATE PLACEMENT TRANSACTIONS

The following transactions are deemed to occur in the order set forth below, in each case, as of the Effective Date (except to the extent specified otherwise in this Agreement); *however*, all such transactions are conditioned and contingent upon the occurrence of each other transaction contemplated hereby.

Section 1.01 **Q Power Contribution.**

- i. Q Power hereby contributes, assigns, conveys and transfers to OpCo, and OpCo hereby assumes and accepts, all of Q Power's assets, subject to all of Q Power's liabilities, including without limitation its equity interests in each of (a) EIF, (b) Falcon and (c) Stronghold DM (the "**Q Power Contribution**").
- ii. Immediately following the consummation of the Q Power Contribution, OpCo hereby adopts and approves, and shall enter into, (a) an amended and restated limited liability company agreement of Stronghold DM, in substantially the form attached hereto as Exhibit A-1, memorializing, among other things, OpCo's status as the sole member of Stronghold DM, and the Stronghold DM name change contemplated in Section 1.06(iii) below, (b) an amended and restated limited liability company agreement of EIF, in substantially the form attached hereto as Exhibit A-2, memorializing, among other things, OpCo's status as the sole member of EIF, and (c) an amended and restated limited liability company agreement of Falcon, in substantially the form attached hereto as Exhibit A-3, memorializing, among other things, OpCo's status as the sole member of Falcon.

Section 1.02 **Stronghold Corp Private Placement.**

- i. Concurrently with consummation of the transactions described in Section 1.01, Stronghold Corp hereby adopts, and approves the execution and delivery of, an amended and restated certificate of incorporation of Stronghold Corp, in substantially the form attached hereto as Exhibit B (the "**A&R Stronghold Corp COI**").
- ii. Immediately following the consummation of the transactions described in Section 1.02(i), Stronghold Corp (a) hereby enters into, with each accredited investor named on Exhibit C attached hereto, a Series A Preferred Stock Purchase Agreement in substantially the form attached hereto as Exhibit D (the "**Stock Purchase Agreement**"), with respect to the number of shares of Series A Preferred Stock (as defined in the A&R Stronghold Corp COI) specified opposite of such accredited investor's name on Exhibit C attached hereto, and (b) is hereby authorized to, and shall, consummate the closing of the transactions contemplated by the Stock Purchase Agreement, including, but not limited to, the execution and delivery of each Transaction Document (as defined in the Stock Purchase Agreement) and all other certificates and other instruments required to be executed and/or delivered by Stronghold Corp pursuant to, or in connection with, the Stock Purchase Agreement (collectively, the "**Private Placement**").
- iii. Immediately following the consummation of the transactions contemplated by the Private Placement, each of Q Power and Stronghold Corp hereby adopts and approves, and shall

deliver to each other a duly executed counterpart of, the amended and restated limited liability company agreement of OpCo, in substantially the form attached hereto as Exhibit E (the “**OpCo LLCA**”), memorializing, among other things, Stronghold Corp’s admission as a member of OpCo and its designation as the Managing Member (as defined in the OpCo LLCA) of OpCo.

- iv. Immediately following the consummation of the transactions described in Section 1.02(iii), (a) Stronghold Corp hereby (i) contributes, assigns, conveys and transfers to OpCo, and OpCo hereby assumes and accepts, in immediately available funds, an amount of cash equal to (x) the proceeds received by Stronghold Corp pursuant to the Private Placement, less (1) the amount of cash that is necessary, in the reasonable discretion of the Board of Directors of Stronghold Corp, to pay all costs and expenses incurred by or on behalf of Stronghold Corp in connection with the consummation of the transactions contemplated by the Private Placement, and (2) \$2,000,000 to be paid to Aspen (as defined below) as consideration for the ACA Assignment (as defined below), or (y) such other amount approved by the Authorized Person (with the contribution of such amount to be conclusive evidence of such Authorized Person’s approval), and (ii) issues to OpCo, and OpCo hereby accepts, 9,400,000 shares of Class V Common Stock of Stronghold Corp (the “**Stronghold Corp Contribution**”), and (b) in consideration of the Stronghold Corp Contribution, OpCo hereby issues to Stronghold Corp, and Stronghold Corp hereby accepts, 3,320,000 Preferred Units (as defined in the OpCo LLCA) of OpCo.
- v. Concurrently with the consummation of the transactions described in Section 1.02(iv) and in consideration of the Q Power Contribution, OpCo hereby issues, assigns, conveys and transfers to Q Power, and Q Power hereby accepts, 9,400,000 Common Units (as defined in the OpCo LLCA) of OpCo.
- vi. Immediately following the consummation of the transactions described in Sections 1.02(iv) and (v), OpCo hereby distributes, assigns, conveys and transfers to Q Power, and Q Power hereby accepts, 9,400,000 shares of Class V Common Stock of Stronghold Corp (the “**OpCo Distribution**”).
- vii. Immediately following the consummation of the OpCo Distribution, each of Stronghold Corp, Q Power and Beard, as agent, hereby enter into, and shall deliver to the other, a duly executed Tax Receivable Agreement, in substantially the form attached hereto as Exhibit F (the “**Tax Receivable Agreement**”).

Section 1.03 **Aspen Buyout.**

- i. Immediately following the consummation of the Private Placement, Q Power hereby (a) assigns, conveys and transfers to Stronghold Corp, and Stronghold Corp hereby accepts and assumes, for no consideration, all of Q Power’s right, title and interest in, to and under that certain Acquisition and Contribution Agreement, by and between Q Power and Aspen Scrubgrass Participant, LLC (“**Aspen**”), a copy of which is attached hereto as Exhibit G (the “**ACA**” and such assignment, conveyance, and transfer, the “**ACA Assignment**”), and (b) releases and discharges Q Power from any and all liability under the ACA.

- ii. Immediately following the consummation of the ACA Assignment, Stronghold Corp is hereby authorized to, and shall, consummate the closing of the transactions contemplated by the ACA (the “**Aspen LP Interest Acquisition**”).
- iii. Immediately following the consummation of the Aspen LP Interest Acquisition, Stronghold Corp hereby contributes, assigns, conveys and transfers 100% of its equity interests of Scrubgrass LP (which equity interests represent the 30% limited partnership interest in Scrubgrass LP acquired pursuant to the Aspen LP Interest Acquisition) to OpCo, and OpCo hereby accepts such contribution, assignment, conveyance and transfer (the “**Aspen Interest Contribution**”).
- iv. Concurrently with, and in consideration of, the Aspen Interest Contribution, OpCo hereby issues to Stronghold Corp, and Stronghold Corp hereby accepts, 280,000 Preferred Units of OpCo.

Section 1.04 **Recapitalization.**

- i. Immediately following the consummation of the transactions described in Section 1.03, (a) the name of Scrubgrass LP is hereby changed from “Scrubgrass Generating Company, L.P.” to “Scrubgrass Reclamation Company, L.P.” as evidenced by that certain Amendment to the Certificate of Limited Partnership of Scrubgrass LP that contemporaneously herewith has been (or will be) filed with the Secretary of State of the State of Delaware.
- ii. Immediately following the consummation of the transactions described in Section 1.04(i), each of EIF, Falcon, Scrubgrass Power and OpCo hereby adopts and approves, and shall deliver to each other a duly executed counterpart of, the amended and restated limited partnership agreement of Scrubgrass LP, in substantially the form attached hereto as Exhibit H (the “**A&R Scrubgrass LPA**”), memorializing, among other things, the recapitalization of said Parties’ respective partnership interests in Scrubgrass LP as more particularly described and set forth in the A&R Scrubgrass LPA (the “**Recapitalization**”).
- iii. Concurrently with, and in order to give effect to, the Recapitalization, (a) 100% of the general partner interests in Scrubgrass LP held by Falcon immediately prior to the Recapitalization are hereby converted into limited partner interests in Scrubgrass LP, and Falcon hereby assigns, conveys and transfers to EIF all general partner obligations and liabilities (whether accruing or arising prior to, on or after the Effective Date) of (or for the account of) Falcon or otherwise attributable to Falcon’s general partner interests immediately prior to the Recapitalization (the “**Residual Falcon GP Obligations and Liabilities**”), (b) 100% of the general partner interests in Scrubgrass LP held by Scrubgrass Power immediately prior to the Recapitalization are hereby converted into limited partner interests in Scrubgrass LP, and Scrubgrass Power hereby assigns, conveys and transfers to EIF all general partner obligations and liabilities (whether accruing or arising prior to, on or after the Effective Date) of (or for the account of) Scrubgrass Power or otherwise attributable to Scrubgrass Power’s general partner interests immediately prior to the Recapitalization (the “**Residual Scrubgrass Power GP Obligations and Liabilities**” and, together with the Residual Falcon GP Obligations and Liabilities, the “**Residual GP**”).

Obligations and Liabilities”), and (c) EIF hereby assumes and accepts all Residual GP Obligations and Liabilities.

Section 1.05 **[***] Transactions.** Stronghold DM and [***] (“[***]”), are parties to that certain letter of intent, dated March 11, 2021, a copy of which is attached hereto as Exhibit I (the “[***] LOI”). Each of Q Power, in its capacity as sole member of Stronghold DM, for and on behalf of Stronghold DM, and Beard and Spence, in their capacities as members of Q Power, for and on behalf of Q Power, hereby (a) authorize, approve, ratify and confirm in all respects, the execution and delivery by Stronghold DM of the [***] LOI, and (b) authorize Stronghold DM (or any Authorized Person of Stronghold DM, acting on its behalf) to negotiate, execute, deliver, and/or perform (or cause to be performed) Stronghold DM’s respective obligations under, any and all definitive documents contemplated by the [***] LOI and/or any other documents or instruments that may be necessary or desirable to consummate the transactions contemplated by the [***] LOI.

Section 1.06 **Waiver; Approval; General Authority.**

- i. ***Waiver.*** Each Party hereby irrevocably waives any preemptive rights, notice, information, approval or similar rights with respect to this Agreement, the Contemplated Transactions, and the certificates, agreements, acknowledgements, instruments, contracts, statements and other documents described in this Agreement (the “**Transaction Documents**”), which such Party may have pursuant to any interest or right it holds in any of the other Parties (including in its Representative Capacity with respect to itself or any of its subsidiaries) or pursuant to any other agreement and acknowledges that, by signing this Agreement, any such rights and requirements have been fulfilled and satisfied.
- ii. ***Private Placement and Up-C Transactions.*** Each of Beard and Spence, in their respective capacities as a director of Stronghold Corp, constituting all of the directors of Stronghold Corp, acting pursuant to Section 141(f) of the General Corporation Law of the State of Delaware and pursuant to Section 2.12 of the Bylaws of Stronghold Corp, hereby consent to, authorize, adopt, approve, ratify and confirm in all respects, the resolutions of Stronghold Corp set forth on Exhibit J attached hereto, with the same force and effect as if Beard and Spence were personally present at a meeting of the Stronghold Corp board of directors and had voted for the same.
- iii. ***Stronghold DM Name Change.*** In anticipation of, and in connection with, the consummation of the Contemplated Transactions, effective as of March 8, 2021, Stronghold DM changed its name from “Stronghold Power LLC” to “Stronghold Digital Mining LLC”, as evidenced by that certain Certificate of Amendment to Certificate of Formation of Stronghold DM (the “**Stronghold DM Certificate Amendment**”) that was filed with the Secretary of State of the State of Delaware. Each of Q Power, in its capacity as sole member of Stronghold DM, for and on behalf of Stronghold DM, and Beard and Spence, in their capacities as members of Q Power, for and on behalf of Q Power, hereby authorize, adopt, approve, ratify and confirm in all respects, the Stronghold DM Certificate Amendment and the name change evidenced thereby.
- iv. ***General Authority.*** Each Party, acting on behalf of itself and in its applicable Representative Capacity(ies) and by written consent in lieu of giving notice and/or holding

a meeting of the members, managers, managing members, board of directors, or general partner(s), as applicable, pursuant to such Party's constituent documents and/or applicable law, hereby authorizes, adopts, approves, ratifies and confirms this Agreement and each of the Contemplated Transactions in all respects, and the execution, delivery and performance of all such acts and things and any additional certificates, agreements, acknowledgements, instruments, contracts, statements and other documents that, in the judgment of any Authorized Person (as defined below) taking such action, are necessary or appropriate to effectuate and carry out the purposes and intent of this Agreement and the Contemplated Transactions (such determination to be conclusively evidenced by the taking of such action), and that all acts and deeds performed prior to the Effective Date by any authorized agent by any of the Parties that are within the authority conferred by this Agreement, are hereby authorized, adopted, approved, ratified and confirmed in all respects as the acts and deeds of such Party. For the purposes of carrying out this Section 1.06, including without limitation the Contemplated Transactions, each Party hereby designates the person(s) set forth opposite such Party's name on Exhibit K to be its "**Authorized Person**", each of which hereby is, acting alone, authorized, empowered and directed, for and on behalf of each of the applicable Party(ies), acting on behalf of itself and in its applicable Representative Capacity(ies), to do and perform all such acts and things and to enter into, execute and deliver the Transaction Documents and all other such certificates, agreements, acknowledgements, instruments, contracts, statements and other documents that, in the judgment of such Authorized Person taking such action, are necessary or appropriate to effectuate and carry out the purposes and intent of this Agreement and the Reorganization.

- v. *Acknowledgement with respect to Limited Partnership Interests.* The Parties acknowledge and agree that, insofar as a Party is acting in its Representative Capacity as a limited partner (as opposed to its Representative Capacity as a general partner, member, director or otherwise), the actions taken under this Agreement by such Party in its Representative Capacity as a limited partner shall be for purposes of exercising such consent or approval rights that such limited partner has (or may have) with respect to the applicable Contemplated Transaction, and that in no event shall any action taken in such capacity constitute participation in the management of the business or affairs of the applicable partnership or any other action that may confer (or be deemed to confer) general partner status or the assumption of general partner liability on or by the Party acting in such Representative Capacity.

ARTICLE II FURTHER ASSURANCES

The Contemplated Transactions are, among other things, intended to give effect to the transactions contemplated under the reorganization plan more particularly illustrated on Exhibit L attached hereto (the "**Reorganization Plan**"). Without limiting the generality of the foregoing, from time to time after the Effective Date, and without any further consideration, the Parties agree to execute, acknowledge and deliver all such additional assignments, conveyances, instruments, notices and other documents, and to do all such other acts and things, all in accordance with applicable law, as may be necessary or appropriate to (i) more fully assure that the applicable Parties own all of the properties, rights, titles, interests, estates, remedies, powers and privileges granted by this Agreement, or which are intended to be so granted pursuant to the Reorganization

Plan, (ii) more fully and effectively effectuate the transactions contemplated by this Agreement and the Reorganization Plan or intended to be so and (iii) more fully and effectively to carry out the purposes and intent of this Agreement and the Reorganization Plan.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Each Party, with respect to itself only, represents and warrants to the other Parties, as of the Effective Date (except as otherwise specified herein), that:

Section 3.01 **Organization; Authorization.** Each such Party that is an entity is duly incorporated or organized (as applicable), validly existing and in good standing under the laws of the state of its formation. This Agreement has been duly authorized and validly executed and delivered by such Party and constitutes the valid, legal and binding obligation of such Party, enforceable against such Party in accordance with the terms hereof, except as may be limited by applicable bankruptcy, insolvency or other similar laws relating to or affecting the enforcement of creditors' rights generally and general principles of equity. Such Party has full legal capacity, power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Each such Party that is an entity has obtained all necessary approvals for the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

Section 3.02 **Consents.** There are no actions, proceedings or orders pending or, to such Party's knowledge after reasonable inquiry, threatened against or by such Party that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated hereby.

Section 3.03 **Acknowledgement of Owners.** Each Party, as applicable, acknowledges and agrees that:

(a) it has (i) conducted its own independent review and analysis of the Contemplated Transactions, (ii) received all documents, books and records pertaining to the Contemplated Transactions, (iii) had reasonable opportunity to ask questions and receive answers concerning the Contemplated Transactions, and all such questions have been answered to its satisfaction, and (iv) made the determination to enter into the Contemplated Transactions independent of any such answers given;

(b) no other Party or its respective successors, beneficiaries, heirs and assigns nor any of their respective past and present employees, agents, counsel, advisors or other representatives makes or has made any representations or warranties or provided opinions or other advice to such first-mentioned Party or its respective successors, beneficiaries, heirs and assigns or any of their respective past and present employees, agents, counsel, advisors or other representatives regarding the tax or legal consequences of the transactions contemplated by this Agreement or the possible effects of changes in such laws;

(c) it is not relying on any statement or representation made or opinion or advice provided by or on behalf of any other Party or such other Party's respective successors, beneficiaries, heirs and assigns or any of their respective past and present employees, agents, counsel, advisors or other representatives, except for the representations and warranties explicitly

made by such Party as set forth in this Article III of this Agreement or pursuant to any certificate or other agreement duly executed by such other Party in connection herewith;

(d) in entering into this Agreement and the Transaction Documents to which it is a party, it has relied solely upon (i) its own investigation and analysis and the investigation and analysis of its respective employees, agents, counsel, advisors and other representatives, and (ii) the representations and warranties explicitly made by other Parties as set forth in this Agreement or pursuant to any certificate or other agreement duly executed by such other Party in connection herewith; and

(e) it has had the opportunity to consult with its own tax, legal and other counsel and advisors with respect to the consequences to it of the Transaction Documents, including the consequences under applicable law and the possible effects of changes in such laws, and it is relying solely upon the advice of such counsel and advisors in evaluating such consequences.

ARTICLE IV MISCELLANEOUS

Section 4.01 **Successors and Assigns; No Third Party Rights.** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. This Agreement is not intended to, and does not create, rights in any other person and no person is or is intended to be a third-party beneficiary of any of the provisions of this Agreement.

Section 4.02 **Severability.** If any of the provisions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, and an equitable adjustment shall be made and necessary provision added so as to give effect to the intention of the Parties as expressed in this Agreement at the time of execution of this Agreement.

Section 4.03 **Waivers and Amendments.** Any waiver of any term or condition of this Agreement, or any amendment or supplement to this Agreement, shall be effective only if in writing and signed by the Parties. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit or waive a Party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

Section 4.04 **Entire Agreement.** This Agreement constitutes the entire agreement among the Parties pertaining to the transactions contemplated hereby and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining thereto.

Section 4.05 **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 4.06 **Counterparts.** This Agreement may be executed in any number of counterparts (including by facsimile or other electronic means) with the same effect as if all Parties had signed the same document.

Section 4.07 **Deed; Bill of Sale; Assignment.** To the extent required and permitted by applicable law, this Agreement shall also constitute a “deed,” “bill of sale” or an “assignment,” where applicable.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Agreement has been duly executed by each of the Parties as of the date first written above.

Q POWER LLC

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

By: /s/ William Spence
Name: William Spence
Title: Member

[Signature Page to Master Transaction Agreement]

**STRONGHOLD DIGITAL MINING
HOLDINGS LLC**

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

[Signature Page to Master Transaction Agreement]

STRONGHOLD DIGITAL MINING, INC.

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

[Signature Page to Master Transaction Agreement]

STRONGHOLD DIGITAL MINING LLC

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

[Signature Page to Master Transaction Agreement]

EIF SCRUBGRASS, LLC

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

[Signature Page to Master Transaction Agreement]

FALCON POWER LLC

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

[Signature Page to Master Transaction Agreement]

SCRUBGRASS POWER LLC

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

[Signature Page to Master Transaction Agreement]

SCRUBGRASS GENERATING COMPANY, L.P.

By: /s/ Gregory A. Beard

Name: Gregory A. Beard

Title: Authorized Person

[Signature Page to Master Transaction Agreement]

/s/ Gregory A. Beard
Gregory A. Beard

[Signature Page to Master Transaction Agreement]

/s/ William Spence
William Spence

[Signature Page to Master Transaction Agreement]

EXHIBIT A-1

A&R Stronghold DM LLC Agreement

[Intentionally Omitted]

[Exhibit A-1 to Master Transaction Agreement]

Exhibit A-1

EXHIBIT A-2

A&R EIF LLC Agreement

[Intentionally Omitted]

[Exhibit A-2 to Master Transaction Agreement]

Exhibit A-2

EXHIBIT A-3

A&R Falcon LLC Agreement

[Intentionally Omitted]

[Exhibit A-3 to Master Transaction Agreement]

Exhibit A-3

EXHIBIT B

A&R Stronghold Corp COI

[Intentionally Omitted]

[Exhibit B to Master Transaction Agreement]

Exhibit B

EXHIBIT C

Accredited Investor List

[Intentionally Omitted]

[Exhibit C to Master Transaction Agreement]

Exhibit C

EXHIBIT D

Stock Purchase Agreement

[Intentionally Omitted]

[Exhibit D to Master Transaction Agreement]

Exhibit D

EXHIBIT E

OpCo LLC Agreement

[Intentionally Omitted]

[Exhibit E to Master Transaction Agreement]

Exhibit E

EXHIBIT F

Tax Receivable Agreement

[Intentionally Omitted]

[Exhibit F to Master Transaction Agreement]

Exhibit F

EXHIBIT G

ACA

[Intentionally Omitted]

[Exhibit G to Master Transaction Agreement]

Exhibit G

EXHIBIT H

A&R Scrubgrass LPA

[Intentionally Omitted]

[Exhibit H to Master Transaction Agreement]

Exhibit H

EXHIBIT I

[*] LOI**

[Intentionally Omitted]

[Exhibit I to Master Transaction Agreement]

Exhibit I

EXHIBIT J

**Action by Written Consent
of the Stronghold Corp Board of Directors**

[Intentionally Omitted]

[Exhibit J to Master Transaction Agreement]

Annex A

Legal Disclosure Supplement

[Intentionally Omitted]

[Annex A to Exhibit J to Master Transaction Agreement]

Annex A to Exhibit J

Annex B

Registration Rights Agreement

[Intentionally Omitted]

[Annex B to Exhibit J to Master Transaction Agreement]

Annex B to Exhibit J

Annex C

Right of First Refusal and Co-Sale Rights Agreement

[Intentionally Omitted]

[Annex C to Exhibit J to Master Transaction Agreement]

Annex C to Exhibit J

Annex D

Engagement Letter

[Intentionally Omitted]

[Annex D to Exhibit J to Master Transaction Agreement]

Annex D to Exhibit J

Annex E

Specimen Preferred Stock Certificate

[Intentionally Omitted]

[Annex E to Exhibit J to Master Transaction Agreement]

Annex E to Exhibit J

EXHIBIT K

Authorized Persons

[Intentionally Omitted]

[Exhibit K to Master Transaction Agreement]

Exhibit K

EXHIBIT L

Reorganization Plan

[Intentionally Omitted]

[Exhibit L to Master Transaction Agreement]

Exhibit L

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
STRONGHOLD DIGITAL MINING, INC.**

Stronghold Digital Mining, Inc. (the “*Corporation*”), a corporation organized and existing under the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended from time to time (the “*DGCL*”), hereby certifies as follows:

1. The original Certificate of Incorporation of the Corporation (the “*Original Certificate*”) was filed with the Secretary of State of the State of Delaware on March 19, 2021.
2. This Amended and Restated Certificate of Incorporation (this “*Certificate*”), which amends and restates the Original Certificate in its entirety, was duly adopted in accordance with Sections 228, 242 and 245 of the DGCL.
3. This Certificate shall become effective on the date of filing with the Secretary of State of the State of Delaware.
4. The text of the Original Certificate is hereby amended and restated in its entirety to read as follows:

**ARTICLE I
NAME**

The name of the Corporation is Stronghold Digital Mining, Inc.

**ARTICLE II
REGISTERED AGENT**

The address of its registered office in the State of Delaware is: 251 Little Falls Drive, Wilmington, Delaware, County of New Castle, 19808. The name of its registered agent at such address is: Corporation Service Company.

**ARTICLE III
PURPOSE**

The purpose for which the Corporation is organized is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

**ARTICLE IV
CAPITALIZATION**

Section 4.1 Authorized Capital Stock. The total number of shares of all classes of capital stock which the Corporation is authorized to issue is 300,000,000 shares, consisting of (A) 238,000,000 shares of Class A common stock, par value \$0.0001 per share (the “*Class A Common Stock*”), (B) 12,000,000 shares of Class V common stock, par value \$0.0001 per share (the “*Class V Common Stock*” and, together with the Class A Common Stock, the “*Common*”

Stock”), and (C) 50,000,000 shares of preferred stock, par value \$0.0001 per share (the “**Preferred Stock**”). The powers, preferences and relative, participating, optional and other special rights of the respective classes of the Corporation’s capital stock or the holders thereof and the qualifications, limitations and restrictions thereof are as follows.

Section 4.2 Preferred Stock. Shares of Preferred Stock may be issued from time to time in one or more classes or series, each of which class or series shall have such distinctive designation or title as shall be fixed by the Board of Directors of the Corporation (the “**Board**”) or, to the extent permitted by the DGCL, any committee thereof established by resolution of the Board pursuant to the bylaws of the Corporation (the “**Bylaws**”) prior to the issuance of any shares thereof. Each such class or series of Preferred Stock shall have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated in such resolution or resolutions providing for the issue of such class or series of Preferred Stock as may be adopted from time to time by the Board and included in a certificate of designations (a “**Preferred Stock Designation**”) filed pursuant to the DGCL prior to the issuance of any shares thereof pursuant to the authority hereby expressly vested in it, all in accordance with the laws of the State of Delaware. The Board is hereby expressly vested with the authority, to the full extent now or hereafter provided by law, to adopt any such resolution or resolutions. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock, without a vote of the holders of the Preferred Stock, or any series thereof, unless a vote of any such holders of Preferred Stock is required pursuant to another provision of this Certificate, including any Preferred Stock Designation.

As of the effective date of this Certificate, 5,000,000 shares of the authorized Preferred Stock of the Corporation are hereby designated “Series A Convertible Redeemable Preferred Stock” (the “**Series A Preferred Stock**”). The following rights, powers and privileges, and restrictions, qualifications and limitations, shall apply to the Series A Preferred Stock.

(a) Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

(i) Payments to Holders of Series A Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or any Deemed Liquidation Event (as defined below), before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the funds and assets available for distribution to the stockholders of the Corporation, an amount per share equal to the Stated Value (as defined below) for such share of Series A Preferred Stock, plus an amount per share equal to the Stated Value of any shares of Series A Preferred Stock that are issuable as the result of accrued, but unpaid, PIK Dividends. If upon any such liquidation, dissolution or winding up or Deemed Liquidation Event of the Corporation, the funds and assets available for distribution to the stockholders of the Corporation shall be insufficient to pay the holders of shares of Series A Preferred Stock the full amount to which they are entitled under this Section 4.2(a)(i), the holders of shares of Series A Preferred Stock shall share ratably in any distribution of the funds and assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the shares of Series A Preferred Stock held by them upon such distribution if all amounts payable

on or with respect to such shares were paid in full. The “**Stated Value**” shall mean Twenty-Five United States Dollars and No Cents (\$25.00) per share, subject to an equitable adjustment for stock splits, stock combinations, recapitalizations and similar transactions.

(ii) Payments to Holders of Class A Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up or Deemed Liquidation Event of the Corporation, after the payment of all preferential amounts required to be paid to the holders of shares of Series A Preferred Stock as provided in Section 4.2(a)(i), the remaining funds and assets available for distribution to the stockholders of the Corporation shall be distributed among the holders of shares of Class A Common Stock, pro rata based on the number of shares of Class A Common Stock held by each such holder.

(iii) Deemed Liquidation Events.

(A) Definition. Each of the following events shall be considered a “**Deemed Liquidation Event**” unless the holders of at least a majority of the outstanding shares of Series A Preferred Stock (voting as a single class on an as-converted basis) (the “**Requisite Holders**”) elect otherwise by written notice sent to the Corporation at least five (5) days prior to the effective date of any such event:

(1) a merger or consolidation in which (I) the Corporation is a constituent party or (II) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for equity securities that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the equity securities of (x) the surviving or resulting party or (y) if the surviving or resulting party is a wholly owned subsidiary of another party immediately following such merger or consolidation, the parent of such surviving or resulting party; *provided* that, for the purpose of this Section 4.2(a)(iii)(A), all shares of Common Stock issuable upon exercise of options outstanding immediately prior to such merger or consolidation or upon conversion of Convertible Securities (as defined below) outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, deemed to be converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged; or

(2) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or, if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation, except where such sale, lease, transfer or other disposition is to the Corporation or one or more wholly owned subsidiaries of the Corporation.

Notwithstanding the foregoing, a Significant Transaction Event shall not be considered a Deemed Liquidation Event.

(B) Public Offering or Listing Facilitation Transaction. Under no circumstances shall a public offering of the Corporation's securities, including a public offering that results in a change of control of the Corporation, or a merger or other business combination or issuance of securities of the Corporation designed to increase the number of stockholders of the Corporation in order to facilitate a listing on a national securities exchange be considered a voluntary or involuntary liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event.

(C) Allocation of Escrow. In the event of a Deemed Liquidation Event pursuant to Section 4.2(a)(iii)(A)(1)(I), if any portion of the consideration payable to the stockholders of the Corporation is placed into escrow, the definitive agreement for such transaction shall provide that the portion of such consideration that is placed in escrow shall be allocated among the holders of capital stock of the Corporation pro rata based on the amount of such consideration otherwise payable to each stockholder (such that each stockholder has placed in escrow the same percentage of the total consideration payable to such stockholder as every other stockholder).

(D) Amount Deemed Paid or Distributed. The funds and assets deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer or other disposition described in this Section 4.2(a)(iii) shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board.

(b) Voting. Holders of shares of Series A Preferred Stock shall vote together with holders of Common Stock on an as-if converted to Class A Common Stock basis on any matters coming before the stockholders of the Corporation for a vote. Notwithstanding the foregoing, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation, recapitalization, reclassification, or otherwise, do any of the following without (in addition to any other vote required by law or this Certificate) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect:

(i) materially change the principal business of the Corporation unless in connection with a Significant Transaction Event; or

(ii) except in connection with a Significant Transaction Event, sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of the Corporation or permit any direct or indirect subsidiary to do so; provided, however, that no consent or vote of the Requisite Holders shall be required in connection with sales of mining equipment in the ordinary course of the Corporation's business and in a manner consistent with the principal business of the Corporation.

(c) Dividends.

(i) Dividends Generally. The holders of shares of Series A Preferred Stock shall be entitled to receive, and the Corporation shall pay, dividends on shares of Series A Preferred Stock equal (on an as if converted to Class A Common Stock basis) to and in the same form as dividends actually paid on shares of the Class A Common Stock when, as and if such dividends are paid on shares of the Class A Common Stock. Except as set forth in this Section 4.2(c)(i) and for PIK Dividends (as defined below), no other dividends shall be paid on shares of Series A Preferred Stock.

(ii) PIK Dividends. The Corporation shall be required to pay a dividend in fully paid and non-assessable shares of Series A Preferred Stock (each a “**PIK Dividend**” and, collectively, the “**PIK Dividends**”) equal to the percentage of Stated Value set forth below upon the occurrence of each of the following events:

(A) Failure to File. If the Corporation has not filed or confidentially submitted a registration statement (the “**Registration Statement**”) to register the shares of Class A Common Stock issuable upon conversion of the Series A Preferred Stock (the “**Registrable Securities**”) on or before the date that is One Hundred and Twenty (120) days following the date that the first share of Series A Preferred Stock is issued (the “**Original Issue Date**”), the Corporation shall accrue daily a PIK Dividend equal to Ten Percent (10%) per annum of Stated Value;

(B) Failure to be Declared Effective and to List. If the Registration Statement has not been declared effective by the U.S. Securities and Exchange Commission (the “**SEC**”) and the Registrable Securities are not listed on a National Securities Exchange (as such term is defined in that certain Registration Rights Agreement, dated as of April 1, 2021, by and between the Corporation and the purchasers of the Series A Preferred Stock (the “**Registration Rights Agreement**”)) on or before the date that is Two Hundred Forty (240) days after Original Issue Date, the Corporation shall accrue daily a PIK Dividend of twelve percent (12%) per annum of Stated Value, or fifteen percent (15%) per annum of Stated Value for each day such failure continues after five hundred and forty (540) days after the Original Issue Date. Such PIK Dividend shall be instead of, and not in addition to, any PIK Dividend also accruing under Section 4.2(c)(ii)(A); and

(C) Mandatory Redemption Failure. If the Corporation fails to complete a Mandatory Redemption (as defined below) when required to do so, it shall continue to pay a PIK Dividend of Twelve Percent (12%) of Stated Value.

The PIK Dividends shall be paid by delivering to each record holder of Series A Preferred Stock a number of shares of Series A Preferred Stock determined by dividing (x) the total aggregate dollar amount of dividends accrued and unpaid with respect to Series A Preferred Stock owned by such record holder (rounded to the nearest whole cent) by (y) the Stated Value.

Notwithstanding the foregoing, PIK Dividends shall cease cumulating and accruing upon the earliest to occur of (1) the date of the satisfaction of the conditions set forth in Section 4.2(c)(ii)(A), Section 4.2(c)(ii)(B) and Section 4.2(c)(ii)(C) that gave rise to such PIK Dividend (any such date,

a “**PIK Dividend Satisfaction Date**”), and (2) any Conversion Date (as defined below). Upon a simultaneous or consecutive occurrence of two or more events that trigger the accrual of PIK Dividends on one or more days, PIK Dividends shall accrue on each issued and outstanding share of Series A Preferred Stock as if only one Triggering Event had occurred, such that the accrual of PIK Dividends in accordance with this Section 4.2(c)(ii) shall not be doubled, tripled or otherwise multiplied due to the existence of multiple events causing the accrual of PIK Dividends.

Notwithstanding the foregoing, (I) if within 180 days of the Initial Closing, the Corporation enters into a binding definitive agreement or binding instrument relating to a Significant Transaction Event (a “**Definitive Instrument**”), then the Corporation shall have no obligation to pay any PIK Dividends accrued or payable through such date, and (II) if the Corporation has entered into a Definitive Instrument within 180 days of the Initial Closing and has consummated the Significant Transaction Event within three hundred (300) days of the Initial Closing, then the Corporation shall have no obligation to pay any PIK Dividends accrued or payable through such date. A “**Significant Transaction Event**” means the date that the Corporation enters into a Definitive Instrument, as applicable, with a third party relating to a merger, share exchange, sale of all or substantially all of the assets of the Corporation or other business combination, restructuring or change of control transaction, including any such transaction intended to result in the Corporation becoming subject to the reporting requirements of Section 13 of 15(d) of the Exchange Act (or becoming a voluntary filer under the Exchange Act), a business combination intended to increase the number of shareholders of the Corporation to facilitate listing on a Trading Market, a business combination with a special purpose acquisition company, or a business combination with a company that is listed on a Trading Market.

(d) Automatic Conversion.

(i) Trigger Event. On the Conversion Date (as defined below), each share of Series A Preferred Stock shall be automatically converted (without the payment of additional consideration by the holder thereof), into such number of fully paid and non-assessable shares of Class A Common Stock as is determined by dividing the Stated Value by the Conversion Price in effect on the Conversion Date. The “**Conversion Price**” shall initially be equal to the Stated Value, meaning that the initial rate at which shares of Series A Preferred Stock may be converted into shares of Class A Common Stock shall be 1:1. Such initial Conversion Price, and the rate at which shares of Series A Preferred Stock may be converted into shares of Class A Common Stock, shall be subject to adjustment as provided below. Except as aforesaid, the Series A Preferred Stock is not convertible into Class A Common Stock or any other securities of the Corporation. For purposes hereof, “**Conversion Date**” means (A) the date that the Registration Statement is declared effective by the SEC or (B) the date on which a Significant Transaction Event occurs.

(ii) Mechanics of Conversion. All holders of record of Series A Preferred Stock shall be sent written notice of the Conversion Date and the place designated for conversion of all such shares of Series A Preferred Stock pursuant to this Section 4.2(d). Such notice need not be sent in advance of the occurrence of the Conversion Date. Upon receipt of such notice, each holder of Series A Preferred Stock shall, if such holder’s shares are certificated, surrender his, her or its certificate or certificates for all such shares (or, if such holder of Series A Preferred Stock alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement

reasonably acceptable to the Corporation and its transfer agent to indemnify the Corporation and/or its transfer agent against any claim that may be made against the Corporation and/or its transfer agent on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation or its transfer agent, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation or its transfer agent, duly executed by the registered holder of shares of Series A Preferred Stock or by his, her or its attorney duly authorized in writing. All rights with respect to the Series A Preferred Stock converted pursuant to this Section 4.2(d) will terminate at the Conversion Date (notwithstanding the failure of the holder or holders of Series A Preferred Stock to surrender any certificates at or prior to such time), except only for the rights of the holders of Series A Preferred Stock, upon surrender, if applicable, of their certificate or certificates (or lost certificate affidavit and agreement), to receive the items provided for in the next sentence of this Section 4.2(d)(ii). As soon as practicable after the Conversion Date and, if applicable, the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Series A Preferred Stock, the Corporation shall issue and deliver to such holder of Series A Preferred Stock, or to his, her or its nominees, a notice of issuance of uncertificated shares and, may, upon written request, issue and deliver a certificate or certificates for the number of full shares of Class A Common Stock issuable on such conversion in accordance with the provisions hereof. Such converted Series A Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of its Preferred Stock accordingly.

(iii) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Class A Common Stock for the sole purpose of issuance upon conversion of the Series A Preferred Stock as herein provided, free from preemptive rights or any other actual contingent purchase rights of persons other than the holders of Series A Preferred Stock, not less than such aggregate number of shares of the Class A Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 4.2(d)) upon the conversion of the then outstanding shares of Series A Preferred Stock. The Corporation covenants that all shares of Class A Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(iv) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Series A Preferred Stock. As to any fraction of a share which the holder of shares of Series A Preferred Stock would otherwise be entitled to purchase upon such conversion, the Corporation shall round up to the next whole share.

(v) Transfer Taxes and Expenses. The issuance of shares of Class A Common Stock on conversion of the Series A Preferred Stock shall be made without charge to any holder of Series A Preferred Stock for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such shares of Class A Common Stock, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such shares of Class A Common Stock upon conversion in a name other than that of the holders of the Series A Preferred Stock of such shares of Series A Preferred Stock and the Corporation shall not be required to issue or deliver such shares of Class A

Common Stock unless or until the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all transfer agent fees required for same-day processing and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the shares of Class A Common Stock.

(vi) Adjustments to Conversion Price for Diluting Issues.

(A) Special Definitions. For purposes of this Section 4.2(d), the following definitions shall apply:

(1) **“Additional Shares of Common Stock”** shall mean all shares of Common Stock issued (or, pursuant to Section 4.2(d)(vi)(C) below, deemed to be issued) by the Corporation after the Original Issue Date, other than (x) the following shares of Common Stock and (y) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (x) and (y), collectively, **“Exempted Securities”**):

a. as to any series of Preferred Stock, shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on such series of Preferred Stock; or

b. shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 4.2(d)(vii); or

c. up to 1,300,000 shares of Common Stock, Options or other equity-linked securities or awards issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation; or

d. shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security; or

e. shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction; or

f. shares of Common Stock, Options, Convertible Securities or other equity or equity-linked securities issued as acquisition consideration pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement; or

g. shares of Common Stock, Options, Convertible Securities or other equity or equity-linked issued in connection with a Significant Transaction Event; or

h. shares of Class V Common Stock issued in respect of newly issued common units of Stronghold Digital Mining Holdings, LLC that constitute Exempted Securities (as defined in sub-clauses a. – g. above).

(2) “**Convertible Securities**” shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(3) “**Option**” shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(B) No Adjustment of Conversion Price. No adjustment in the Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Requisite Holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

(C) Deemed Issue of Additional Shares of Common Stock.

(1) If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(2) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price pursuant to the terms of Section 4.2(d)(vi)(D), are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (I) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (II) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall

be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (2) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (x) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (y) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(3) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price pursuant to the terms of Section 4.2(d)(vi)(D) (either because the consideration per share (determined pursuant to Section 4.2(d)(vi)(E)) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Price then in effect, or because such Option or Convertible Security was issued before the Original Issue Date), are revised after the Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (I) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (II) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Section 4.2(d)(vi)(C)(1)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(4) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price pursuant to the terms of Section 4.2(d)(vi)(D), the Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(5) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price provided for in this Section 4.2(d)(vi)(C) shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (2) and (3) of this Section 4.2(d)(vi)(C)). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price that would result under the terms of this Section 4.2(d)(vi)(C) at the time of such

issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

(D) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4.2(d)(vi)(C)), without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issuance or deemed issuance, then the Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP2 = CP1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(1) “CP2” shall mean the Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock;

(2) “CP1” shall mean the Conversion Price in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock;

(3) “A” shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock, other than Exempted Securities, issuable upon exercise of Options outstanding immediately prior to such issuance or deemed issuance or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(4) “B” shall mean the number of shares of Common Stock, excluding Exempted Securities, that would have been issued if such Additional Shares of Common Stock had been issued or deemed issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP1); and

(5) “C” shall mean the number of such Additional Shares of Common Stock issued in such transaction.

(E) Determination of Consideration. For purposes of this Section 4.2(d)(vi), the consideration received by the Corporation for the issuance or deemed issuance of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property. Such consideration shall:

a. insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

b. insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

c. in the event Additional Shares of Common Stock are issued together with other shares or securities, excluding Exempted Securities, or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses a. and b. above, as determined in good faith by the Board of Directors of the Corporation.

(2) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 4.2(d)(vi)(C), relating to Options and Convertible Securities, shall be determined by dividing:

a. The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

b. the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number), excluding Exempted Securities, issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

(F) Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Price pursuant to the terms of Section 4.2(d)(vi)(D) then, upon the final such issuance, the Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

(vii) Certain Other Adjustments.

(A) Stock Dividends and Stock Splits. If the Corporation, at any time while the Series A Preferred Stock is outstanding: (1) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common

Stock or any other common stock equivalents (which, for avoidance of doubt, shall not include any PIK Dividends or shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, the Series A Preferred Stock), (2) subdivides outstanding shares of Common Stock into a larger number of shares, (3) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (4) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 4.2(d)(vii)(A) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(B) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 4.2(d)(vii)(A) above, if at any time the Corporation grants, issues or sells any common stock equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "**Purchase Rights**"), then the holder of shares of Series A Preferred Stock thereof will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the holder of shares of Series A Preferred Stock could have acquired if the holder of shares of Series A Preferred Stock had held the number of shares of Common Stock acquirable upon complete conversion of such holder's Series A Preferred Stock immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such purchase.

(C) Fundamental Transaction. If, at any time while the Series A Preferred Stock is outstanding, (1) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another person, other than a Significant Transaction Event, (2) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, other than a Significant Transaction Event, (3) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding capital stock of the Corporation, other than a Significant Transaction Event, (4) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, other than a Significant Transaction Event, or (5) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another person whereby such other person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other person or other persons making or party

to, or associated or affiliated with the other persons making or party to, such stock or share purchase agreement or other business combination), other than a Significant Transaction Event (each a “**Fundamental Transaction**”), then, upon any subsequent conversion of the Series A Preferred Stock, the holder of shares of Series A Preferred Stock shall have the right to receive, for each share of Common Stock that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the “**Alternate Consideration**”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which the Series A Preferred Stock is convertible immediately prior to such Fundamental Transaction. For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the holder of shares of Series A Preferred Stock shall be given the same choice as to the Alternate Consideration it receives upon any conversion of the Series A Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file an amended and restated Certificate of Incorporation or Certificate of Designation with the same terms and conditions and issue to the holders of shares of Series A Preferred Stock new preferred stock consistent with the foregoing provisions and evidencing the holders’ right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the “**Successor Entity**”) to assume in writing all of the obligations of the Corporation under this Certificate in accordance with the provisions of this Section 4.2(d)(vi)(C) pursuant to written agreements entered into prior to such Fundamental Transaction and shall deliver to the holder of shares of Series A Preferred Stock in exchange for the Series A Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Series A Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of the Series A Preferred Stock prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of the Series A Preferred Stock immediately prior to the consummation of such Fundamental Transaction). Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate referring to the “Corporation” shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate with the same effect as if such Successor Entity had been named as the Corporation herein.

(viii) Calculations. All calculations under this Section 4.2(d) shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 4.2(d), the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(ix) Notice to the Holders. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 4.2(d), the Corporation shall promptly deliver to each holder of shares of Series A Preferred Stock a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of the Series A Preferred Stock, and shall cause to be delivered to each holder of shares of Series A Preferred Stock at its last address as it shall appear upon the stock books of the Corporation, at least ten (10) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (1) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (2) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

(e) Redemption.

(i) Mandatory Redemption. Unless prohibited by Delaware law governing distributions to stockholders of a corporation, the Series A Preferred Stock, other than any shares of Series A Preferred Stock held by Aspen Scrubgrass Participant, LLC or any of its affiliates, shall be redeemed (a “**Mandatory Redemption**”) by the Corporation at a price equal to the Stated Value for such share of Series A Preferred Stock, plus an amount per share equal to the Stated Value of any shares of Series A Preferred Stock that are issuable as the result of accrued, but unpaid, PIK Dividends (the “**Redemption Price**”), if the Requisite Holders provide written notice of redemption to the Corporation on or after the eighteen (18) month anniversary of the Original Issue Date, which notice may only be so provided if on or after such date the Common Stock of the Corporation is not listed on a national securities exchange (the date selected by the Corporation that is within thirty (30) days following the date that the Corporation receives such notice is referred to as the “**Redemption**”).

Date”). If on the Redemption Date Delaware law governing distributions to stockholders of a corporation prevents the Corporation from redeeming all outstanding shares of Series A Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares of Series A Preferred Stock that it may redeem consistent with such law, and shall redeem the remaining shares as soon as it may lawfully do so under such law. If the Corporation fails to pay the Redemption Price in full and redeem all outstanding shares of Series A Preferred Stock on the Redemption Date, then PIK Dividends shall accrue as specified in Section 4.2(c)(ii) hereof.

(ii) Redemption Notice. The Corporation shall send written notice of the Mandatory Redemption (the “**Redemption Notice**”) to each holder of record of Series A Preferred Stock not less than ten (10) days prior to the Redemption Date. The Redemption Notice shall state:

(A) the number of shares of Series A Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(B) the Redemption Date and the Redemption Price; and

(C) for holders of shares in certificated form, that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series A Preferred Stock to be redeemed.

(iii) Surrender of Certificates; Payment. On or before the Redemption Date, each holder of shares of Series A Preferred Stock to be redeemed on the Redemption Date, shall, if a holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof.

(iv) Redeemed or Otherwise Acquired Shares. Any shares of Series A Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred.

(f) Waiver; Amendment. Any of the rights, powers, privileges and other terms of the Series A Preferred Stock set forth herein may be waived or amended on behalf of all holders of Series A Preferred Stock by the affirmative written consent or vote of the holders of the Requisite Holders.

(g) Notices. Except as otherwise provided herein, any notice required or permitted by the provisions of this Section 4.2 to be given to a holder of shares of Series A Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the

records of the Corporation, or given by electronic communication in compliance with the provisions of the DGCL, and shall be deemed sent upon such mailing or electronic transmission.

Section 4.3 Common Stock.

(a) The holders of shares of Common Stock shall be entitled to one vote for each such share on each matter properly submitted to the stockholders on which the holders of shares of Common Stock are entitled to vote. Except as otherwise required by law or this Certificate (including any Preferred Stock Designation), at any annual or special meeting of the stockholders the Common Stock shall have the exclusive right to vote for the election of directors and on all other matters properly submitted to a vote of the stockholders. Notwithstanding the foregoing, except as otherwise required by law or this Certificate (including a Preferred Stock Designation), holders of Common Stock shall not be entitled to vote on any amendment to this Certificate (including any amendment to any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate (including any Preferred Stock Designation.)

(b) Subject to the rights of the holders of Preferred Stock, the holders of shares of Class A Common Stock shall be entitled to receive such dividends and other distributions (payable in cash, property or capital stock of the Corporation) when, as and if declared thereon by the Board from time to time out of any assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in such dividends and distributions. Dividends and other distributions shall not be declared or paid on the Class V Common Stock unless the dividend consists solely of shares of Class V Common Stock. Notwithstanding the foregoing, at all times while the Series A Preferred Stock is outstanding, the Corporation shall not, and shall not cause or permit any subsidiary of the Corporation to, without (in addition to any other vote required by law or this Certificate) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of the Series A Preferred Stock or dividends or distributions on the Series A Preferred Stock as otherwise provided herein, (ii) dividends or distributions on Common Stock that consist solely of shares of Common Stock, and/or (iii) repurchases of stock from employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service, or pursuant to a right of first refusal.

(c) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, and subject to the rights of the holders of Preferred Stock in respect thereof, the holders of shares of Class A Common Stock shall be entitled to receive all the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Class A Common Stock held by them. The holders of shares of Class V Common Stock, as such, shall not be entitled to receive any assets of the Corporation in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

Section 4.4 Withholding. The Corporation agrees that, provided that a holder of the Corporation's capital stock delivers to the Corporation a properly executed IRS Form W-9 certifying as to such holder's complete exemption from backup withholding (or, if such holder is a disregarded entity for U.S. federal income tax purposes, its regarded owner's complete exemption from backup withholding), under current law the Corporation (including any paying agent of the Corporation) shall not be required to, and shall not, withhold on any payments or deemed payments to any such holder. In the event that any holder of the Corporation's capital stock fails to deliver to the Corporation such properly executed IRS Form W-9, the Corporation reasonably believes that a previously delivered IRS W-9 is no longer accurate and/or valid, or there is a change in law that affects the withholding obligations of the Corporation, the Corporation and its paying agent shall be entitled to withhold taxes on all payments made to the relevant holder in the form of cash or to request that the relevant holder promptly pay the Corporation in cash any amounts required to satisfy any withholding tax obligations. In the event that the Corporation does not have sufficient cash with respect to any such holder from withholding on cash payments otherwise payable to such holder and cash paid to the Corporation by such holder to the Corporation pursuant to the immediately preceding sentence, the Corporation and its paying agent shall be entitled to withhold taxes on deemed payments, including PIK Dividends and constructive distributions, on the Preferred Stock to the extent required by law, and the Corporation and its paying agent shall be entitled to satisfy any required withholding tax on non-cash payments (including deemed payments) through a sale of a portion of the Preferred Stock received as a PIK Dividend or from cash dividends or sales proceeds subsequently paid or credited on the Preferred Stock.

ARTICLE V DIRECTORS

Section 5.1 Board Powers. The business and affairs of the Corporation shall be managed by, or under the direction of, the Board. In addition to the powers and authority expressly conferred upon the Board by statute, this Certificate or the Bylaws, the Board is hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the DGCL, this Certificate and any Bylaws adopted by the stockholders; provided, however, that no Bylaws hereafter adopted by the stockholders shall invalidate any prior act of the Board that would have been valid if such Bylaws had not been adopted.

Section 5.2 Election. Unless and except to the extent that the Bylaws shall so require, the election of directors need not be by written ballot.

ARTICLE VI BY LAWS

In furtherance and not in limitation of the powers conferred upon it by law, the Board shall have the power to adopt, amend, alter or repeal the Bylaws. The Bylaws also may be adopted, amended, altered or repealed by the stockholders.

ARTICLE VII
LIMITED LIABILITY; INDEMNIFICATION

Section 7.1 Limitation of Personal Liability. No person who is or was a director of the Corporation shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted by the DGCL as the same exists or hereafter may be amended. If the DGCL is hereafter amended to authorize corporate action further limiting or eliminating the liability of directors, then the liability of a director to the Corporation or its stockholders shall be limited or eliminated to the fullest extent permitted by the DGCL, as so amended. Any repeal or amendment of this Section 7.1 by the stockholders of the Corporation or by changes in law, or the adoption of any other provision of this Certificate inconsistent with this Section 7.1 will, unless otherwise required by law, be prospective only (except to the extent such amendment or change in law permits the Corporation to further limit or eliminate the liability of directors) and shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or amendment or adoption of such inconsistent provision with respect to acts or omissions occurring prior to such repeal or amendment or adoption of such inconsistent provision.

Section 7.2 Indemnification.

(a) Each person who is or was made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “**proceeding**”) by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation or, while a director or officer, employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter a “**Covered Person**”), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent, or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized or permitted by applicable law, as the same exists or may hereafter be amended, against all expense, liability and loss (including, without limitation, attorneys’ fees, judgments, fines, ERMA excise taxes and penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection with such proceeding, and such right to indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall indemnify a Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board. The right to indemnification conferred by this Section 7.2 shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any such proceeding in advance of its final disposition.

(b) The rights conferred on any Covered Person by this Section 7.2 shall not be exclusive of any other rights which any Covered Person may have or hereafter acquire under law,

this Certificate, the Bylaws, an agreement, vote of stockholders or disinterested directors, or otherwise.

(c) Any repeal or amendment of this Section 7.2 by the stockholders of the Corporation or by changes in law, or the adoption of any other provision of this Certificate inconsistent with this Section 7.2, will, unless otherwise required by law, be prospective only (except to the extent such amendment or change in law permits the Corporation to provide broader indemnification rights on a retroactive basis than permitted prior thereto), and will not in any way diminish or adversely affect any right or protection existing at the time of such repeal or amendment or adoption of such inconsistent provision in respect of any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision.

(d) This Section 7.2 shall not limit the right of the Corporation, to the extent and in the manner authorized or permitted by law, to indemnify and to advance expenses to persons other than Covered Persons.

**ARTICLE VIII
AMENDMENT OF CERTIFICATE OF INCORPORATION**

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate (including any Preferred Stock Designation), in the manner now or hereafter prescribed by this Certificate and the DGCL; and except as set forth in Article VII, all rights, preferences and privileges herein conferred upon stockholders, directors or any other persons by and pursuant to this Certificate in its present form or as hereafter amended are granted subject to the right reserved in this Article; provided, however, that at any time while the Series A Preferred Stock is outstanding, the Corporation shall not, without the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, (a) amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws in a manner that adversely affects the powers, preferences or rights of the Series A Preferred Stock or (b) effect any adverse amendment of or change to the powers, preferences or rights of the Series A Preferred Stock.

[Signature page follows]

IN WITNESS WHEREOF, Stronghold Digital Mining, Inc. has caused this Amended and Restated Certificate of Incorporation to be duly executed and acknowledged in its name and on its behalf by an authorized officer as of April 1, 2021.

By: /s/ Gregory A. Beard

Name: Gregory A. Beard

Title: Authorized Person

SIGNATURE PAGE TO
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
STRONGHOLD DIGITAL MINING, INC.

STRONGHOLD DIGITAL MINING, INC.

CERTIFICATE OF DESIGNATIONSPursuant to Section 151 of the General
Corporation Law of the State of Delaware

SERIES B CONVERTIBLE REDEEMABLE PREFERRED STOCK

(Par Value \$0.0001 Per Share)

Stronghold Digital Mining, Inc. (the "**Corporation**"), a corporation organized and existing under the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended from time to time (the "**DGCL**"), hereby certifies that, pursuant to the authority expressly granted to and vested in the Board of Directors of the Corporation (the "**Board of Directors**") by the Amended and Restated Certificate of Incorporation of the Corporation (as amended from time to time in accordance with its terms and the DGCL, the "**Certificate of Incorporation**"), which authorizes the Board of Directors, by resolution, to provide out of the unissued shares of the preferred stock (the "**Preferred Stock**") for one or more series of Preferred Stock and to establish from time to time the number of shares to be included in each such series and to fix the voting rights (if any), designations, powers, preferences and relative, participating, optional, special and other rights (if any) of each such series and any qualifications, limitations and restrictions thereof, and in accordance with the provisions of Section 151 of the DGCL, the Board of Directors duly adopted on May 14, 2021 the following resolution:

RESOLVED, that the rights, powers and privileges, and the restrictions, qualifications and limitations, of the Series B Preferred Stock as set forth in the Certificate of Designations are hereby approved and adopted by the Board of Directors and Series B Preferred Stock is hereby authorized out of the Corporation's authorized preferred stock, par value \$0.0001 per share; and the form, terms and provisions of the Certificate of Designations are hereby approved, adopted, ratified and confirmed in all respects as follows:

1. **General.**

(a) The shares of such series shall be designated the Series B Convertible Redeemable Preferred Stock (hereinafter referred to as the "**Series B Preferred Stock**").

(b) Each share of Series B Preferred Stock shall be identical in all respects with the other shares of Series B Preferred Stock.

(c) The authorized number of shares of Series B Preferred Stock shall initially be 2,000,000, which number may from time to time be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock (as defined below), without a vote of the holders of the Preferred Stock, or any series thereof, unless a vote of any such holders of Preferred Stock is required pursuant to another provision of the Certificate of Incorporation, including any Preferred Stock Designation.

(d) The Series B Preferred Stock shall, with respect to dividend rights and rights upon a liquidation, winding-up or dissolution of the Corporation, rank:

(i) senior to the Class A Common Stock, par value \$0.0001 per share, of the Corporation (“**Class A Common Stock**”), the Class V Common Stock, par value \$0.0001 per share, of the Corporation (“**Class V Common Stock**” and, together with the Class A Common Stock, the “**Common Stock**”), and any other class or series of capital stock of the Corporation, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Series B Preferred Stock with respect to dividend rights or rights upon a liquidation, winding-up or dissolution of the Corporation (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such capital stock, the “**Junior Stock**”);

(ii) on a parity with the Series A Convertible Redeemable Preferred Stock, par value \$0.0001, of the Corporation (the “**Series A Preferred Stock**”), and any class or series of capital stock of the Corporation, the terms of which provide that such class or series ranks on a parity with the Series B Preferred Stock with respect to dividend rights or rights upon a liquidation, winding-up or dissolution of the Corporation (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such capital stock, the “**Parity Stock**”); and

(iii) junior to any class or series of capital stock of the Corporation, the terms of which expressly provide that such class or series ranks senior to the Series B Preferred Stock with respect to dividend rights or rights upon a liquidation, winding-up or dissolution of the Corporation (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such capital stock, the “**Senior Stock**”).

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

(a) Payments to Holders of Series B Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or any Deemed Liquidation Event (as defined below), subject to the rights of any outstanding shares of Senior Stock and before any payment shall be made to the holders of Junior Stock by reason of their ownership thereof, the holders of shares of Series B Preferred Stock then outstanding shall be entitled to be paid out of the funds and assets available for distribution to the stockholders of the Corporation, an amount per share equal to the Stated Value (as defined below) for such share of Series B Preferred Stock, plus an amount per share equal to the Stated Value of any shares of Series B Preferred Stock that are issuable as the result of accrued, but unpaid, PIK Dividends. If upon any such liquidation, dissolution or winding up or Deemed Liquidation Event of the Corporation, the funds and assets available for distribution to the stockholders of the Corporation shall be insufficient to pay the holders of shares of Series B Preferred Stock the full amount to which they are entitled under this Section 2(a) and the holders of any shares of Parity Stock ranking on a parity with the Series B Preferred Stock the full amount to which they are entitled under the Certificate of Incorporation or any Certificate of Designations, the holders of shares of Series B Preferred Stock and such Parity Stock shall share ratably in any distribution of the funds and assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the shares of Series B Preferred Stock and such Parity Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. The “**Stated Value**” shall mean Thirty

One United States Dollars and Seventy Cents (\$31.70) per share, subject to an equitable adjustment for stock splits, stock combinations, recapitalizations and similar transactions.

(b) Payments to Holders of Class A Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up or Deemed Liquidation Event of the Corporation, after the payment of all preferential amounts required to be paid to the holders of shares of Senior Stock and to the Parity Stock as provided herein and in the Certificate of Incorporation, the remaining funds and assets available for distribution to the stockholders of the Corporation shall be distributed among the holders of shares of Class A Common Stock, pro rata based on the number of shares of Class A Common Stock held by each such holder.

(c) Deemed Liquidation Events.

(i) Definition. Each of the following events shall be considered a “**Deemed Liquidation Event**” unless the holders of at least a majority of the outstanding shares of Series B Preferred Stock (voting as a single class on an as-converted basis) (the “**Requisite Holders**”) elect otherwise by written notice sent to the Corporation at least five (5) days prior to the effective date of any such event:

(1) a merger or consolidation in which (I) the Corporation is a constituent party or (II) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for equity securities that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the equity securities of (x) the surviving or resulting party or (y) if the surviving or resulting party is a wholly owned subsidiary of another party immediately following such merger or consolidation, the parent of such surviving or resulting party; *provided* that, for the purpose of this Section 2(c)(i)(1), all shares of Common Stock issuable upon exercise of options outstanding immediately prior to such merger or consolidation or upon conversion of Convertible Securities (as defined below) outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, deemed to be converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged; or

(2) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or, if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation, except where such sale, lease, transfer or other disposition is to the Corporation or one or more wholly owned subsidiaries of the Corporation.

Notwithstanding the foregoing, a Significant Transaction Event shall not be considered a Deemed Liquidation Event.

(ii) Public Offering or Listing Facilitation Transaction. Under no circumstances shall a public offering of the Corporation's securities, including a public offering that results in a change of control of the Corporation, or a merger or other business combination or issuance of securities of the Corporation designed to increase the number of stockholders of the Corporation in order to facilitate a listing on a national securities exchange be considered a voluntary or involuntary liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event.

(iii) Allocation of Escrow. In the event of a Deemed Liquidation Event pursuant to Section 2(c)(i)(1) (I), if any portion of the consideration payable to the stockholders of the Corporation is placed into escrow, the definitive agreement for such transaction shall provide that the portion of such consideration that is placed in escrow shall be allocated among the holders of capital stock of the Corporation pro rata based on the amount of such consideration otherwise payable to each stockholder (such that each stockholder has placed in escrow the same percentage of the total consideration payable to such stockholder as every other stockholder).

(iv) Amount Deemed Paid or Distributed. The funds and assets deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer or other disposition described in this Section 2(c) shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors.

3. **Voting**. Holders of shares of Series B Preferred Stock shall vote together with holders of Series A Preferred Stock and holders of Common Stock on an as-if converted to Class A Common Stock basis on any matters coming before the stockholders of the Corporation for a vote. Notwithstanding the foregoing, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation, recapitalization, reclassification, or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect:

(a) materially change the principal business of the Corporation unless in connection with a Significant Transaction Event; or

(b) except in connection with a Significant Transaction Event, sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of the Corporation or permit any direct or indirect subsidiary to do so; provided, however, that no consent or vote of the Requisite Holders shall be required in connection with sales of mining equipment in the ordinary course of the Corporation's business and in a manner consistent with the principal business of the Corporation.

4. **Dividends.**

(a) **Dividends Generally.** The holders of shares of Series B Preferred Stock shall be entitled to receive, and the Corporation shall pay, dividends on shares of Series B Preferred Stock equal (on an as if converted to Class A Common Stock basis) to and in the same form as dividends actually paid on shares of the Class A Common Stock when, as and if such dividends are paid on shares of the Class A Common Stock. Except as set forth in this **Section 4(a)** and for PIK Dividends (as defined below), no other dividends shall be paid on shares of Series B Preferred Stock.

(b) **PIK Dividends.** The Corporation shall be required to pay a dividend in fully paid and non-assessable shares of Series B Preferred Stock (each a “***PIK Dividend***” and, collectively, the “***PIK Dividends***”) equal to the percentage of Stated Value set forth below upon the occurrence of each of the following events:

(i) **Failure to File.** If the Corporation has not filed or confidentially submitted a registration statement (the “***Registration Statement***”) to register the shares of Class A Common Stock issuable upon conversion of the Series B Preferred Stock (the “***Registrable Securities***”) on or before the date that is One Hundred and Twenty (120) days following April 1, 2021, the Corporation shall accrue daily a PIK Dividend equal to Ten Percent (10%) per annum of Stated Value;

(ii) **Failure to be Declared Effective and to List.** If the Registration Statement has not been declared effective by the U.S. Securities and Exchange Commission (the “***SEC***”) and the Registrable Securities are not listed on a Trading Market (as such term is defined in that certain Registration Rights Agreement, dated as of May 14, 2021, by and between the Corporation and the purchasers of the Series B Preferred Stock (the “***Registration Rights Agreement***”)) on or before the date that is Two Hundred Forty (240) days after April 1, 2021, the Corporation shall accrue daily a PIK Dividend of twelve percent (12%) per annum of Stated Value, or fifteen percent (15%) per annum of Stated Value for each day such failure continues after five hundred and forty (540) days after April 1, 2021. Such PIK Dividend shall be instead of, and not in addition to, any PIK Dividend also accruing under **Section 4(b)(i)**; and

(iii) **Mandatory Redemption Failure.** If the Corporation fails to complete a Mandatory Redemption (as defined below) when required to do so, it shall continue to pay a PIK Dividend of Twelve Percent (12%) of Stated Value.

The PIK Dividends shall be paid by delivering to each record holder of Series B Preferred Stock a number of shares of Series B Preferred Stock determined by dividing (x) the total aggregate dollar amount of dividends accrued and unpaid with respect to Series B Preferred Stock owned by such record holder (rounded to the nearest whole cent) by (y) the Stated Value.

Notwithstanding the foregoing, PIK Dividends shall cease cumulating and accruing upon the earliest to occur of (1) the date of the satisfaction of the conditions set forth in **Section 4(b)(i)**, **Section 4(b)(ii)** and **Section 4(b)(iii)** that gave rise to such PIK Dividend (any such date, a “***PIK Dividend Satisfaction Date***”), and (2) any Conversion Date (as defined below). Upon a simultaneous or consecutive occurrence of two or more events that trigger the accrual of PIK Dividends on one or more days, PIK Dividends shall accrue on each issued and outstanding share

of Series B Preferred Stock as if only one triggering event had occurred, such that the accrual of PIK Dividends in accordance with this Section 4(b) shall not be doubled, tripled or otherwise multiplied due to the existence of multiple events causing the accrual of PIK Dividends.

Notwithstanding the foregoing, (I) if within 180 days of April 1, 2021, the Corporation enters into a binding definitive agreement or binding instrument relating to a Significant Transaction Event (a “**Definitive Instrument**”), then the Corporation shall have no obligation to pay any PIK Dividends accrued or payable through such date, and (II) if the Corporation has entered into a Definitive Instrument within 180 days of April 1, 2021 and has consummated the Significant Transaction Event within three hundred (300) days of April 1, 2021, then the Corporation shall have no obligation to pay any PIK Dividends accrued or payable through such date. A “**Significant Transaction Event**” means the date that the Corporation enters into a Definitive Instrument, as applicable, with a third party relating to a merger, share exchange, sale of all or substantially all of the assets of the Corporation or other business combination, restructuring or change of control transaction, including any such transaction intended to result in the Corporation becoming subject to the reporting requirements of Section 13 of 15(d) of the Exchange Act (or becoming a voluntary filer under the Exchange Act), a business combination intended to increase the number of shareholders of the Corporation to facilitate listing on a Trading Market, a business combination with a special purpose acquisition company, or a business combination with a company that is listed on a Trading Market.

5. **Automatic Conversion.**

(a) **Trigger Event.** On the Conversion Date (as defined below), each share of Series B Preferred Stock shall be automatically converted (without the payment of additional consideration by the holder thereof), into such number of fully paid and non-assessable shares of Class A Common Stock as is determined by dividing the Stated Value by the Conversion Price in effect on the Conversion Date. The “**Conversion Price**” shall initially be equal to the Stated Value, meaning that the initial rate at which shares of Series B Preferred Stock may be converted into shares of Class A Common Stock shall be 1:1. Such initial Conversion Price, and the rate at which shares of Series B Preferred Stock may be converted into shares of Class A Common Stock, shall be subject to adjustment as provided below. Except as aforesaid, the Series B Preferred Stock is not convertible into Class A Common Stock or any other securities of the Corporation. For purposes hereof, “**Conversion Date**” means (A) the date that the Registration Statement is declared effective by the SEC or (B) the date on which a Significant Transaction Event occurs.

(b) **Mechanics of Conversion.** All holders of record of Series B Preferred Stock shall be sent written notice of the Conversion Date and the place designated for conversion of all such shares of Series B Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Conversion Date. Upon receipt of such notice, each holder of Series B Preferred Stock shall, if such holder’s shares are certificated, surrender his, her or its certificate or certificates for all such shares (or, if such holder of Series B Preferred Stock alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation and its transfer agent to indemnify the Corporation and/or its transfer agent against any claim that may be made against the Corporation and/or its transfer agent on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation or its transfer agent, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form

satisfactory to the Corporation or its transfer agent, duly executed by the registered holder of shares of Series B Preferred Stock or by his, her or its attorney duly authorized in writing. All rights with respect to the Series B Preferred Stock converted pursuant to this Section 5 will terminate at the Conversion Date (notwithstanding the failure of the holder or holders of Series B Preferred Stock to surrender any certificates at or prior to such time), except only for the rights of the holders of Series B Preferred Stock, upon surrender, if applicable, of their certificate or certificates (or lost certificate affidavit and agreement), to receive the items provided for in the next sentence of this Section 5(b). As soon as practicable after the Conversion Date and, if applicable, the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Series B Preferred Stock, the Corporation shall issue and deliver to such holder of Series B Preferred Stock, or to his, her or its nominees, a notice of issuance of uncertificated shares and, may, upon written request, issue and deliver a certificate or certificates for the number of full shares of Class A Common Stock issuable on such conversion in accordance with the provisions hereof. Such converted Series B Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of its Preferred Stock accordingly.

(c) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Class A Common Stock for the sole purpose of issuance upon conversion of the Series B Preferred Stock as herein provided, free from preemptive rights or any other actual contingent purchase rights of persons other than the holders of Series B Preferred Stock, not less than such aggregate number of shares of the Class A Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 5) upon the conversion of the then outstanding shares of Series B Preferred Stock. The Corporation covenants that all shares of Class A Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(d) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Series B Preferred Stock. As to any fraction of a share which the holder of shares of Series B Preferred Stock would otherwise be entitled to purchase upon such conversion, the Corporation shall round up to the next whole share.

(e) Transfer Taxes and Expenses. The issuance of shares of Class A Common Stock on conversion of the Series B Preferred Stock shall be made without charge to any holder of Series B Preferred Stock for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such shares of Class A Common Stock, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such shares of Class A Common Stock upon conversion in a name other than that of the holders of the Series B Preferred Stock of such shares of Series B Preferred Stock and the Corporation shall not be required to issue or deliver such shares of Class A Common Stock unless or until the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all transfer agent fees required for same-day processing and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the shares of Class A Common Stock.

(f) Adjustments to Conversion Price for Diluting Issues.

(i) Special Definitions. For purposes of this Section 5, the following definitions shall apply:

(1) **“Additional Shares of Common Stock”** shall mean all shares of Common Stock issued (or, pursuant to Section 5(f)(iii) below, deemed to be issued) by the Corporation after the date that the first share of Series B Preferred Stock is issued (the **“Original Issue Date”**), other than (x) the following shares of Common Stock and (y) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (x) and (y), collectively, **“Exempted Securities”**):

(a) as to any series of Preferred Stock, shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on such series of Preferred Stock; or

(b) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 5(g); or

(c) up to 1,300,000 shares of Common Stock, Options or other equity-linked securities or awards issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation; or

(d) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security; or

(e) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction; or

(f) shares of Common Stock, Options, Convertible Securities or other equity or equity-linked securities issued as acquisition consideration pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement; or

(g) shares of Common Stock, Options, Convertible Securities or other equity or equity-linked issued in connection with a Significant Transaction Event; or

(h) shares of Class V Common Stock issued in respect of newly issued common units of Stronghold Digital Mining Holdings, LLC that constitute Exempted Securities (as defined in sub-clauses (a) – (g) above).

(2) “**Convertible Securities**” shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(3) “**Option**” shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(ii) No Adjustment of Conversion Price. No adjustment in the Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Requisite Holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

(iii) Deemed Issue of Additional Shares of Common Stock.

(1) If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(2) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price pursuant to the terms of Section 5(f)(iv), are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (I) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (II) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (2) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (x) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (y) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(3) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price pursuant to the terms of Section 5(f)(iv) (either because the consideration per share (determined pursuant to Section 5(f)(v)) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Price then in effect, or because such Option or Convertible Security was issued before the Original Issue Date), are revised after the Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (I) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (II) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Section 5(f)(iii)(1)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(4) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price pursuant to the terms of Section 5(f)(iv), the Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(5) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price provided for in this Section 5(f)(iii) shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (2) and (3) of this Section 5(f)(iii)). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price that would result under the terms of this Section 5(f)(iii) at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

(iv) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 5(f)(iii)), without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issuance or deemed issuance, then

the Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP2 = CP1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(1) “CP2” shall mean the Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock;

(2) “CP1” shall mean the Conversion Price in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock;

(3) “A” shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock, other than Exempted Securities, issuable upon exercise of Options outstanding immediately prior to such issuance or deemed issuance or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(4) “B” shall mean the number of shares of Common Stock, excluding Exempted Securities, that would have been issued if such Additional Shares of Common Stock had been issued or deemed issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP1); and

(5) “C” shall mean the number of such Additional Shares of Common Stock issued in such transaction.

(v) Determination of Consideration. For purposes of this Section 5(f), the consideration received by the Corporation for the issuance or deemed issuance of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property. Such consideration shall:

(a) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(b) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

(c) in the event Additional Shares of Common Stock are issued together with other shares or securities, excluding Exempted Securities, or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (a) and (b) above, as determined in good faith by the Board of Directors of the Corporation.

(2) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 5(f)(iii), relating to Options and Convertible Securities, shall be determined by dividing:

(a) The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(b) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number), excluding Exempted Securities, issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

(vi) Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Price pursuant to the terms of Section 5(f)(iv) then, upon the final such issuance, the Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

(g) Certain Other Adjustments.

(i) Stock Dividends and Stock Splits. If the Corporation, at any time while the Series B Preferred Stock is outstanding: (1) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other common stock equivalents (which, for avoidance of doubt, shall not include any PIK Dividends or shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, the Series A Preferred Stock or the Series B Preferred Stock, as applicable), (2) subdivides outstanding shares of Common Stock into a larger number of shares, (3) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (4) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 5(g)(i) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(ii) **Subsequent Rights Offerings.** In addition to any adjustments pursuant to Section 5(g)(i) above, if at any time the Corporation grants, issues or sells any common stock equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the “**Purchase Rights**”), then the holder of shares of Series B Preferred Stock thereof will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the holder of shares of Series B Preferred Stock could have acquired if the holder of shares of Series B Preferred Stock had held the number of shares of Common Stock acquirable upon complete conversion of such holder’s Series B Preferred Stock immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such purchase.

(iii) **Fundamental Transaction.** If, at any time while the Series B Preferred Stock is outstanding, (1) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another person, other than a Significant Transaction Event, (2) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, other than a Significant Transaction Event, (3) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding capital stock of the Corporation, other than a Significant Transaction Event, (4) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, other than a Significant Transaction Event, or (5) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another person whereby such other person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other person or other persons making or party to, or associated or affiliated with the other persons making or party to, such stock or share purchase agreement or other business combination), other than a Significant Transaction Event (each a “**Fundamental Transaction**”), then, upon any subsequent conversion of the Series B Preferred Stock, the holder of shares of Series B Preferred Stock shall have the right to receive, for each share of Common Stock that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the “**Alternate Consideration**”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which the Series B Preferred Stock is convertible immediately prior to such Fundamental Transaction. For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or

property to be received in a Fundamental Transaction, then the holder of shares of Series B Preferred Stock shall be given the same choice as to the Alternate Consideration it receives upon any conversion of the Series B Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file an amended and restated Certificate of Incorporation or Certificate of Designation with the same terms and conditions and issue to the holders of shares of Series B Preferred Stock new preferred stock consistent with the foregoing provisions and evidencing the holders' right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "**Successor Entity**") to assume in writing all of the obligations of the Corporation under this Certificate in accordance with the provisions of this Section 5(g)(iii) pursuant to written agreements entered into prior to such Fundamental Transaction and shall deliver to the holder of shares of Series B Preferred Stock in exchange for the Series B Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Series B Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of the Series B Preferred Stock prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of the Series B Preferred Stock immediately prior to the consummation of such Fundamental Transaction). Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate with the same effect as if such Successor Entity had been named as the Corporation herein.

(h) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(i) Notice to the Holders. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 5, the Corporation shall promptly deliver to each holder of shares of Series B Preferred Stock a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange

whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of the Series B Preferred Stock, and shall cause to be delivered to each holder of shares of Series B Preferred Stock at its last address as it shall appear upon the stock books of the Corporation, at least ten (10) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (1) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (2) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

6. **Redemption.**

(a) **Mandatory Redemption.** Unless prohibited by Delaware law governing distributions to stockholders of a corporation, the Series B Preferred Stock shall be redeemed (a "***Mandatory Redemption***") by the Corporation at a price equal to the Stated Value for such share of Series B Preferred Stock, plus an amount per share equal to the Stated Value of any shares of Series B Preferred Stock that are issuable as the result of accrued, but unpaid, PIK Dividends (the "***Redemption Price***"), if the Requisite Holders provide written notice of redemption to the Corporation on or after the eighteen (18) month anniversary of April 1, 2021, which notice may only be so provided if on or after such date the Common Stock of the Corporation is not listed on a national securities exchange (the date selected by the Corporation that is within thirty (30) days following the date that the Corporation receives such notice is referred to as the "***Redemption Date***"). If on the Redemption Date Delaware law governing distributions to stockholders of a corporation prevents the Corporation from redeeming all outstanding shares of Series B Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares of Series B Preferred Stock that it may redeem consistent with such law, and shall redeem the remaining shares as soon as it may lawfully do so under such law. If the Corporation fails to pay the Redemption Price in full and redeem all outstanding shares of Series B Preferred Stock on the Redemption Date, then PIK Dividends shall accrue as specified in Section 4(b) hereof.

(b) **Redemption Notice.** The Corporation shall send written notice of the Mandatory Redemption (the "***Redemption Notice***") to each holder of record of Series B Preferred Stock not less than ten (10) days prior to the Redemption Date. The Redemption Notice shall state:

- (i) the number of shares of Series B Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;
- (ii) the Redemption Date and the Redemption Price; and

(iii) for holders of shares in certificated form, that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series B Preferred Stock to be redeemed.

(c) **Surrender of Certificates; Payment.** On or before the Redemption Date, each holder of shares of Series B Preferred Stock to be redeemed on the Redemption Date, shall, if a holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof.

(d) **Redeemed or Otherwise Acquired Shares.** Any shares of Series B Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred.

7. **Waiver; Amendment.** Any of the rights, powers, privileges and other terms of the Series B Preferred Stock set forth herein may be waived or amended on behalf of all holders of Series B Preferred Stock by the affirmative written consent or vote of the holders of the Requisite Holders.

8. **Notices.** Except as otherwise provided herein, any notice required or permitted by the provisions of this Certificate of Designations to be given to a holder of shares of Series B Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the DGCL, and shall be deemed sent upon such mailing or electronic transmission.

9. **No Other Rights.** The shares of Series B Preferred Stock shall not have any powers, designations, preferences or relative, participating, optional, or other special rights, nor shall there be any qualifications, limitations or restrictions or any powers, designations, preferences or rights of such shares, other than as set forth herein or in the Certificate of Incorporation, or as may be provided by law.

10. **Other Provisions.**

(a) In case any one or more of the provisions contained in this Certificate of Designations shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Furthermore, in lieu of any such invalid, illegal or unenforceable provision, there shall be added automatically as a part of this Certificate of Designations a provision as similar in terms to such invalid, illegal or unenforceable provision as may be possible and be legal, valid and enforceable, unless the requisite parties separately agree to a replacement provision that is valid, legal and enforceable.

(b) At all times while the Series B Preferred Stock is outstanding, the Corporation shall not, and shall not cause or permit any subsidiary of the Corporation to, without (in addition to any other vote required by law or this Certificate of Designations) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of the Series A Preferred Stock, redemptions of Series B Preferred Stock or dividends or distributions on the Series A Preferred Stock and/or Series B Preferred Stock, as applicable, as otherwise provided herein or in the Certificate of Incorporation, (ii) dividends or distributions on Common Stock that consist solely of shares of Common Stock, and/or (iii) repurchases of stock from employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service, or pursuant to a right of first refusal.

11. **Effective Date.** This Certificate of Designations shall become effective on May 14, 2021 (the “**Effective Date**”).

[The Remainder of this Page Intentionally Left Blank]

IN WITNESS WHEREOF, Stronghold Digital Mining, Inc. has caused this Certificate of Designations to be duly executed and acknowledged in its name and on its behalf by an authorized officer as of the Effective Date.

By: /s/ Gregory A. Beard

Name: Gregory A. Beard

Title: Authorized Person

[Signature Page to Certificate of Designations]

BYLAWS
OF
STRONGHOLD DIGITAL MINING, INC.
MARCH 19, 2021

**ARTICLE I
OFFICES**

Section 1.1	Registered Office	1
Section 1.2	Additional Offices	1

**ARTICLE II
STOCKHOLDERS**

Section 2.1	Place of Meetings	1
Section 2.2	Quorum; Adjournment of Meetings	1
Section 2.3	Annual Meetings	2
Section 2.4	Special Meetings	2
Section 2.5	Record Date	2
Section 2.6	Notice of Meetings	2
Section 2.7	Stock List	3
Section 2.8	Proxies	3
Section 2.9	Voting; Elections; Inspectors	3
Section 2.10	Conduct of Meetings	4
Section 2.11	Treasury Stock	5
Section 2.12	Action Without Meeting	5

**ARTICLE III
DIRECTORS**

Section 3.1	Power; Number; Term of Office	5
Section 3.2	Quorum	5
Section 3.3	Place of Meetings; Order of Business	5
Section 3.4	First Meeting	6
Section 3.5	Regular Meetings	6
Section 3.6	Special Meetings	6
Section 3.7	Removal	6
Section 3.8	Vacancies; Increases in the Number of Directors	6
Section 3.9	Compensation	6
Section 3.10	Action Without a Meeting; Telephone Conference Meeting	6
Section 3.11	Approval or Ratification of Acts or Contracts by Stockholders	7

**ARTICLE IV
COMMITTEES**

Section 4.1	Designation; Powers	7
Section 4.2	Procedure; Meetings; Quorum	8
Section 4.3	Substitution of Members	8

**ARTICLE V
OFFICERS**

Section 5.1	Number, Titles and Term of Office	8
Section 5.2	Salaries	8
Section 5.3	Removal	8
Section 5.4	Vacancies	8
Section 5.5	Powers and Duties of the Chief Executive Officer and President	8
Section 5.6	Powers and Duties of the Chairman of the Board	9
Section 5.7	Vice Presidents	9
Section 5.8	Chief Financial Officer	9

Section 5.9	Assistant Chief Financial Officers	9
Section 5.10	Secretary	9
Section 5.11	Assistant Secretaries	10
Section 5.12	Action with Respect to Securities of Other Corporations	10
ARTICLE VI		
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS		
Section 6.1	Right to Indemnification	10
Section 6.2	Indemnification of Employees and Agents	11
Section 6.3	Right of Claimant to Bring Suit	11
Section 6.4	Non-exclusivity of Rights	11
Section 6.5	Insurance	11
Section 6.6	Savings Clause	11
Section 6.7	Definitions	12
ARTICLE VII		
CAPITAL STOCK		
Section 7.1	Certificates of Stock	12
Section 7.2	Transfer of Shares	12
Section 7.3	Ownership of Shares	13
Section 7.4	Regulations Regarding Certificates	13
Section 7.5	Lost or Destroyed Certificates	13
ARTICLE VIII		
MISCELLANEOUS PROVISIONS		
Section 8.1	Fiscal Year	13
Section 8.2	Corporate Seal	13
Section 8.3	Notice and Waiver of Notice	13
Section 8.4	Resignations	14
Section 8.5	Facsimile Signatures	14
Section 8.6	Reliance upon Books, Reports and Records	14
Section 8.7	Form of Records	14
ARTICLE IX		
AMENDMENTS		
Section 9.1	Amendments	14

ARTICLE I OFFICES

Section 1.1 Registered Office. The registered office of Stronghold Digital Mining, Inc. (the “*Corporation*”) required by the General Corporation Law of the State of Delaware (the “*DGCL*”) to be maintained in the State of Delaware, shall be the registered office named in the original Certificate of Incorporation of the Corporation (as the same may be amended and restated from time to time, the “*Certificate of Incorporation*”), or such other office as may be designated from time to time by the Board of Directors of the Corporation (the “*Board*”) in the manner provided by law. Should the Corporation maintain a principal office within the State of Delaware such registered office need not be identical to such principal office of the Corporation.

Section 1.2 Additional Offices. The Corporation may have offices at such other places both within and without the State of Delaware as the Board may from time to time determine or as the business and affairs of the Corporation may require.

ARTICLE II STOCKHOLDERS

Section 2.1 Place of Meetings. All meetings of the stockholders shall be held at the principal office of the Corporation, or at such other place within or without the State of Delaware as shall be specified or fixed in the notices or waivers of notice thereof.

Section 2.2 Quorum; Adjournment of Meetings. Unless otherwise required by law or provided in the Certificate of Incorporation or these Bylaws, the holders of shares of stock with a majority of the voting power entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders for the transaction of business. The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Shares of the Corporation’s stock belonging to the Corporation or to another corporation, if such shares of stock representing a majority of the voting power entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Notwithstanding the other provisions of the Certificate of Incorporation or these Bylaws, the chairman of the meeting or the holders of shares of stock with a majority of the voting power present in person or represented by proxy at any meeting of stockholders, whether or not a quorum is present, shall have the power to adjourn such meeting from time to time, without any notice other than announcement at the meeting of the time and place of the holding of the adjourned meeting; provided, however, if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at such meeting. At any such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally called.

Section 2.3 Annual Meetings. An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, within or without the State of Delaware, on such date, and at such time as the Board shall fix and set forth in the notice of the meeting, which date shall be within thirteen (13) months subsequent to the later of the date of incorporation or the last annual meeting of stockholders.

Section 2.4 Special Meetings. Unless otherwise provided in the Certificate of Incorporation, special meetings of the stockholders for any purpose or purposes may be called at any time by the Chairman (or any Co-Chairman) of the Board (if any), by the Chief Executive Officer, by the President or by a majority of the Board, or by a majority of the executive committee (if any), and shall be called by the Chairman (or any Co-Chairman) of the Board (if any), by the Chief Executive Officer, the President or the Secretary upon the written request therefor, stating the purpose or purposes of the meeting, delivered to such officer, signed by the holder(s) of at least twenty-five percent (25%) of the issued and outstanding stock entitled to vote at such meeting.

Section 2.5 Record Date. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders, or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a date as the record date for any such determination of stockholders, which date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action.

If the Board does not fix a record date for any meeting of the stockholders, the record date for determining stockholders entitled to notice of or to vote at such meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if in accordance with Article VIII, Section 3 of these Bylaws notice is waived, at the close of business on the day next preceding the day on which the meeting is held. If, in accordance with Section 12 of this Article II, corporate action without a meeting of stockholders is to be taken, the record date for determining stockholders entitled to express consent to such corporate action in writing, when no prior action by the Board is necessary, shall be the day on which the first written consent is expressed. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

Section 2.6 Notice of Meetings. Written notice of the place, date and hour of all meetings, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by or at the direction of the Chairman (or any Co-Chairman) of the Board (if any) or the Chief Executive Officer, the President, the Secretary or the other person(s) calling the meeting to each stockholder entitled to vote thereat and shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, personally, by electronic transmission or by mail. If mailed, notice is given when deposited in the United States mail, postage prepaid,

directed to the stockholder at his or her address as it appears on the records of the Corporation. The Corporation may provide stockholders with notice of a meeting by electronic transmission provided such stockholders have consented to receiving electronic notice.

Section 2.7 Stock List. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in the name of such stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network, provided that the information required to gain access to the list is provided with the notice of the meeting, or during ordinary business hours, at the principal place of business of the Corporation. The stock list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 2.8 Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for him by proxy. Proxies for use at any meeting of stockholders shall be filed with the Secretary, or such other officer as the Board may from time to time determine by resolution, before or at the time of the meeting. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the secretary of the meeting who shall decide all questions touching upon the qualification of voters, the validity of the proxies, and the acceptance or rejection of votes, unless an inspector or inspectors shall have been appointed by the chairman of the meeting, in which event such inspector or inspectors shall decide all such questions.

No proxy shall be valid after three (3) years from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and coupled with an interest sufficient in law to support an irrevocable power.

Should a proxy designate two or more persons to act as proxies, unless such instrument shall provide the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, each proxy so attending shall be entitled to exercise such powers in respect of the same portion of the shares as he or she is of the proxies representing such shares.

Section 2.9 Voting; Elections; Inspectors. Unless otherwise required by law or provided in the Certificate of Incorporation, each stockholder shall have one vote for each share of stock entitled to vote which is registered in his or her name on the record date for the meeting. Shares registered in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxy as the bylaw (or comparable instrument) of such corporation may prescribe, or in the absence of such provision, as the board of directors (or comparable body) of such

corporation may determine. Shares registered in the name of a deceased person may be voted by his or her executor or administrator, either in person or by proxy.

All voting, except as required by the Certificate of Incorporation or where otherwise required by law, may be a voice vote; *provided, however*, that upon demand therefor by stockholders holding shares of stock representing a majority of the voting power present in person or by proxy at any meeting, a written ballot vote shall be taken. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes cast by the holders of shares of stock entitled to vote in the election of directors at a meeting of stockholders at which a quorum is present. All other elections and questions presented to the stockholders at a meeting at which a quorum is present shall, unless otherwise provided by the Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock of the Corporation which are present in person or by proxy and entitled to vote thereon. Any stock vote taken by written ballots shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting.

At any meeting at which a vote is taken by ballots, the chairman of the meeting may appoint one or more inspectors, each of whom shall subscribe an oath or affirmation to execute faithfully the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability. Such inspector shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. The chairman of the meeting may appoint any person to serve as inspector, except no candidate for the office of director shall be appointed as an inspector.

Unless otherwise provided in the Certificate of Incorporation, cumulative voting for the election of directors shall be prohibited.

Section 2.10 Conduct of Meetings. The meetings of the stockholders shall be presided over by the Chairman (or any Co-Chairman) of the Board (if any), or if he or she is not present, by the Chief Executive Officer and President, or if neither the Chairman (or any Co-Chairman) of the Board (if any), nor the Chief Executive Officer and President is present, by a chairman elected at the meeting. The Secretary of the Corporation, if present, shall act as secretary of such meetings, or if he or she is not present, an Assistant Secretary (if any) shall so act; if neither the Secretary nor an Assistant Secretary (if any) is present, then a secretary shall be appointed by the chairman of the meeting. The chairman of any meeting of stockholders shall determine the order of business

and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order.

Section 2.11 Treasury Stock. The Corporation shall not vote, directly or indirectly, shares of its own stock owned by it or any other corporation, if a majority of shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly by the Corporation and such shares shall not be counted for quorum purposes.

Section 2.12 Action Without Meeting. Unless otherwise provided in the Certificate of Incorporation, any action permitted or required by law, the Certificate of Incorporation or these Bylaws to be taken at a meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than a unanimous written consent shall be given by the Secretary to those stockholders who have not consented in writing.

ARTICLE III DIRECTORS

Section 3.1 Power; Number; Term of Office. The business and affairs of the Corporation shall be managed by or under the direction of the Board, and subject to the restrictions imposed by law or the Certificate of Incorporation, they may exercise all the powers of the Corporation.

The number of directors of the Corporation shall be determined from time to time by resolution of the Board, unless the Certificate of Incorporation fixes the number of directors, in which case a change in the number of directors shall be made only by amendment of the Certificate of Incorporation. Each director shall hold office for the term for which he or she is elected, and until his or her successor shall have been elected and qualified or until his or her earlier death, resignation or removal.

Unless otherwise provided in the Certificate of Incorporation, directors need not be stockholders nor residents of the State of Delaware.

Section 3.2 Quorum. Unless otherwise provided in the Certificate of Incorporation, a majority of the total number of directors shall constitute a quorum for the transaction of business of the Board and the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 3.3 Place of Meetings; Order of Business. The directors may hold their meetings and may have an office and keep the books of the Corporation, except as otherwise provided by law, in such place or places, within or without the State of Delaware, as the Board may from time to time determine by resolution. At all meetings of the Board business shall be transacted in such order as shall from time to time be determined by the Chairman (or any Co-Chairman) of the Board (if any), or in his or her absence by the Chief Executive Officer and President, or by resolution of the Board.

Section 3.4 First Meeting. Each newly elected Board may hold its first meeting for the purpose of organization and the transaction of business, if a quorum is present, immediately after and at the same place as the annual meeting of the stockholders. Notice of such meeting shall not be required.

Section 3.5 Regular Meetings. Regular meetings of the Board shall be held at such times and places as shall be designated from time to time by resolution of the Board. Notice of such regular meetings shall not be required.

Section 3.6 Special Meetings. Special meetings of the Board may be called by the Chairman (or any Co-Chairman) of the Board (if any), the Chief Executive Officer, the President or, on the written request of any two directors, by the Secretary, in each case on at least twenty-four (24) hours personal or written notice or on at least twenty-four (24) hours' notice by electronic transmission to each director. Such notice, or any waiver thereof pursuant to Article VIII, Section 3 hereof, need not state the purpose or purposes of such meeting, except as may otherwise be required by law or provided for in the Certificate of Incorporation or these Bylaws.

Section 3.7 Removal. Any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors; provided that, unless the Certificate of Incorporation otherwise provides, if the Board is classified, then the stockholders may effect such removal only for cause; and provided further that, if the Certificate of Incorporation expressly grants to stockholders the right to cumulate votes for the election of directors and if less than the entire Board is to be removed, no director may be removed without cause if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the entire Board, or, if there be classes of directors, at an election of the class of directors of which such director is a part.

Section 3.8 Vacancies; Increases in the Number of Directors. Unless otherwise provided in the Certificate of Incorporation, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or a sole remaining director; and any director so chosen shall hold office until the next annual election and until his or her successor shall be duly elected and shall qualify, unless sooner displaced.

If the directors of the Corporation are divided into classes, any directors elected to fill vacancies or newly created directorships shall hold office until the next election of the class for which such directors shall have been chosen, and until their successors shall be duly elected and shall qualify.

Section 3.9 Compensation. Unless otherwise restricted by the Certificate of Incorporation, the Board shall have the authority to fix the compensation of directors.

Section 3.10 Action Without a Meeting; Telephone Conference Meeting. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board, or any committee designated by the Board, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or

transmissions are filed with the minutes of proceedings of the Board or committee. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State of Delaware.

Unless otherwise restricted by the Certificate of Incorporation, subject to the requirement for notice of meetings, members of the Board, or members of any committee designated by the Board, may participate in a meeting of such Board or committee, as the case may be, by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3.11 Approval or Ratification of Acts or Contracts by Stockholders. The Board in its discretion may submit any act or contract for approval or ratification at any annual meeting of the stockholders, or at any special meeting of the stockholders called for the purpose of considering any such act or contract, and any act or contract that shall be approved or be ratified by the vote of the holders of shares of stock representing a majority of the voting power entitled to vote and present in person or by proxy at such meeting (provided that a quorum is present), shall be as valid and as binding upon the Corporation and upon all the stockholders as if it has been approved or ratified by every stockholder of the Corporation. In addition, any such act or contract may be approved or ratified by the written consent of the holders of shares of stock representing a majority of the voting power entitled to vote and such consent shall be as valid and as binding upon the Corporation and upon all the stockholders as if it had been approved or ratified by every stockholder of the Corporation.

ARTICLE IV COMMITTEES

Section 4.1 Designation; Powers. The Board may, by resolution passed by a majority of the whole board, designate one or more committees, including, if they shall so determine, an executive committee, each such committee to consist of one or more of the directors of the Corporation. Any such designated committee shall have and may exercise such of the powers and authority of the Board in the management of the business and affairs of the Corporation as may be provided in such resolution, except that no such committee shall have the power or authority of the Board in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders an agreement of merger, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution of the Corporation, or amending, altering or repealing the Bylaws or adopting new Bylaws for the Corporation and, unless such resolution or the Certificate of Incorporation expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Any such designated committee may authorize the seal of the Corporation to be affixed to all papers which may require it. In addition to the above, such committee or committees shall have such other powers and limitations of authority as may be determined from time to time by resolution adopted by the Board.

Section 4.2 Procedure; Meetings; Quorum. Any committee designated pursuant to Section 1 of this Article IV shall choose its own chairman, shall keep regular minutes of its proceedings and report the same to the Board when requested, shall fix its own rules or procedures, and shall meet at such times and at such place or places as may be provided by such rules, or by resolution of such committee or resolution of the Board. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution.

Section 4.3 Substitution of Members. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of the absent or disqualified member.

ARTICLE V OFFICERS

Section 5.1 Number, Titles and Term of Office. The officers of the Corporation shall be a Chief Executive Officer and President, a Chief Financial Officer and a Secretary and, if the Board so elects, a Chairman or one or more Co-Chairmen of the Board, one or more Vice Presidents (any one or more of whom may be designated Executive Vice President or Senior Vice President) and such other officers as the Board may from time to time elect or appoint. Each officer shall hold office until his or her successor shall be duly elected and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same person, unless the Certificate of Incorporation provides otherwise. Except for the Chairman (or any Co-Chairman) of the Board, if any, no officer need be a director.

Section 5.2 Salaries. The salaries or other compensation of the officers and agents of the Corporation shall be fixed from time to time by the Board.

Section 5.3 Removal. Any officer or agent elected or appointed by the Board may be removed, either with or without cause, by the vote of a majority of the whole Board at a special meeting called for the purpose, or at any regular meeting of the Board. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 5.4 Vacancies. Any vacancy occurring in any office of the Corporation may be filled by the Board.

Section 5.5 Powers and Duties of the Chief Executive Officer and President. Subject to the control of the Board and the executive committee (if any), the Chief Executive Officer and President shall have general executive charge, management and control of the properties, business and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; he or she may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation and may sign all certificates for

shares of capital stock of the Corporation; and shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to him by the Board.

Section 5.6 Powers and Duties of the Chairman of the Board. The Chairman of the Board, or any Co-Chairmen, if elected, shall be a member of the Board. The Chairman or Co-Chairmen acting jointly, as the case may be, shall preside at all meetings of the stockholders and of the Board; and shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him, her or them by the Board.

Section 5.7 Vice Presidents. In the absence of the Chief Executive Officer and President, or in the event of his or her inability or refusal to act, a Vice President designated by the Board shall perform the duties of the Chief Executive Officer and President, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer and President. In the absence of a designation by the Board of a Vice President to perform the duties of the Chief Executive Officer and President, or in the event of his or her absence or inability or refusal to act, the Vice President who is present and who is senior in terms of time as a Vice President of the Corporation shall so act. The Vice Presidents shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 5.8 Chief Financial Officer. The Chief Financial Officer shall have responsibility for the custody and control of all the funds and securities of the Corporation, and he or she shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the Board. He or she shall perform all acts incident to the position of Chief Financial Officer, subject to the control of the Chief Executive Officer and President and the Board; and he or she shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require.

Section 5.9 Assistant Chief Financial Officers. Each Assistant Chief Financial Officer, if any, shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the Chief Executive Officer and President or the Board. The Assistant Chief Financial Officers shall exercise the powers of the Chief Financial Officer during that officer's absence or inability or refusal to act.

Section 5.10 Secretary. The Secretary shall keep the minutes of all meetings of the Board, committees of directors and the stockholders, in books provided for that purpose; he or she shall attend to the giving and serving of all notices; he or she may in the name of the Corporation affix the seal of the Corporation to all contracts of the Corporation and attest the affixation of the seal of the Corporation thereto; he or she may sign with the other appointed officers all certificates for shares of capital stock of the Corporation; he or she shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to inspection of any director upon application at the office of the Corporation during business hours; he or she shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the Board or the Chief Executive Officer and President; and he or she shall in general perform all acts incident to the office of Secretary, subject to the control of the Chief Executive Officer and President and the Board.

Section 5.11 Assistant Secretaries. Each Assistant Secretary, if any, shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the Chief Executive Officer and President or the Board. The Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability or refusal to act.

Section 5.12 Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board, the Chief Executive Officer and President shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of security holders of or with respect to any action of security holders of any other corporation in which the Corporation may hold securities and to otherwise exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE VI INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 6.1 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was or has agreed to become a director or officer of the Corporation or is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving or having agreed to serve as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against all expense, liability and loss (including without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof), other than a proceeding (or part thereof) brought under Section 3 of this Article VI, initiated by such person or his or her heirs, executors and administrators only if such proceeding (or part thereof) was authorized by the Board. The right to indemnification conferred in this Article VI shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the DGCL requires, the payment of such expenses incurred by a current, former or proposed director or officer in his or her capacity as a director or officer or proposed director or officer (and not in any other capacity in which service was or is or has been agreed to be rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such indemnified

person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Section or otherwise.

Section 6.2 Indemnification of Employees and Agents. The Corporation may, by action of its Board, provide indemnification to employees and agents of the Corporation, individually or as a group, with the same scope and effect as the indemnification of directors and officers provided for in this Article VI.

Section 6.3 Right of Claimant to Bring Suit. If a written claim received by the Corporation from or on behalf of an indemnified party under this Article VI is not paid in full by the Corporation within ninety (90) days after such receipt, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6.4 Non-exclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any law (common or statutory), provision of the Certificate of Incorporation of the Corporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6.5 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any person who is or was serving as a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 6.6 Savings Clause. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each director and officer of the Corporation (each, a “**Covered Person**”), as to costs, charges and expenses (including attorneys’ fees), judgments, fines, and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article VI that shall not have been invalidated and to the fullest extent permitted by applicable law. Any

repeal or modification of the foregoing provisions of this Article VI shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such repeal or modification.

Section 6.7 Definitions. For purposes of this Article, reference to the “Corporation” shall include, in addition to the Corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger prior to (or, in the case of an entity specifically designated in a resolution of the Board, after) the adoption hereof and which, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

ARTICLE VII CAPITAL STOCK

Section 7.1 Certificates of Stock. Except as provided in this Section 7.1 of Article VII, the certificates for shares of the capital stock of the Corporation shall be uncertificated, provided that the Board of Directors may provide by resolution or resolutions that some or all classes of series of the Corporation’s stock shall be represented by certificates. Each certificated share of stock shall be signed by the Chairman (or any Co-Chairman) of the Board, Chief Executive Officer, President or a Vice President and the Secretary or an Assistant Secretary or the Chief Financial Officer or an Assistant Chief Financial Officer certifying the number of shares (and, if the stock of the Corporation shall be divided into classes or series, the class and series of such shares) owned by the stockholder in the Corporation; provided, however, that any of or all the signatures on the certificate may be facsimile. The stock record books and the blank stock certificate books shall be kept by the Secretary, or at the office of such transfer agent or transfer agents as the Board may from time to time by resolution determine. In case any officer, transfer agent or registrar who shall have signed or whose facsimile signature or signatures shall have been placed upon any such certificate or certificates shall have ceased to be such officer, transfer agent or registrar before such certificate is issued by the Corporation, such certificate may nevertheless be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 7.2 Transfer of Shares. Subject to the provisions of the Certificate of Incorporation and any other applicable agreements regarding the transfer of stock, the shares of stock of the Corporation shall be transferable only on the books of the Corporation by the holders thereof in person or by their duly authorized attorneys or legal representatives upon surrender and cancellation of certificates for a like number of shares, duly endorsed or accompanied by proper evidence of succession, assignment or authority of transfer or upon receipt of proper transfer instructions from the registered holder of uncertificated shares and upon compliance with appropriate procedures for transferring shares in uncertificated form.

Section 7.3 Ownership of Shares. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

Section 7.4 Regulations Regarding Certificates. The Board shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration or the replacement of certificates for shares of capital stock of the Corporation.

Section 7.5 Lost or Destroyed Certificates. The Board may determine the conditions upon which a new certificate of stock may be issued in place of a certificate which is alleged to have been lost, stolen or destroyed; and may, in their discretion, require the owner of such certificate or his or her legal representative to give bond, with sufficient surety, to indemnify the Corporation and each transfer agent and registrar against any and all losses or claims which may arise by reason of the issue of a new certificate in the place of the one so lost, stolen or destroyed.

ARTICLE VIII MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall be such as established from time to time by the Board.

Section 8.2 Corporate Seal. The Board may provide a suitable seal, containing the name of the Corporation. The Secretary shall have charge of the seal (if any). If and when so directed by the Board or a committee thereof, duplicates of the seal may be kept and used by the Chief Financial Officer, Assistant Secretary or Assistant Chief Financial Officer.

Section 8.3 Notice and Waiver of Notice. Whenever any notice is required to be given by law, the Certificate of Incorporation or under the provisions of these Bylaws, said notice shall be deemed to be sufficient if given (i) by electronic transmission or (ii) by deposit of the same in a post office box in a sealed prepaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such transmission or mailing, as the case may be.

Whenever notice is required to be given by law, the Certificate of Incorporation or under any of the provisions of these Bylaws, a written waiver thereof, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

Section 8.4 Resignations. Any director, member of a committee or officer may resign at any time. Such resignation shall be made in writing or by electronic transmission and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Chief Executive Officer, President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 8.5 Facsimile Signatures. In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board.

Section 8.6 Reliance upon Books, Reports and Records. Each director and each member of any committee designated by the Board shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or reports made to the Corporation by any of its officers, or by an independent certified public accountant, or by an appraiser selected with reasonable care by the Board or by any such committee, or in relying in good faith upon other records of the Corporation.

Section 8.7 Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time.

ARTICLE IX AMENDMENTS

Section 9.1 Amendments. If provided in the Certificate of Incorporation of the Corporation, the Board shall have the power to adopt, amend and repeal from time to time Bylaws of the Corporation, subject to the right of the stockholders entitled to vote with respect thereto to amend or repeal such Bylaws as adopted or amended by the Board.

* ****

TAX RECEIVABLE AGREEMENT

by and among

**STRONGHOLD DIGITAL MINING, INC.,
CERTAIN OTHER PERSONS NAMED HEREIN,**

and

AGENT

DATED AS OF APRIL 1, 2021

TAX RECEIVABLE AGREEMENT

This TAX RECEIVABLE AGREEMENT (this “Agreement”), dated as of April 1, 2021, is hereby entered into by and among Stronghold Digital Mining, Inc., a Delaware corporation (the “Initial Corporate Taxpayer Parent”), the TRA Holders and the Agent.

RECITALS

WHEREAS, the Initial Corporate Taxpayer Parent is the managing member of Stronghold Digital Mining Holdings, LLC, a Delaware limited liability company and an entity classified as a partnership for U.S. federal income Tax purposes (“OpCo LLC”), and holds, directly or indirectly, limited liability company interests in OpCo LLC;

WHEREAS, OpCo LLC and each of its direct and indirect Subsidiaries, if any, that is treated as a partnership for U.S. federal income Tax purposes will have in effect an election under Section 754 of the Internal Revenue Code of 1986, as amended (the “Code”), for each Taxable Year in which a Redemption occurs, which election is expected to result, with respect to the Corporate Taxpayer Group, in an adjustment to the Tax basis of the assets owned by OpCo LLC and such Subsidiaries;

WHEREAS, Q Power currently holds (and its permitted transferees may hold) Common Units and may transfer all or a portion of such Common Units in one or more subsequent Redemptions (as defined herein), and, as a result of such Redemptions, the Corporate Taxpayer Group is expected to obtain or be entitled to certain Tax benefits as further described herein; and

WHEREAS, this Agreement is intended to set forth the agreement among the parties hereto regarding the sharing of the Tax benefits realized by the Corporate Taxpayer Group as a result of the Redemptions;

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the terms set forth in this Article I shall have the following meanings.

“Accrued Amount” has the meaning set forth in Section 3.1(b) of this Agreement.

“Actual Tax Liability” means, with respect to any Taxable Year, the actual liability for U.S. federal income Taxes of (i) the Corporate Taxpayer Group, and (ii) without duplication, OpCo LLC, but only with respect to Taxes imposed on OpCo LLC and allocable to any member of the Corporate Taxpayer Group; provided that the actual liability for U.S. federal income Taxes of the Corporate Taxpayer Group shall be calculated assuming deductions of (and other impacts of) state and local income and franchise Taxes are excluded.

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

“Agent” means:

- (i) for so long as Q Power or any of its Affiliates is a TRA Holder, and for so long as it is willing to serve in such capacity, Sponsor Agent, and
- (ii) at any time clause (i) is not applicable, such other Person designated as such pursuant to Section 7.6(b).

“Agreed Rate” means a per annum rate of LIBOR plus 100 basis points.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Amended Schedule” has the meaning set forth in Section 2.3(b) of this Agreement.

“Assumed State and Local Tax Rate” means, with respect to any Taxable Year, (i) the sum of the following amounts for each state and local jurisdiction in which OpCo LLC (or any of its direct or indirect Subsidiaries that are treated as a partnership or disregarded entity for U.S. federal income Tax purposes) or the Corporate Taxpayer Group files an income or franchise Tax Return for the relevant Taxable Year: (A) the Corporate Taxpayer Group’s income and franchise Tax apportionment factor(s) for such applicable state or local jurisdiction, multiplied by (B) the highest corporate income and franchise Tax rate(s) for such state or local jurisdiction, reduced by (ii) the product of (A) the highest marginal U.S. federal income Tax rate applicable to the Corporate Taxpayer Group for the relevant Taxable Year (determined based on the calculation of the Hypothetical Tax Liability for the relevant Taxable Year) and (B) the aggregate rate calculated under clause (i).

“Attributable” has the meaning set forth in Section 3.1(b) of this Agreement.

“Basis Adjustment” means any adjustment to the Tax basis of a Reference Asset as a result of a Redemption and the payments made pursuant to this Agreement with respect to such Redemption (as calculated under Section 2.1 of this Agreement), including, but not limited to: (i) under Section 743(b) of the Code (in situations where, following a Redemption, OpCo LLC remains classified as a partnership for U.S. federal income Tax purposes) and (ii) under Sections 732(b) and 1012 of the Code (in situations where, as a result of one or more Redemptions, OpCo LLC becomes an entity that is disregarded as separate from its owner for U.S. federal income Tax purposes). Notwithstanding any other provision of this Agreement, the amount of any Basis Adjustment resulting from a Redemption of Common Units shall be determined without regard to any Section 743(b) adjustment attributable to such Common Units prior to such Redemption, and, further, payments made under this Agreement shall not be treated as resulting in a Basis Adjustment to the extent such payments are treated as Imputed Interest.

“Board” means the board of directors of the Corporate Taxpayer Parent.

“Business Day” means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America shall not be regarded as a Business Day.

“Call Right” has the meaning set forth in Section 3.6(n) of the OpCo LLC Agreement.

“Change of Control” means, other than a New Parent Transaction, the occurrence of any of the following events or series of events after the date hereof:

- (i) any Person (excluding (A) a corporation or other entity owned, directly or indirectly, by the shareholders of the Corporate Taxpayer Parent in substantially the same proportions as their ownership of stock of the Corporate Taxpayer Parent and (B) Q Power and its Affiliates) is or becomes the “beneficial owner” (as defined in Rule 13d-3 of the rules promulgated under the Exchange Act), directly or indirectly, of securities of the Corporate Taxpayer Parent representing more than 50% of the combined voting power of Corporate Taxpayer Parent’s then outstanding voting securities;
- (ii) there is consummated a merger or consolidation of the Corporate Taxpayer Parent with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, the voting securities of the Corporate Taxpayer Parent immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then-outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or
- (iii) the stockholders of the Corporate Taxpayer Parent approve a plan of complete liquidation or dissolution of the Corporate Taxpayer Parent or there is consummated an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Corporate Taxpayer Parent of all or substantially all of the Corporate Taxpayer Parent’s assets, other than such sale or other disposition by the Corporate Taxpayer Parent of all or substantially all of the Corporate Taxpayer Parent’s assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of the Corporate Taxpayer Parent in substantially the same proportions as their ownership of the Corporate Taxpayer Parent immediately prior to such sale.

“Code” has the meaning set forth in the Recitals of this Agreement.

“Common Shares” means shares of Class A common stock of the Initial Corporate Taxpayer Parent.

“Common Units” has the meaning set forth in the OpCo LLC Agreement.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Corporate Taxpayer Group” means (a) the Corporate Taxpayer Parent and any Subsidiary of the Corporate Taxpayer Parent, other than OpCo LLC and any Subsidiary of OpCo LLC,

whether or not the Corporate Taxpayer Parent or any such Subsidiary is a member of any affiliated or consolidated group of corporations that files a consolidated income Tax Return pursuant to Section 1501 *et seq.* of the Code or any corresponding provisions of U.S. state or local Tax law, and (b) where required by context, any member of such group.

“Corporate Taxpayer Parent” means (a) initially, the Initial Corporate Taxpayer Parent, (b) if a New Parent Transaction occurs, the New Parent, (c) if any entity becomes a direct or indirect successor to any of the foregoing (whether by purchase, merger, consolidation, liquidation or otherwise), such successor.

“Corporate Taxpayer Return” means any U.S. federal income Tax Return of the Corporate Taxpayer Parent (including the U.S. federal income Tax Returns of any consolidated group of which Corporate Taxpayer Parent is or becomes a member, as further described in Section 7.12(a) of this Agreement) filed with respect to any Taxable Year.

“Cumulative Net Realized Tax Benefit” for a Taxable Year means the cumulative amount (but not less than zero) of Realized Tax Benefits for all Taxable Years of the Corporate Taxpayer Group, up to and including such Taxable Year, net of the cumulative amount of Realized Tax Detriments for the same period. The Realized Tax Benefit and Realized Tax Detriment for each Taxable Year shall be determined based on the most recent Tax Benefit Payment Schedule or Amended Schedule, if any, in existence at the time of such determination.

“Default Rate” means a per annum rate of LIBOR plus 550 basis points.

“Determination” has the meaning ascribed to such term in Section 1313(a) of the Code or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

“Dispute” has the meaning set forth in Section 7.9(a) of this Agreement.

“Early Termination” has the meaning set forth in Section 4.1 of this Agreement.

“Early Termination Date” means the date of an Early Termination Notice, or the date on which the Early Termination Notice is deemed to have been delivered pursuant to Section 4.2 or Section 4.3, for purposes of determining the Early Termination Payment.

“Early Termination Effective Date” has the meaning set forth in Section 4.4 of this Agreement.

“Early Termination Notice” has the meaning set forth in Section 4.4 of this Agreement.

“Early Termination Payment” has the meaning set forth in Section 4.5(b) of this Agreement.

“Early Termination Schedule” has the meaning set forth in Section 4.4 of this Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, as the same may be amended from time to time (or any corresponding provisions of succeeding law).

“Expert” means a nationally recognized expert in the particular area of disagreement that is mutually acceptable to the Corporate Taxpayer Group and the Agent.

“Hypothetical Tax Liability” means, with respect to any Taxable Year, the liability for U.S. federal income Taxes of (i) the Corporate Taxpayer Group, and (ii) without duplication, OpCo LLC, but in the case of clause (ii), only with respect to Taxes imposed on OpCo LLC and allocable to any member of the Corporate Taxpayer Group (using the same methods, elections, conventions, U.S. federal income Tax rate and similar practices used on the relevant Corporate Taxpayer Return), but, in each case, without taking into account (A) any Basis Adjustments, (B) any deduction attributable to Imputed Interest for the Taxable Year, and (C) any Subsequent TRA Benefits. For the avoidance of doubt, Hypothetical Tax Liability shall be determined without taking into account the carryover or carryback of any U.S. federal income Tax item (or portions thereof) that is attributable to any Basis Adjustments, Imputed Interest, or any Subsequent TRA Benefits. Furthermore, the Hypothetical Tax Liability shall be calculated assuming deductions of (and other impacts of) state and local income and franchise Taxes are excluded.

“Imputed Interest” means any interest imputed under Section 1272, 1274 or 483 or other provision of the Code, and the principles of any similar provisions of state or local law, with respect to the Corporate Taxpayer Group’s payment obligations under this Agreement.

“Initial Corporate Taxpayer Parent” has the meaning set forth in the preamble to this Agreement.

“IRS” means the U.S. Internal Revenue Service.

“LIBOR” means during any period, an interest rate per annum equal to the one-year LIBOR rate reported, on the date two (2) calendar days prior to the first day of such period, on the Telerate Page 3750 (or if such screen shall cease to be publicly available, as reported on Reuters Screen page “LIBOR01” or by any other publicly available source of such market rate) for London interbank offered rates for United States dollar deposits for such period. Notwithstanding the foregoing sentence: (i) if the Corporate Taxpayer Parent reasonably determines, in good faith consultation with the Agent, on or prior to the relevant date of determination that the relevant London interbank offered rate for U.S. dollar deposits has been discontinued or such rate has ceased to be published permanently or indefinitely, then “LIBOR” for the relevant interest period shall be deemed to refer to a substitute or successor rate that the Corporate Taxpayer Parent reasonably determines, in good faith consultation with the Agent, after consulting an investment bank of national standing in the United States and other reasonable sources, to be (a) the industry-accepted successor rate to the relevant London interbank offered rate for U.S. dollar deposits or (b) if no such industry-accepted successor rate exists, the most comparable substitute or successor rate to the relevant London interbank offered rate for U.S. dollar deposits; and (ii) if the Corporate Taxpayer Parent has determined a substitute or successor rate in accordance with the foregoing, the Corporate Taxpayer Parent may reasonably determine, in good faith consultation with the Agent, after consulting an investment bank of national standing in the United States and other reasonable sources, any relevant methodology for calculating such substitute or successor rate, including any adjustment factor it reasonably determines, in good faith consultation with the Agent, is needed to make such substitute or successor rate comparable to the relevant London interbank offered rate for U.S. dollar deposits, in a manner that is consistent with industry-accepted practices for such substitute or successor rate. In the event that the Agent disagrees with any

determination by the Corporate Taxpayer Parent set forth in this paragraph, and such disagreement is not resolved within thirty (30) days of submission by the Agent of notice of such disagreement to the Corporate Taxpayer Parent, such disagreement shall be deemed a “Reconciliation Dispute,” and shall be subject to the Reconciliation Procedures set forth in Section 7.10 hereof.

“Majority TRA Holders” means, at the time of any determination, TRA Holders who would be entitled to receive more than fifty percent (50%) of the aggregate amount of the Early Termination Payments payable to all TRA Holders hereunder (determined using such calculations of Early Termination Payments reasonably estimated by the Corporate Taxpayer Group) if the Corporate Taxpayer Group had exercised its right of Early Termination on such date.

“Market Value” means the closing price of the Common Shares on the applicable Redemption Date on the national securities exchange or interdealer quotation system on which such Common Shares are then traded or listed, as reported by Bloomberg L.P.; provided, that if the closing price is not reported by Bloomberg L.P. for the applicable Redemption Date, then the Market Value means the closing price of the Common Shares on the Business Day immediately preceding such Redemption Date on the national securities exchange or interdealer quotation system on which such Common Shares are then traded or listed, as reported by Bloomberg L.P.; provided, further that if the Common Shares are not then listed on a national securities exchange or interdealer quotation system, “Market Value” means the cash consideration paid for Common Shares, or the fair market value of the other property delivered for Common Shares, as determined by the Board in good faith.

“Material Objection Notice” has the meaning set forth in Section 4.4 of this Agreement.

“Net Tax Benefit” has the meaning set forth in Section 3.1(b) of this Agreement.

“New Parent” means, with respect to any New Parent Transaction, the new ultimate parent entity.

“New Parent Transaction” means, in connection with an underwritten public offering under the Securities Act or a transaction with a “special purpose acquisition company” or other “blank check” vehicle listed for trading on a securities exchange and formed for the purpose of acquiring one or more businesses, a transaction in which the prior Corporate Taxpayer Parent directly or indirectly becomes a Subsidiary (or by purchase, merger, consolidation, liquidation or otherwise, combines with a Subsidiary) of an entity taxed as a corporation for U.S. federal income tax purposes.

“Objection Notice” has the meaning set forth in Section 2.3(a) of this Agreement.

“OpCo LLC” has the meaning set forth in the Recitals of this Agreement.

“OpCo LLC Agreement” means the Amended and Restated Limited Liability Company Agreement of OpCo LLC dated April 1, 2021, as amended from time to time.

“Payment Date” means any date on which a payment is required to be made pursuant to this Agreement.

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

“Q Power” means Q Power, LLC, a Delaware limited liability company.

“Realized Tax Benefit” means, for a Taxable Year, the sum of (i) the excess, if any, of the Hypothetical Tax Liability over the Actual Tax Liability and (ii) the State and Local Tax Benefit. If all or a portion of the Actual Tax Liability for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability and the corresponding Hypothetical Tax Liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination with respect to such Actual Tax Liability.

“Realized Tax Detriment” means, for a Taxable Year, the sum of (i) the excess, if any, of the Actual Tax Liability over the Hypothetical Tax Liability and (ii) the State and Local Tax Detriment. If all or a portion of the Actual Tax Liability for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability and the corresponding Hypothetical Tax Liability shall not be included in determining the Realized Tax Detriment unless and until there has been a Determination with respect to such Actual Tax Liability.

“Reconciliation Dispute” has the meaning set forth in Section 7.10 of this Agreement.

“Reconciliation Procedures” means the procedures described in Section 7.10 of this Agreement.

“Redemption” means any transfer (or deemed transfer or other transaction affecting adjusted Tax basis for U.S. federal income Tax purposes) in respect of any Common Units or Reference Assets resulting from a transfer by a TRA Holder, or by a permitted transferee of such TRA Holder (pursuant to the OpCo LLC Agreement), to OpCo LLC or to the Corporate Taxpayer Group pursuant to the Redemption Right or the Call Right, as applicable.

“Redemption Date” means each date on which a Redemption occurs.

“Redemption Notice” has the meaning given to the term “Redemption Notice” in the OpCo LLC Agreement.

“Redemption Right” means the redemption right of holders of Common Units set forth in Section 3.6(a) of the OpCo LLC Agreement.

“Reference Asset” means, with respect to any Redemption, an asset (other than cash or a cash equivalent) that is held or acquired by OpCo LLC (or any of its direct or indirect Subsidiaries that is treated as a partnership or disregarded entity for U.S. federal income Tax purposes, but only to the extent such Subsidiaries are not held through any entity treated as a corporation for U.S. federal income Tax purposes) at the time of such Redemption. A Reference Asset also includes any asset that is “substituted basis property” under Section 7701(a)(42) of the Code with respect to a Reference Asset.

“Resolution of Disputes Procedures” means the procedures described in Section 7.9 of this Agreement.

“Schedule” means any of the following: (i) a Tax Attribute Schedule, (ii) a Tax Benefit Payment Schedule, (iii) the Early Termination Schedule or (iv) an Amended Schedule.

“Securities Act” means the Securities Act of 1933, as amended, or any successor statute.

“Senior Obligations” has the meaning set forth in Section 5.1 of this Agreement.

“Sponsor Agent” means Gregory A. Beard or such other Person designated as such by Q Power.

“State and Local Tax Benefit” means, for a Taxable Year, the excess, if any, of the Hypothetical Tax Liability over the Actual Tax Liability; provided that, for purposes of determining the State and Local Tax Benefit, each of the Hypothetical Tax Liability and the Actual Tax Liability shall be calculated using the Assumed State and Local Tax Rate instead of the rate applicable for U.S. federal income Tax purposes.

“State and Local Tax Detriment” means, for a Taxable Year, the excess, if any, of the Actual Tax Liability over the Hypothetical Tax Liability; provided that, for purposes of determining the State and Local Tax Detriment, each of the Actual Tax Liability and the Hypothetical Tax Liability shall be calculated using the Assumed State and Local Tax Rate instead of the rate applicable for U.S. federal income Tax purposes.

“Subsequent TRA” means any tax receivable agreement (or comparable agreement) entered into by any member of the Corporate Taxpayer Group pursuant to which any member of the Corporate Taxpayer Group is obligated to pay over amounts with respect to Tax benefits resulting from any increases in Tax basis, net operating losses or other Tax attributes to which any member of the Corporate Taxpayer Group becomes entitled as a result of a transaction (other than any Redemption) after the date of this Agreement.

“Subsequent TRA Benefits” means any Tax benefits resulting from increases in Tax basis, net operating losses or other Tax attributes with respect to which any member of the Corporate Taxpayer Group is obligated to make payments under a Subsequent TRA.

“Subsidiaries” means, with respect to any Person, as of any date of determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls more than 50% of the voting power or other similar interests or the sole general partner interest or managing member or similar interest of such Person.

“Tax Attribute Schedule” has the meaning set forth in Section 2.1 of this Agreement.

“Tax Benefit Payment” has the meaning set forth in Section 3.1(b) of this Agreement.

“Tax Benefit Payment Schedule” has the meaning set forth in Section 2.2 of this Agreement.

“Tax Proceeding” has the meaning set forth in Section 6.1 of this Agreement.

“Tax Receivable Agreements” means this Agreement and any Subsequent TRA.

“Tax Return” means any return, declaration, report or similar statement required to be filed with respect to Taxes (including any attached schedules), including any information return, claim for refund, amended return and declaration of estimated Tax.

“Taxable Year” means a taxable year of the Corporate Taxpayer Group as defined in Section 441(b) of the Code (which, for the avoidance of doubt, may include a period of less than twelve (12) months for which a Tax Return is made), ending on or after the date hereof.

“Taxes” means any and all U.S. federal, state and local taxes, assessments or similar charges that are based on or measured with respect to net income or profits, including franchise taxes, and any interest, penalties or additions thereto.

“Taxing Authority” means the IRS and any federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

“TRA Holder” means Q Power and its respective successors and permitted assigns pursuant to Section 7.6(a).

“Transferor” has the meaning set forth in Section 7.12(b) of this Agreement.

“Treasury Regulations” means the final, temporary and proposed regulations under the Code promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant Taxable Year.

“Valuation Assumptions” means, as of an Early Termination Date, the assumptions that:

(i) in each Taxable Year ending on or after such Early Termination Date, the Corporate Taxpayer Group will have taxable income sufficient to fully utilize the deductions arising from all Basis Adjustments (assuming, to the extent applicable, in calculating such deductions that the election under Section 168(k)(7) of the Code is made with respect to any actual or deemed Basis Adjustment arising from a Redemption made in the Taxable Year that includes the Early Termination Date or deemed to be made on the Early Termination Date pursuant to clause (v) of this definition), and Imputed Interest during such Taxable Year or future Taxable Years (including, for the avoidance of doubt, Basis Adjustments and Imputed Interest that would result from future Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions, further assuming such future Tax Benefit Payments would be paid on the due date, without extensions, for filing the Corporate Taxpayer Return for the applicable Taxable Year) in which such deductions would become available;

(ii) any loss or credit carryovers generated by deductions or losses arising from any Basis Adjustment or Imputed Interest (including such Basis Adjustment or Imputed Interest generated as a result of payments under this Agreement) that are available in the Taxable Year that includes the Early Termination Date will be utilized by the Corporate Taxpayer Group ratably in each Taxable Year over the five Taxable Years beginning with the Taxable Year that includes the Early Termination Date (provided that, in any year that the Corporate Taxpayer Group is prevented from fully utilizing net operating losses

pursuant to Section 382 of the Code, or any successor provision, the amount utilized for purposes of this provision shall not exceed the amount that would otherwise be utilizable under Section 382 of the Code, or any successor provision);

(iii) the U.S. federal, state and local income and franchise Tax rates that will be in effect for each Taxable Year ending on or after such Early Termination Date will be those specified for each such Taxable Year by the Code and other law as in effect on the Early Termination Date except to the extent any change to such Tax rates for such Taxable Year have already been enacted into law;

(iv) any Reference Asset that is not subject to amortization, depreciation or other cost recovery deduction to which any Basis Adjustment is attributable will be disposed of in a fully taxable transaction for U.S. federal income Tax purposes on the fifth anniversary of the Early Termination Date for an amount sufficient to fully utilize the Basis Adjustment with respect to such Reference Asset; provided, that in the event of a Change of Control which includes a taxable sale of such Reference Asset (including the sale of all of the equity interests in an entity classified as a partnership or disregarded entity that directly or indirectly owns such Reference Asset), such Reference Asset shall be deemed disposed of at the time of the Change of Control; and

(v) if, at the Early Termination Date, there are Common Units that have not been transferred in a Redemption, then all Common Units shall be deemed to be transferred pursuant to the Redemption Right effective on the Early Termination Date.

Section 1.2 Other Definitional and Interpretative Provisions. The words “hereof,” “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import. “Writing,” “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms thereof. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

ARTICLE II

DETERMINATION OF CERTAIN REALIZED TAX BENEFITS

Section 2.1 Tax Attribute Schedules. Within ninety (90) calendar days after the filing of the relevant Corporate Taxpayer Return for each Taxable Year, the Corporate Taxpayer Parent

shall deliver to each Agent a schedule (the “Tax Attribute Schedule”) that shows, in reasonable detail necessary to perform the calculations required by this Agreement, including with respect to each applicable TRA Holder, (i) the Basis Adjustments with respect to the Reference Assets as a result of the Redemptions effected by or attributable to such TRA Holder in such Taxable Year and (ii) the period (or periods) over which such Basis Adjustments are amortizable and/or depreciable.

Section 2.2 Tax Benefit Payment Schedules.

(a) Within ninety (90) calendar days after the filing of a Corporate Taxpayer Return for any Taxable Year in which there is a Realized Tax Benefit or Realized Tax Detriment, a member of the Corporate Taxpayer Group shall deliver to each Agent: (i) a schedule showing, in reasonable detail, (A) the calculation of the Realized Tax Benefit or Realized Tax Detriment with respect to such Corporate Taxpayer Return for such Taxable Year, (B) the portion of the Net Tax Benefit, if any, that is Attributable to each TRA Holder, (C) the Accrued Amount with respect to any such Net Tax Benefit that is Attributable to such TRA Holder, (D) the Tax Benefit Payment due to each such TRA Holder, and (E) the portion of such Tax Benefit Payment that the Corporate Taxpayer Group intends to treat as Imputed Interest (a “Tax Benefit Payment Schedule”), (ii) a reasonably detailed calculation of the Hypothetical Tax Liability, (iii) a reasonably detailed calculation of the Actual Tax Liability, (iv) a copy of such Corporate Taxpayer Return for such Taxable Year, and (v) any other work papers reasonably requested by any Agent. In addition, the Corporate Taxpayer Group shall allow each Agent reasonable access at no cost to its appropriate representatives in connection with a review of such Tax Benefit Payment Schedule. The Tax Benefit Payment Schedule will become final as provided in Section 2.3(a) and may be amended as provided in Section 2.3(b) (subject to the procedures set forth in Section 2.3(b)).

(b) For purposes of calculating the Realized Tax Benefit or Realized Tax Detriment for any Taxable Year, carryovers or carrybacks of any U.S. federal income Tax item attributable to the Basis Adjustments, Imputed Interest or any Subsequent TRA Benefits shall be considered to be subject to the rules of the Code and the Treasury Regulations, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type. If a carryover or carryback of any U.S. federal income Tax item includes a portion that is attributable to the Basis Adjustment, Imputed Interest or any Subsequent TRA Benefits and another portion that is not so attributable, such respective portions shall be considered to be used in accordance with the “with and without” methodology. The parties agree that (i) any payment under this Agreement attributable to Basis Adjustments (to the extent permitted by law and other than amounts accounted for as Imputed Interest) will be treated as a subsequent upward adjustment to the purchase price of the relevant Common Units and will have the effect of creating additional Basis Adjustments to Reference Assets for the Corporate Taxpayer Group in the year of payment, and (ii) as a result, such additional Basis Adjustments will be incorporated into the current year calculation and into future year calculations, as appropriate.

Section 2.3 Procedure; Amendments.

(a) An applicable Schedule or amendment thereto shall become final and binding on all parties thirty (30) calendar days from the first date on which all Agents have received the applicable Schedule or amendment thereto unless (i) any Agent, within thirty (30) calendar days

after receiving an applicable Schedule or amendment thereto, provides the Corporate Taxpayer Parent and each other Agent with notice of a material objection to such Schedule (“Objection Notice”) made in good faith or (ii) each Agent provides a written waiver of such right of any Objection Notice within the period described in clause (i) above, in which case such Schedule or amendment thereto becomes binding on the date waivers from all Agents have been received by the Corporate Taxpayer Parent. If the Corporate Taxpayer Parent and the Agents, for any reason, are unable to successfully resolve the issues raised in an Objection Notice within thirty (30) calendar days after receipt by the Corporate Taxpayer Parent of such Objection Notice, the Corporate Taxpayer Parent and the Agents shall employ the Reconciliation Procedures under Section 7.10 or Resolution of Disputes Procedures under Section 7.9, as applicable.

(b) The applicable Schedule for any Taxable Year may be amended from time to time by the Corporate Taxpayer Parent (i) in connection with a Determination affecting such Schedule, (ii) to correct inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the Schedule was provided to the Agents, (iii) to comply with the Expert’s determination under the Reconciliation Procedures, (iv) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to a carryback or carryforward of a loss or other Tax item to such Taxable Year, (v) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to an amended Corporate Taxpayer Return filed for such Taxable Year or (vi) to adjust a Tax Attribute Schedule to take into account payments made pursuant to this Agreement (any such Schedule, an “Amended Schedule”). The Corporate Taxpayer Parent shall provide an Amended Schedule to each Agent within sixty (60) calendar days of the occurrence of an event referenced in clauses (i) through (v) of the preceding sentence and an Amended Schedule referenced in clause (vi) of the preceding sentence to each Agent in connection with the due date for delivery of the Tax Attribute Schedule for the following year. For the avoidance of doubt, in the event a Schedule is amended after such Schedule becomes final pursuant to Section 2.3(a), the Amended Schedule shall not be taken into account in calculating any Tax Benefit Payment in the Taxable Year to which the amendment relates but instead shall be taken into account in calculating the Cumulative Net Realized Tax Benefit for the Taxable Year in which the amendment actually occurs.

Section 2.4 Section 754 Election. The Corporate Taxpayer Parent shall cause OpCo LLC to (i) ensure that, on and after the date hereof and continuing throughout the term of this Agreement, OpCo LLC and any of its eligible Subsidiaries will have in effect an election pursuant to Section 754 of the Code (and under any similar provisions of applicable U.S. state or local law) and (ii) use commercially reasonable efforts to ensure that, on and after the date hereof and continuing throughout the term of this Agreement, any entity in which OpCo LLC holds a direct or indirect interest that is treated as a partnership for U.S. federal income Tax purposes that does not meet the definition of “Subsidiary” herein, will have in effect an election pursuant to Section 754 of the Code (and under any similar provisions of applicable U.S. state or local law).

ARTICLE III
TAX BENEFIT PAYMENTS

Section 3.1 Payments.

(a) Within five (5) Business Days after a Tax Benefit Payment Schedule delivered to the Agents becomes final in accordance with Section 2.3(a), the applicable member of the Corporate Taxpayer Group shall pay to each TRA Holder the Tax Benefit Payment in respect of such TRA Holder determined pursuant to Section 3.1(b) for such Taxable Year. Each such payment shall be made by check, by wire transfer of immediately available funds to the bank account previously designated by the TRA Holder to the applicable member of the Corporate Taxpayer Group, or as otherwise agreed by such member of the Corporate Taxpayer Group and the TRA Holder. For the avoidance of doubt, no Tax Benefit Payment shall be made in respect of estimated Tax payments, including, U.S. federal or state estimated income Tax payments.

(b) A “Tax Benefit Payment” in respect of a TRA Holder for a Taxable Year means an amount, not less than zero, equal to the sum of the portion of the Net Tax Benefit Attributable to such TRA Holder and the Accrued Amount with respect thereto. The “Net Tax Benefit” for a Taxable Year shall be an amount equal to the excess, if any, of 85% of the Cumulative Net Realized Tax Benefit as of the end of such Taxable Year over the sum of (i) the total amount of payments previously made under this Section 3.1 (excluding payments attributable to Accrued Amounts) and (ii) the total amount of Tax Benefit Payments previously made under the corresponding provision of any Subsequent TRA; provided, for the avoidance of doubt, that no TRA Holder shall be required to return any portion of any previously made Tax Benefit Payment. Subject to Section 3.3, the portion of the Net Tax Benefit for a Taxable Year that is “Attributable” to a TRA Holder is the portion of such Net Tax Benefit that is derived from (i) any Basis Adjustment that was attributable, at the time of the relevant Redemption (determined without regard to any dilutive or antidilutive effect of any contribution to or distribution from OpCo after the date of an applicable Redemption), to the Common Units acquired or deemed acquired by a member of the Corporate Taxpayer Group in a Redemption undertaken by or with respect to such TRA Holder or (ii) any Imputed Interest with respect to Tax Benefit Payments made to such TRA Holder. The “Accrued Amount” with respect to any portion of a Net Tax Benefit shall equal an amount determined in the same manner as interest on such portion of the Net Tax Benefit for a Taxable Year calculated at the Agreed Rate from the due date (without extensions) for filing the Corporate Taxpayer Return for such Taxable Year until the Payment Date. For the avoidance of doubt, for Tax purposes, the Accrued Amount shall not be treated as interest but shall instead be treated as additional consideration for the acquisition of Common Units in a Redemption, unless otherwise required by law.

(c) Notwithstanding any provision of this Agreement to the contrary, unless a TRA Holder elects for the provisions of this Section 3.1(c) not to apply to any Redemption, by notifying the Corporate Taxpayer Group in writing on or before the due date for providing the Redemption Notice with respect to such Redemption, the aggregate Tax Benefit Payments to be made to such TRA Holder, with respect to the related Redemption shall be limited to (i) 50%, or such other percentage such TRA Holder elects to apply by notifying the Corporate Taxpayer Group in writing on or before the due date for providing the Redemption Notice with respect to such Redemption, of (ii) the amount equal to the sum of (A) any cash, excluding any Tax Benefit Payments, received

by such TRA Holder in such Redemption and (B) the aggregate Market Value of the Common Shares received by such TRA Holder in such Redemption, provided, for the avoidance of doubt, that such amount shall not include any Imputed Interest with respect to such Redemption. An election made by a TRA Holder pursuant to this Section 3.1(c) may not be revoked.

Section 3.2 No Duplicative Payments. It is intended that the provisions of this Agreement will not result in duplicative payment of any amount (including interest) required under the Tax Receivable Agreements. It is also intended that the provisions of the Tax Receivable Agreements will result in 85% of the Cumulative Net Realized Tax Benefit, and the Accrued Amount thereon, being paid to the Persons to whom payments are due pursuant to the Tax Receivable Agreements. The provisions of this Agreement shall be construed in the appropriate manner to achieve these fundamental results.

Section 3.3 Pro Rata Payments; Coordination of Benefits with Other Tax Receivable Agreements.

(a) Notwithstanding anything in Section 3.1 to the contrary, to the extent that the aggregate amount of the Corporate Taxpayer Group's Tax benefit subject to the Tax Receivable Agreements is limited in a particular Taxable Year because the Corporate Taxpayer Group does not have sufficient taxable income in such Taxable Year to fully utilize available deductions and other attributes:

(i) the limitation on the Tax benefit for the Corporate Taxpayer Group shall first be allocated among the Tax Receivable Agreements as follows: (A) first among any Subsequent TRAs (and then among all Persons eligible for payments thereunder in the manner set forth in such Subsequent TRAs) and (B) then, to the extent of any remaining limitation on the Tax benefit for the Corporate Taxpayer Group after the application of clause (A), to this Agreement (and then among all TRA Holders as set forth in Section 3.3(a)(ii) below) (for the avoidance of doubt, for purposes of this Section 3.3(a)(i), it is intended that in calculating the Corporate Taxpayer Group's Tax benefit subject to the Tax Receivable Agreements, any available taxable income of the Corporate Taxpayer Group be first allocated to this Agreement and any remaining available taxable income will then be allocated to any Subsequent TRA); and

(ii) if any part of the limitation on the Tax benefit is allocated to this Agreement, such allocated limitation shall be further allocated among all TRA Holders in proportion to the respective portion of the Net Tax Benefit that would have been Attributable to each such TRA Holder in such Taxable Year under this Agreement if the Corporate Taxpayer Group had sufficient taxable income in such Taxable Year so that there was no such limitation; provided that if any portion of the Net Tax Benefit for such Taxable Year results from the carryback of a loss or other Tax item to such Taxable Year from a later Taxable Year (for the avoidance of doubt, carrybacks of losses and other Tax items from more than one later Taxable Year shall be used in the order prescribed in the applicable rules of the Code and the Treasury Regulations), no part of the limitation shall be allocated to the Tax benefits set forth on the Schedule prior to its amendment to reflect the carryback and any limitation shall instead be applied to the Tax benefits carried back and such limitation shall be further allocated among all TRA Holders in proportion to the respective portion of the Net Tax Benefit that would have been Attributable to each such TRA Holder in the Taxable Year in which such carried back losses or other Tax items arose under this

Agreement if the Corporate Taxpayer Group had sufficient taxable income in such Taxable Year so that there was no such limitation.

(b) After taking into account Section 3.3(a), if for any reason the Corporate Taxpayer Group does not fully satisfy its payment obligations to make all Tax Benefit Payments due under the Tax Receivable Agreements in respect of a particular Taxable Year, then (i) the Corporate Taxpayer Group will pay the same proportion of each Tax Benefit Payment due to each Person to whom a payment is due under this Agreement (provided that, no Tax Benefit Payment shall be made in respect of any Taxable Year until all Tax Benefit Payments in respect of prior Taxable Years have been made in full), and (ii) after fulfilling the obligations set forth in clause (i) of this Section 3.3(b), the Corporate Taxpayer Group will then pay all amounts due under any Subsequent TRA in respect of such Taxable Year (provided that, no Tax Benefit Payment shall be made in respect of any Taxable Year until all Tax Benefit Payments in respect of prior Taxable Years have been made in full).

(c) To the extent the Corporate Taxpayer Group makes a payment to a TRA Holder in respect of a particular Taxable Year under Section 3.1(a) of this Agreement (taking into account Section 3.3(a) and Section 3.3(b), but excluding payments attributable to Accrued Amounts) in an amount in excess of the amount of such payment that should have been made to such TRA Holder in respect of such Taxable Year, then (i) such TRA Holder shall not receive further payments under Section 3.1(a) until such TRA Holder has foregone an amount of payments equal to such excess and (ii) the Corporate Taxpayer Group will pay the amount of such TRA Holder's foregone payments to the other Persons to whom a payment is due under the Tax Receivable Agreements in a manner such that each such Person to whom a payment is due under the Tax Receivable Agreements, to the maximum extent possible, receives aggregate payments under Section 3.1(a) or the comparable section of the other Tax Receivable Agreement(s), as applicable (in each case, taking into account Section 3.3(a) and Section 3.3(b) or the comparable section of the other Tax Receivable Agreement(s), but excluding payments attributable to Accrued Amounts) in the amount it would have received if there had been no excess payment to such TRA Holder.

ARTICLE IV **TERMINATION**

Section 4.1 Early Termination at Election of the Corporate Taxpayer Group. The Corporate Taxpayer Group may terminate this Agreement at any time by paying to each TRA Holder the Early Termination Payment due to such TRA Holder pursuant to Section 4.5(b) (such termination, an "Early Termination"); provided that the Corporate Taxpayer Group may withdraw any notice of exercise of its termination rights under this Section 4.1 prior to the time at which any Early Termination Payment has been paid. Upon payment of the Early Termination Payment by the Corporate Taxpayer Group, the Corporate Taxpayer Group shall not have any further payment obligations under this Agreement, other than for any Tax Benefit Payment previously due and payable but unpaid as of the Early Termination Notice and, except to the extent included in the Early Termination Payment, any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the Early Termination Date. Upon payment of all amounts provided for in this Section 4.1, this Agreement shall terminate.

Section 4.2 Early Termination upon Change of Control. In the event of a Change of Control, all obligations hereunder shall be accelerated and such obligations shall be calculated as if an Early Termination Notice had been delivered on the closing date of the Change of Control and shall include, but not be limited to the following: (a) payment of the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the effective date of a Change of Control, (b) payment of any Tax Benefit Payment previously due and payable but unpaid as of the Early Termination Notice, and (c) except to the extent included in the Early Termination Payment or if included as a payment under clause (b) of this Section 4.2, payment of any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the effective date of a Change of Control. In the event of a Change of Control, the Early Termination Payment shall be calculated utilizing the Valuation Assumptions and by substituting in each case the terms “the closing date of a Change of Control” for an “Early Termination Date”.

Section 4.3 Breach of Agreement.

(a) In the event that the Corporate Taxpayer Group breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment within three (3) months of the date when due, as a result of failure to honor any other material obligation required hereunder or by operation of law as a result of the rejection of this Agreement in a case commenced under the United States Bankruptcy Code or otherwise, then if the Majority TRA Holders so elect, such breach shall be treated as an Early Termination. Upon such election, all obligations hereunder shall be accelerated and shall be immediately due and payable, and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such breach and shall include, but shall not be limited to, (i) payment of the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of a breach, (ii) payment of any Tax Benefit Payment previously due and payable but unpaid as of the date of the breach, and (iii) except to the extent included in the Early Termination Payment or if included as a payment under clause (ii) of this Section 4.3(a), any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the date of the breach. Notwithstanding the foregoing, in the event that the Corporate Taxpayer Group breaches this Agreement, if the Majority TRA Holders do not elect to treat such breach as an Early Termination pursuant to this Section 4.3(a), the TRA Holders shall be entitled to seek specific performance of the terms hereof.

(b) The parties agree that the failure of the Corporate Taxpayer Group to make any payment due pursuant to this Agreement within three (3) months of the date such payment is due shall be deemed to be a breach of a material obligation under this Agreement for all purposes of this Agreement, and that it shall not be considered to be a breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within three (3) months of the date such payment is due. Notwithstanding anything in this Agreement to the contrary, except in the case of an Early Termination Payment or any payment treated as an Early Termination Payment, it shall not be a breach of this Agreement if the Corporate Taxpayer Group fails to make any Tax Benefit Payment when due to the extent that the Corporate Taxpayer Group has insufficient funds available to make, or to the extent that the Corporate Taxpayer Group is contractually constrained from making, such payment in the Corporate Taxpayer Group’s sole judgment exercised in good faith; provided that the interest provisions of Section 5.2 shall apply to such late payment (unless the Corporate Taxpayer Group does not have sufficient cash to make such payment as a result of limitations imposed by any credit agreement to which OpCo LLC or

any Subsidiary of OpCo LLC is a party, in which case Section 5.2 shall apply, but the Default Rate shall be replaced by the Agreed Rate); provided further that it shall be a breach of this Agreement, and the provisions of Section 4.3(a) shall apply as of the original due date of the Tax Benefit Payment, if the Corporate Taxpayer Group makes any distribution of cash or other property (other than Common Shares) to its stockholders while any Tax Benefit Payment is due and payable but unpaid. The Corporate Taxpayer Group shall use its commercially reasonable efforts to maintain sufficient available funds for the purpose of making Tax Benefit Payments under this Agreement and shall use its commercially reasonable efforts to avoid entering into loan agreements that could be reasonably anticipated to materially delay or restrict the timing of any Tax Benefit Payments payable under this Agreement.

Section 4.4 Early Termination Notice. If the Corporate Taxpayer Group chooses to exercise its right of early termination under Section 4.1 above, the Corporate Taxpayer Group shall deliver to each Agent notice of such intention to exercise such right (the "Early Termination Notice"). Upon delivery of the Early Termination Notice or the occurrence of an event described in Section 4.2 or Section 4.3(a), the Corporate Taxpayer Group shall deliver (i) a schedule showing in reasonable detail the calculation of the Early Termination Payment (the "Early Termination Schedule") and (ii) any other work papers related to the calculation of the Early Termination Payment reasonably requested by any Agent, in each case, as soon as reasonably practicable following the occurrence of such event or delivery of the Early Termination Notice, as applicable. In addition, the Corporate Taxpayer Group shall allow each Agent reasonable access at no cost to the appropriate representatives of the Corporate Taxpayer Group in connection with a review of such Early Termination Schedule. The Early Termination Schedule shall become final and binding on all parties thirty (30) calendar days from the first date on which all Agents have received such Schedule or amendment thereto unless (x) any Agent, within thirty (30) calendar days after receiving the Early Termination Schedule, provides the Corporate Taxpayer Group and each other Agent with notice of a material objection to such Schedule made in good faith ("Material Objection Notice") or (y) each Agent provides a written waiver of such right of a Material Objection Notice within the period described in clause (x) above, in which case such Schedule becomes binding on the date waivers from all Agents have been received by the Corporate Taxpayer Group (the "Early Termination Effective Date"). If the Corporate Taxpayer Group and the Agents, for any reason, are unable to successfully resolve the issues raised in such notice within thirty (30) calendar days after receipt by the Corporate Taxpayer Group of the Material Objection Notice, the Corporate Taxpayer Group and the Agents shall employ the Reconciliation Procedures under Section 7.10 or Resolution of Disputes Procedures under Section 7.9, as applicable.

Section 4.5 Payment upon Early Termination.

(a) Subject to its right to withdraw any notice of Early Termination pursuant to Section 4.1, within three (3) Business Days after the Early Termination Effective Date, the Corporate Taxpayer Group shall pay to each TRA Holder its Early Termination Payment. Each such payment shall be made by check, by wire transfer of immediately available funds to a bank account or accounts designated by the TRA Holder, or as otherwise agreed by the Corporate Taxpayer Group and the TRA Holder.

(b) A TRA Holder's "Early Termination Payment" as of the Early Termination Date shall equal, with respect to each TRA Holder, the present value, discounted at the Agreed Rate as of the

Early Termination Date, of all Tax Benefit Payments that would be required to be paid by the Corporate Taxpayer Group to such TRA Holder beginning from the Early Termination Date and assuming that the Valuation Assumptions are applied.

ARTICLE V
SUBORDINATION AND LATE PAYMENTS

Section 5.1 Subordination. Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment, Early Termination Payment, any payment pursuant to Section 4.2 resulting from a Change of Control or any payment pursuant to Section 5.2 shall rank subordinate and junior in right of payment to any principal, interest or other amounts due and payable in respect of any obligations in respect of indebtedness for borrowed money of the Corporate Taxpayer Group (such obligations, “Senior Obligations”) and shall rank pari passu with all current or future unsecured obligations of the Corporate Taxpayer Group that are not Senior Obligations. For the avoidance of doubt, notwithstanding the above, the determination of whether it is a breach of this Agreement if the Corporate Taxpayer Group fails to make any Tax Benefit Payment or other payment under this Agreement when due is governed by Section 4.3(b). To the extent that any payment under this Agreement is not permitted to be made at the time payment is due as a result of this Section 5.1 and the terms of the agreements governing Senior Obligations, such payment obligation nevertheless shall accrue for the benefit of the TRA Holders and the Corporate Taxpayer Group shall make such payments at the first opportunity that such payments are permitted to be made in accordance with the terms of the Senior Obligations.

Section 5.2 Late Payments by the Corporate Taxpayer Group. The amount of all or any portion of any Tax Benefit Payment, Early Termination Payment or any other payment under this Agreement not made to any TRA Holder when due under the terms of this Agreement, whether as a result of Section 5.1 and the terms of the Senior Obligations or otherwise, shall be payable together with any interest thereon, computed at the Default Rate (or, if so provided in Section 4.3(b), at the Agreed Rate) and commencing from the date on which such Tax Benefit Payment, Early Termination Payment or any other payment under this Agreement was due and payable.

ARTICLE VI
NO DISPUTES; CONSISTENCY; COOPERATION

Section 6.1 Participation in the Corporate Taxpayer Group’s and OpCo LLC’s Tax Matters. Except as otherwise provided herein or in the OpCo LLC Agreement, the Corporate Taxpayer Group shall have full responsibility for, and sole discretion over, all Tax matters concerning the Corporate Taxpayer Group and OpCo LLC, and any of its Subsidiaries, including preparing, filing or amending any Tax Return and defending, contesting or settling any issue pertaining to Taxes. Notwithstanding the foregoing, the Corporate Taxpayer Group shall notify each Agent of, and keep each Agent reasonably informed with respect to, the portion of any audit, examination, or any other administrative or judicial proceeding (a “Tax Proceeding”) of the Corporate Taxpayer Group or OpCo LLC or any of its Subsidiaries by a Taxing Authority the outcome of which is reasonably expected to affect the rights and obligations of the TRA Holders under this Agreement, and shall provide each Agent with reasonable opportunity to provide information and other input to the Corporate Taxpayer Group, OpCo LLC or any of its Subsidiaries and their respective advisors concerning the conduct of any such portion of a Tax Proceeding;

provided, however, that the Corporate Taxpayer Group shall not settle or otherwise resolve any part of a Tax Proceeding described in the previous clause that relates to a Basis Adjustment or the deduction of Imputed Interest (and, in each case, that is reasonably expected to have a material effect on the TRA Holders' rights under this Agreement) without the written consent of the relevant Agent, which consent shall not be unreasonably withheld, conditioned or delayed; provided further, that the Corporate Taxpayer Group and OpCo LLC shall not be required to take any action, or refrain from taking any action, that is inconsistent with any provision of the OpCo LLC Agreement.

Section 6.2 Consistency. Unless there is a Determination to the contrary, the Corporate Taxpayer Group and each of the TRA Holders agree to report, and to cause their respective Subsidiaries to report, for all purposes, including U.S. federal, state and local Tax purposes and financial reporting purposes, all Tax-related items (including, the Basis Adjustments and each Tax Benefit Payment), but, for financial reporting purposes, only in respect of items that are not explicitly characterized as "deemed" or in a similar manner by the terms of this Agreement, in a manner consistent with the description of any Tax characterization herein (including as set forth in Section 2.2(b) and Section 3.1(b) and any Schedule required to be provided by or on behalf of the Corporate Taxpayer Parent under this Agreement, as finally determined pursuant to Section 2.3). If the Corporate Taxpayer Parent and any TRA Holder, for any reason, are unable to successfully resolve any disagreement concerning such treatment within thirty (30) calendar days, the Corporate Taxpayer Parent and such TRA Holder shall employ the Reconciliation Procedures under Section 7.10 or Resolution of Disputes Procedures under Section 7.9, as applicable.

Section 6.3 Cooperation. Each TRA Holder shall (i) furnish to the Corporate Taxpayer Group in a timely manner such information, documents and other materials as the Corporate Taxpayer Group may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any Tax Proceeding, (ii) make itself available to the Corporate Taxpayer Group and its representatives to provide explanations of documents and materials and such other information as the Corporate Taxpayer Group or its representatives may reasonably request in connection with any of the matters described in clause (i) above, and (iii) reasonably cooperate in connection with any such matter. The Corporate Taxpayer Group shall reimburse each TRA Holder for any reasonable third-party costs and expenses incurred pursuant to this Section 6.3. The Sponsor Agent shall promptly deliver to Q Power all material information (including the Tax Attribute Schedule and Tax Benefit Payment Schedule) received by the Sponsor Agent hereunder in its capacity as an Agent.

ARTICLE VII **MISCELLANEOUS**

Section 7.1 Notices. All notices, requests, claims, demands and other communications hereunder shall be sufficient in all respects if given in writing, in English and by personal delivery (if signed for receipt), by certified or registered United States mail (postage prepaid, return receipt requested), by a nationally recognized overnight delivery service for next day delivery, transmitted via facsimile transmission or transmitted via electronic mail (following appropriate confirmation of receipt by return email, including an automated confirmation of receipt) and shall be deemed to have been made and the receiving party charged with notice, when received except that if received

after 5:00 p.m. (in the recipient's time zone) on a Business Day or if received on a day that is not a Business Day, such notice, request or communication will not be effective until the next succeeding Business Day. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

If to the Initial Corporate Taxpayer Parent or its Corporate Taxpayer Group, to:

Stronghold Digital Mining, Inc.
2151 Lisbon Road
Kennerdell, Pennsylvania 16374
Attention: Gregory A. Beard

with a copy (which shall not constitute notice to the Initial Corporate Taxpayer Parent) to:

Vinson & Elkins L.L.P.
1114 Avenue of the Americas, 32nd Floor
New York, New York 10036
Attn: Caroline Blitzer Phillips
Email: cphillips@velaw.com

If to the Sponsor Agent, to:

Gregory A. Beard
c/o Q Power, LLC
2151 Lisbon Road
Kennerdell, Pennsylvania 16374
Attention: Gregory A. Beard

If to a TRA Holder, other than an Agent, that is or was a partner in OpCo LLC, to:

The address set forth in the records of OpCo LLC.

Any party may change its address or fax number by giving the other party written notice of its new address or fax number in the manner set forth above.

Section 7.2 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile transmission or otherwise (including an electronically executed signature page) shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 7.3 Entire Agreement; No Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both

written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except as expressly provided in [Section 3.3](#).

Section 7.4 [Governing Law](#). This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the law of the State of Delaware, without regard to the conflicts of laws principles thereof that would mandate the application of the laws of another jurisdiction.

Section 7.5 [Severability](#). If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 7.6 [Successors; Assignment](#).

(a) No TRA Holder may assign this Agreement to any Person without the prior written consent of the Corporate Taxpayer Group, such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that (i) to the extent Common Units are transferred in accordance with the terms of the OpCo LLC Agreement, the transferring TRA Holder shall have the option to assign to the transferee of such Common Units the transferring TRA Holder's rights under this Agreement with respect to such transferred Common Units without the prior written consent of the Corporate Taxpayer Group; (ii) Q Power and any of its Affiliates shall have the right to assign its rights under this Agreement without the prior written consent of the Corporate Taxpayer Group, and (iii) the right to receive any and all payments payable or that may become payable to a TRA Holder pursuant to this Agreement that, once a Redemption has occurred, arise with respect to the Common Units transferred in such Redemption, may be assigned to any Person or Persons without the prior written consent of the Corporate Taxpayer Group, provided further, that, in the case of both clause (i) and clause (ii), such transferee has executed and delivered, or, in connection with such transfer, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporate Taxpayer Group, agreeing to become a "TRA Holder" for all purposes of this Agreement, and, in the case of clause (iii), any such Person has executed and delivered, or, in connection with such transfer, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporate Taxpayer Group, agreeing to be bound by [Section 7.13](#) and acknowledging specifically the terms of [Section 7.6\(c\)](#) and [Section 7.11](#). For the avoidance of doubt, if a TRA Holder transfers Common Units but does not assign to the transferee of such Common Units the rights of such TRA Holder under this Agreement with respect to such transferred Common Units, such TRA Holder shall continue to be entitled to receive the Tax Benefit Payments, if any, due hereunder with respect to, including any Tax Benefit Payments arising in respect of a subsequent Redemption of, such Common Units.

(b) Any Person designated as an Agent, other than the Sponsor Agent, may not be changed without the prior written consent of the Corporate Taxpayer Group and the Majority TRA Holders (for this purpose, calculated by excluding Q Power and any of its Affiliates).

(c) Notwithstanding the foregoing provisions of this Section 7.6, no assignee described in Section 7.6(a)(iii) shall have any rights under this Agreement except for the right to enforce its right to receive payments under this Agreement.

(d) Except as otherwise specifically provided herein, all of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Corporate Taxpayer Group shall cause any direct or indirect successor (whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the business or assets of any member of the Corporate Taxpayer Group, by written agreement, to expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporate Taxpayer Group would be required to perform if no such succession had taken place. Notwithstanding the generality of the foregoing, if a New Parent Transaction occurs or any entity becomes a direct or indirect successor to any Corporate Taxpayer Parent, the New Parent or successor and all new Subsidiaries thereof in the Corporate Taxpayer Group shall execute and deliver a joinder to this Agreement, in form and substance reasonably satisfactory to the Agent, agreeing to become the Corporate Taxpayer Parent or a member of the Corporate Taxpayer Group, as appropriate, for all purposes of this Agreement.

Section 7.7 Amendments. No provision of this Agreement may be amended unless such amendment is approved in writing by each of the Corporate Taxpayer Parent, the Majority TRA Holders and, for so long as Q Power or any of its Affiliates hold an interest herein, Q Power; provided, however, that no such amendment shall be effective if such amendment would have a disproportionate effect on the payments certain TRA Holders will or may receive under this Agreement unless all such TRA Holders consent in writing to such amendment. No provision of this Agreement may be waived unless such waiver is in writing and signed by the relevant Agent, in the case of provisions relating to such Agent, or in the case of any other provision, by the party against whom such waiver is to be effective.

Section 7.8 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

Section 7.9 Resolution of Disputes.

(a) Any and all disputes which are not governed by Section 7.10, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this Section 7.9 and Section 7.10) (each a “Dispute”) shall be governed by this Section 7.9 (the “Resolution of Disputes Procedures”). The parties hereto shall attempt in good faith to resolve all Disputes by negotiation. If a Dispute between the parties hereto cannot be resolved in such manner, such Dispute shall be finally settled by arbitration conducted by a single arbitrator in accordance with the then-existing rules of arbitration of the American

Arbitration Association. If the parties to the Dispute fail to agree on the selection of an arbitrator within ten (10) calendar days of the receipt of the request for arbitration, the American Arbitration Association shall make the appointment. The arbitrator shall be a lawyer admitted to the practice of law in a U.S. state, or a nationally recognized expert in the relevant subject matter, and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings. In addition to monetary damages, the arbitrator shall be empowered to award equitable relief, including an injunction and specific performance of any obligation under this Agreement. The arbitrator is not empowered to award damages in excess of compensatory damages, and each party hereby irrevocably waives any right to recover punitive, exemplary or similar damages with respect to any Dispute. The award shall be the sole and exclusive remedy between the parties regarding any claims, counterclaims, issues, or accounting presented to the arbitral tribunal. Judgment upon any award may be entered and enforced in any court having jurisdiction over a party or any of its assets.

(b) Notwithstanding the provisions of Section 7.9(a), the Corporate Taxpayer Group may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this Section 7.9(b), each Agent and each TRA Holder (i) expressly consents to the application of Section 7.9(c) to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate and (iii) irrevocably appoints the Corporate Taxpayer Parent (or a member of the Corporate Taxpayer Group) as agent of such party for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise such party in writing of any such service of process, shall be deemed in every respect effective service of process upon such party in any such action or proceeding.

(c) EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY FEDERAL COURT OF THE DISTRICT OF DELAWARE OR THE DELAWARE COURT OF CHANCERY FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (B) OF THIS SECTION 7.9 OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this Section 7.9(c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

(d) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in Section 7.9(c) and such parties agree not to plead or claim the same.

Section 7.10 Reconciliation. In the event that any Agent and the Corporate Taxpayer Group are unable to resolve a disagreement with respect to the calculations required to produce the Schedules described in Section 2.3, Section 4.4 and Section 6.2 (but not, for the avoidance

doubt, with respect to any legal interpretation with respect to such provisions or Schedules) within the relevant period designated in this Agreement (“Reconciliation Dispute”), the Reconciliation Dispute shall be submitted for determination to the Expert. The Expert shall be a partner or principal in a nationally recognized accounting or law firm, and unless the Corporate Taxpayer Group and such Agent agree otherwise, the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporate Taxpayer Group or such Agent or other actual or potential conflict of interest. If the parties are unable to agree on an Expert within fifteen (15) calendar days of receipt by the respondent(s) of written notice of a Reconciliation Dispute, the Expert shall be appointed by the American Arbitration Association. The Expert shall resolve (a) any matter relating to the Tax Attribute Schedule or an amendment thereto or the Early Termination Schedule or an amendment thereto within thirty (30) calendar days, (b) any matter relating to a Tax Benefit Payment Schedule or an amendment thereto within fifteen (15) calendar days, and (c) any matter related to treatment of any Tax-related item as contemplated in Section 6.2 within fifteen (15) calendar days, or, in each case, as soon thereafter as is reasonably practicable after such matter has been submitted to the Expert for resolution. Notwithstanding the preceding sentence, if the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement) or any Tax Return reflecting the subject of a disagreement is due, any portion of such payment that is not under dispute shall be paid on the date prescribed by this Agreement and such Tax Return may be filed as prepared by the Corporate Taxpayer Group, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne by the Corporate Taxpayer Group except as provided in the next sentence. The Corporate Taxpayer Group and such Agent shall each bear its own costs and expenses of such proceeding, unless (i) the Expert adopts such Agent’s position (as determined by the Expert), in which case the Corporate Taxpayer Group shall reimburse such Agent for any reasonable out-of-pocket costs and expenses in such proceeding or (ii) the Expert adopts the Corporate Taxpayer Group’s position (as determined by the Expert), in which case such Agent shall reimburse the Corporate Taxpayer Group for any reasonable out-of-pocket costs and expenses in such proceeding. Any dispute as to whether a dispute is a Reconciliation Dispute within the meaning of this Section 7.10 shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.10 shall be binding on the Corporate Taxpayer Group, the Agents, and the TRA Holders and may be entered and enforced in any court having jurisdiction.

Section 7.11. Withholding. The Corporate Taxpayer Group and each of its Affiliates shall be entitled to deduct and withhold from any payment payable pursuant to this Agreement such amounts as the Corporate Taxpayer Group and each of its Affiliates is required to deduct and withhold with respect to the making of such payment under the Code or any provision of U.S. federal, state, local or non-U.S. Tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by the Corporate Taxpayer Group and each of its Affiliates, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the relevant TRA Holder. In connection with any withholding for Taxes, the Corporate Taxpayer Group and each of its Affiliates shall make commercially reasonable efforts to (i) minimize or eliminate any withholding Tax imposed on any amounts payable hereunder to a TRA Holder and (ii) cooperate with any TRA Holder with respect to such TRA Holder’s efforts to obtain necessary and available information for such TRA Holder to make filings, applications or elections to obtain any exemption, exclusion, credit or refund associated with taxation (including withholding Tax)

on any amounts payable by the Corporate Taxpayer Group and each of its Affiliates to such TRA Holder.

Section 7.12 Admission of a member of the Corporate Taxpayer Group into a Consolidated Group; Transfers of Corporate Assets.

(a) If any member of the Corporate Taxpayer Group is or becomes a member of an affiliated or consolidated group of corporations that files a consolidated income Tax Return pursuant to Sections 1501 *et seq.* of the Code or any corresponding provisions of U.S. state or local Tax law, then the (i) provisions of this Agreement shall be applied with respect to the group as a whole; and (i) Tax Benefit Payments, Early Termination Payments and other applicable items hereunder shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If the Corporate Taxpayer Group (or any other entity that is obligated to make a Tax Benefit Payment or Early Termination Payment hereunder), OpCo LLC or any of OpCo LLC's direct or indirect Subsidiaries that is treated as a partnership or disregarded entity for U.S. federal income Tax purposes (a "Transferor") directly or indirectly transfers, or is deemed to transfer, directly or indirectly, for U.S. federal income Tax purposes, one or more Reference Assets to (i) a corporation (or a Person classified as a corporation for U.S. federal income Tax purposes) with which the Transferor does not file a consolidated Tax Return pursuant to Section 1501 of the Code or (ii) a corporation (or a Person classified as a corporation for U.S. federal income Tax purposes) in a transaction that is wholly or partially exempt from Tax, in each case, the Transferor, for purposes of calculating the amount of any Tax Benefit Payment or Early Termination Payment (e.g., calculating the gross income of the entity and determining the Realized Tax Benefit of such entity) due hereunder, shall be treated as having disposed of such Reference Assets in a fully taxable transaction on the date of such transfer. The consideration deemed to be received by the Transferor shall be equal to the gross fair market value of the transferred Reference Assets, plus, without duplication, (i) the amount of debt to which any Reference Asset is subject, in the case of a transfer of an encumbered Reference Asset or (ii) the amount of debt allocated to any such Reference Asset, in the case of a transfer of a partnership interest. For purposes of this Section 7.12(b), a transfer of an interest in an entity treated as a partnership for U.S. federal income Tax purposes shall be treated as a transfer of the Transferor's share of each of the assets and liabilities of that partnership.

Section 7.13 Confidentiality.

(a) Each Agent, each TRA Holder and each of such TRA Holder's assignees acknowledges and agrees that the information of the Corporate Taxpayer Parent is confidential and, except in the course of performing any duties as necessary for the Corporate Taxpayer Group and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, such Person shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters, acquired pursuant to this Agreement, of the Corporate Taxpayer Group and its Affiliates and successors, concerning OpCo LLC and its Affiliates and successors or the TRA Holders, learned by any Agent or any TRA Holder heretofore or hereafter; provided that, for the avoidance of doubt, any Agent may reasonably disclose information received by it in the ordinary course of such Agent's duties as Agent to the TRA Holders for which it is Agent. This Section 7.13 shall not

apply to (i) any information that has been made publicly available by the Corporate Taxpayer Group or any of its Affiliates, becomes public knowledge (except as a result of an act of an Agent or a TRA Holder in violation of this Agreement) or is generally known to the business community and (i) the disclosure of information (A) as may be proper in the course of performing such TRA Holder's obligations, or monitoring or enforcing such TRA Holder's rights, under this Agreement, (B) as part of such TRA Holder's normal reporting, rating or review procedure (including normal credit rating and pricing process), or in connection with such TRA Holder's or such TRA Holder's Affiliates' normal fund raising, financing, marketing, informational or reporting activities, or to such TRA Holder's (or any of its Affiliates') or its direct or indirect owners or Affiliates, auditors, accountants, employees, attorneys or other agents, (C) to any bona fide prospective assignee of such TRA Holder's rights under this Agreement, or prospective merger or other business combination partner of such TRA Holder, provided that such assignee or merger partner agrees to be bound by the provisions of this Section 7.13, (D) as is required to be disclosed by order of a court of competent jurisdiction, administrative body or governmental body, or by subpoena, summons or legal process, or by law, rule or regulation; provided that any TRA Holder required to make any such disclosure to the extent legally permissible shall provide the Corporate Taxpayer Group prompt notice of such disclosure, or to regulatory authorities or similar examiners conducting regulatory reviews or examinations (without any such notice to the Corporate Taxpayer Group), or (E) to the extent necessary for a TRA Holder or its direct or indirect owners to prepare and file its Tax Returns, to respond to any inquiries regarding such Tax Returns from any Taxing Authority or to prosecute or defend any Tax Proceeding with respect to such Tax Returns. Notwithstanding anything to the contrary herein, each Agent (and each employee, representative or other agent of such Agent or its assignees, as applicable) and each TRA Holder and each of its assignees (and each employee, representative or other agent of such TRA Holder or its assignees, as applicable) may disclose to any and all Persons, without limitation of any kind, the Tax treatment and Tax structure of the Corporate Taxpayer Group, OpCo LLC, the Agents, the TRA Holders and their Affiliates, and any of their transactions, and all materials of any kind (including opinions or other Tax analyses) that are provided to the Agents or any TRA Holder relating to such Tax treatment and Tax structure.

(b) If an Agent or an assignee or a TRA Holder or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.13, the Corporate Taxpayer Group shall have the right and remedy to have the provisions of this Section 7.13 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporate Taxpayer Group or the TRA Holders and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

Section 7.14 No More Favorable Terms. No member of the Corporate Taxpayer Group shall enter into any additional agreement providing rights similar to this Agreement to any Person (including any agreement pursuant to which the Corporate Taxpayer Group is obligated to pay amounts with respect to Tax benefits resulting from any increases in Tax basis, net operating losses or other Tax attributes to which the Corporate Taxpayer Group becomes entitled as a result of a transaction) if such agreement provides terms that are more favorable to the counterparty under such agreement than those provided to the TRA Holders under this Agreement; provided, however,

that the Corporate Taxpayer Group may enter into such an agreement if this Agreement is amended to make such more favorable terms available to the TRA Holders.

Section 7.15 Change in Law. Notwithstanding anything herein to the contrary, if, in connection with an actual or proposed change in law, a TRA Holder reasonably believes that the existence of this Agreement (a) could cause income (other than income arising from receipt of a payment under this Agreement) recognized by such TRA Holder upon any Redemption that as of the date of this Agreement would be treated as capital gain to instead be treated as ordinary income or to be otherwise taxed at ordinary income rates for U.S. federal income Tax purposes or (b) would have other material adverse Tax consequences to such TRA Holder and/or its direct or indirect owners, then, in either case, at the election of such TRA Holder and to the extent specified by such TRA Holder, but solely with respect to such TRA Holder, this Agreement (i) shall cease to have further effect, (ii) shall not apply to a Redemption by such TRA Holder occurring after a date specified by it, or (iii) shall otherwise be amended in a manner determined by such TRA Holder to waive any benefits to which such TRA Holder would otherwise be entitled under this Agreement, provided that such amendment shall not result in an increase in or acceleration of payments under this Agreement at any time as compared to the amounts and times of payments that would have been due in the absence of such amendment.

Section 7.16 Independent Nature of TRA Holders' Rights and Obligations. The rights and obligations of each TRA Holder are independent of the rights and obligations of any other TRA Holder. Solely by virtue of entering into this Agreement, no TRA Holder shall be responsible for the performance of the obligations of any other TRA Holder, nor shall any TRA Holder have the right to enforce the rights or obligations of any other TRA Holder. The obligations of each TRA Holder are solely for the benefit of, and shall be enforceable solely by, the Corporate Taxpayer Group. The decision of each TRA Holder to enter into this Agreement has been made by such TRA Holder independently of any other TRA Holder, except to the extent such TRA Holders are Affiliates or are otherwise under common Control. Nothing contained herein or in any other agreement or document delivered at any closing (other than the OpCo LLC Agreement), and no action taken by any TRA Holder pursuant hereto or thereto, shall be deemed to constitute the TRA Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the TRA Holders are in any way acting in concert or as a group with respect to such rights or obligations or the transactions contemplated hereby, and the Corporate Taxpayer Group acknowledges that the TRA Holders are not acting in concert or as a group and will not assert any such claim with respect to such rights or obligations or the transactions contemplated hereby.

[Signature Page Follows]

IN WITNESS WHEREOF, the Initial Corporate Taxpayer Parent, the Agent, and the TRA Holder have duly executed this Agreement as of the date first written above.

INITIAL CORPORATE TAXPAYER PARENT:

Stronghold Digital Mining, Inc., a Delaware corporation

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

AGENT:

Gregory A. Beard

/s/ Gregory A. Beard

TRA HOLDER:

Q Power, LLC, a Delaware limited liability company

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

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
STRONGHOLD DIGITAL MINING HOLDINGS LLC
DATED AS OF APRIL 1, 2021

THE LIMITED LIABILITY COMPANY INTERESTS IN STRONGHOLD DIGITAL MINING HOLDINGS LLC HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES LAWS OF ANY STATE, OR ANY OTHER APPLICABLE SECURITIES LAWS, AND HAVE BEEN OR ARE BEING ISSUED IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH INTERESTS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE SECURITIES LAWS OF ANY STATE AND ANY OTHER APPLICABLE SECURITIES LAWS; (II) THE TERMS AND CONDITIONS OF THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT; AND (III) ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BETWEEN THE MANAGING MEMBER AND THE APPLICABLE MEMBER. THE LIMITED LIABILITY COMPANY INTERESTS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS, THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT, AND ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BY THE MANAGING MEMBER AND THE APPLICABLE MEMBER. THEREFORE, PURCHASERS AND OTHER TRANSFEREES OF SUCH LIMITED LIABILITY COMPANY INTERESTS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT OR ACQUISITION FOR AN INDEFINITE PERIOD OF TIME.

TABLE OF CONTENTS
(continued)

	Page
ARTICLE I DEFINITIONS	
Section 1.1 Definitions	2
Section 1.2 Interpretive Provisions	14
ARTICLE II ORGANIZATION OF THE LIMITED LIABILITY COMPANY	
Section 2.1 Formation	15
Section 2.2 Filing	15
Section 2.3 Name	15
Section 2.4 Registered Office; Registered Agent	15
Section 2.5 Principal Place of Business	15
Section 2.6 Purpose; Powers	15
Section 2.7 Term	15
Section 2.8 Intent	16
ARTICLE III OWNERSHIP AND CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS	
Section 3.1 Authorized Units; General Provisions With Respect to Units	16
Section 3.2 Voting Rights	20
Section 3.3 Capital Contributions; Unit Ownership	20
Section 3.4 Capital Accounts	21
Section 3.5 Other Matters	21
Section 3.6 Redemption of Units	22
ARTICLE IV ALLOCATIONS OF PROFITS AND LOSSES	
Section 4.1 Profits and Losses	28
Section 4.2 Special Allocations	29
Section 4.3 Allocations for Tax Purposes in General	31
Section 4.4 Other Allocation Rules	32
ARTICLE V DISTRIBUTIONS	
Section 5.1 Distributions	33
Section 5.2 Tax-Related Distributions	34
Section 5.3 Distribution Upon Withdrawal	34
ARTICLE VI MANAGEMENT	
Section 6.1 The Managing Member; Fiduciary Duties	34
Section 6.2 Indemnification; Exculpation	35
Section 6.3 Maintenance of Insurance or Other Financial Arrangements	36
Section 6.4 Resignation or Termination of Managing Member	36

TABLE OF CONTENTS
(continued)

	Page
Section 6.5	No Inconsistent Obligations 37
Section 6.6	Reclassification Events of PubCo 37
Section 6.7	Certain Costs and Expenses 37
ARTICLE VII ROLE OF MEMBERS	
Section 7.1	Rights or Powers 38
Section 7.2	Voting 38
Section 7.3	Various Capacities 39
Section 7.4	Investment Opportunities 39
ARTICLE VIII TRANSFERS OF INTERESTS	
Section 8.1	Restrictions on Transfer 40
Section 8.2	Notice of Transfer 41
Section 8.3	Transferee Members 41
Section 8.4	Legend 42
ARTICLE IX ACCOUNTING; CERTAIN TAX MATTERS	
Section 9.1	Books of Account 42
Section 9.2	Partnership Continuation. 42
Section 9.3	Tax Elections 42
Section 9.4	Tax Returns; Information 43
Section 9.5	Company Representative 44
Section 9.6	Withholding Tax Payments and Obligations 44
ARTICLE X DISSOLUTION AND TERMINATION	
Section 10.1	Liquidating Events 46
Section 10.2	Procedure 46
Section 10.3	Rights of Members 48
Section 10.4	Notices of Dissolution 48
Section 10.5	Reasonable Time for Winding Up 48
Section 10.6	No Deficit Restoration 48
ARTICLE XI GENERAL	
Section 11.1	Amendments; Waivers 48
Section 11.2	Further Assurances 49
Section 11.3	Successors and Assigns 49
Section 11.4	Certain Representations by Members 49
Section 11.5	Entire Agreement 50

TABLE OF CONTENTS
(continued)

	Page
Section 11.6	Rights of Members Independent 50
Section 11.7	Governing Law 50
Section 11.8	Jurisdiction and Venue 50
Section 11.9	Headings 51
Section 11.10	Counterparts 51
Section 11.11	Notices 51
Section 11.12	Representation By Counsel; Interpretation 51
Section 11.13	Severability 51
Section 11.14	Expenses 52
Section 11.15	Waiver of Jury Trial 52
Section 11.16	No Third Party Beneficiaries 52

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
STRONGHOLD DIGITAL MINING HOLDINGS LLC

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (as amended, supplemented or restated from time to time, this “**Agreement**”) is entered into as of April 1, 2021, by and among Stronghold Digital Mining Holdings LLC, a Delaware limited liability company (the “**Company**”), Stronghold Digital Mining, Inc., a Delaware corporation (“**PubCo**”), Q Power LLC, a Delaware limited liability company (“**Q Power**”), and each other Person who is or at any time becomes a Member in accordance with the terms of this Agreement and the Act. Capitalized terms used herein and not otherwise defined have the respective meanings set forth in Section 1.1.

RECITALS

WHEREAS, the Company is governed by that certain Limited Liability Company Agreement of the Company, dated effective as of April 1, 2021 (the “**Existing LLC Agreement**”);

WHEREAS, Q Power has been the sole owner of the Company since the Company’s formation and Q Power has contributed to the Company all of the Equity Securities in each of Stronghold Digital Mining LLC, a Delaware limited liability company, EIF Scrubgrass, LLC, a Delaware limited liability company, and Falcon Power LLC, a California limited liability company;

WHEREAS, the Persons party to this Agreement, among others, have entered into that certain Master Transaction Agreement, dated as of April 1, 2021 (the “**Master Transaction Agreement**”), pursuant to which such Persons agreed that, among other things, PubCo would be admitted as a Member of the Company in connection with the transactions contemplated thereby (the “**Transactions**”);

WHEREAS, pursuant to the Master Transaction Agreement, and as more fully described therein, PubCo has agreed to transfer to Q Power certain Voting Shares and the right to enter into the TRA, and in connection therewith, PubCo has agreed to contribute certain assets to the Company in exchange for Preferred Units therein;

WHEREAS, the Units owned by each of the Members immediately after the Transactions are set forth on Exhibit A; and

WHEREAS, the Members of the Company desire to amend and restate the Existing LLC Agreement and adopt this Agreement, which shall supersede and replace the Existing LLC Agreement in its entirety as of the date hereof.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 **Definitions.** As used in this Agreement and the Schedules and Exhibits attached to this Agreement, the following definitions shall apply:

“**Act**” means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, et seq., as amended from time to time (or any corresponding provisions of succeeding Law).

“**Action**” means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Entity.

“**Adjusted Basis**” has the meaning given such term in Section 1011 of the Code.

“**Adjusted Capital Account Deficit**” means the deficit balance, if any, in such Member’s Capital Account at the end of any Fiscal Year or other taxable period, with the following adjustments:

- (a) credit to such Capital Account any amount that such Member is obligated to restore under Treasury Regulations Section 1.704-1(b)(2)(ii)(c), as well as any addition thereto pursuant to the next to last sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) after taking into account thereunder any changes during such year in Company Minimum Gain and Member Minimum Gain; and
- (b) debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

This definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Sections 1.704-1(b)(2)(ii)(d) and 1.704-2 and shall be interpreted consistently therewith.

“**Affiliate**” means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. For these purposes, “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise; *provided* that, for purposes of this Agreement, (a) no Member shall be deemed an Affiliate of the Company or any of its Subsidiaries and (b) none of the Company or any of its Subsidiaries shall be deemed an Affiliate of any Member.

“**Agreement**” is defined in the preamble to this Agreement.

“**beneficially own**” and “**beneficial owner**” shall be as defined in Rule 13d-3 of the rules promulgated under the Exchange Act.

“**Board**” means the board of directors of PubCo.

“**Business Day**” means any day (other than a Saturday or Sunday) on which commercial banks in the city of the Company’s principal place of business are generally open for business.

“**Business Opportunities Exempt Party**” is defined in Section 7.4.

“**Call Right**” is defined in Section 3.6(n).

“**Capital Account**” means, with respect to any Member, the Capital Account maintained for such Member in accordance with Section 3.4.

“**Capital Contribution**” means, with respect to any Member, the amount of cash and the initial Gross Asset Value of any property (other than cash) contributed to the Company by such Member. Any reference to the Capital Contribution of a Member will include any Capital Contributions made by a predecessor holder of such Member’s Units to the extent that such Capital Contribution was made in respect of Units Transferred to such Member.

“**Cash Election**” means an election by the Company to redeem Units for cash pursuant to Section 3.6(d) or an election by PubCo (or such designated member(s) of the PubCo Holdings Group) to purchase Units for cash pursuant to an exercise of its Call Right set forth in Section 3.6(n).

“**Cash Election Amount**” means with respect to a particular Redemption for which a Cash Election has been made, (a) other than in the case of clause (b), if the Common Shares trade on a securities exchange or automated or electronic quotation system, an amount of cash equal to the product of (i) the number of Common Shares that would have been received in such Redemption if a Cash Election had not been made and (ii) the average of the volume-weighted closing price for a Common Share on the principal U.S. securities exchange or automated or electronic quotation system on which the Common Shares trade, as reported by Bloomberg, L.P., or its successor, for each of the 10 consecutive full Trading Days ending on and including the last full Trading Day immediately prior to the Redemption Notice Date, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the Common Shares; (b) if the Cash Election is made in respect of a Redemption Notice issued by a Redeeming Member in connection with a Public Offering (or PubCo consummates a Public Offering to fund such Cash Election), an amount of cash equal to the product of (i) the number of Common Shares that would have been received in such Redemption if a Cash Election had not been made and (ii) the price per Common Share sold to the public in such Public Offering (reduced by the amount of any Discount associated with such Common Share), and (c) if the Common Shares do not trade on a securities exchange or automated or electronic quotation system, an amount of cash equal to the product of (i) the number of Common Shares that would have been received in such Redemption if a Cash Election had not been made and (ii) the Fair Market Value of one Common Share, as determined by the Managing Member in Good Faith, that would be obtained in an arms’ length transaction for cash between an informed and willing buyer and an informed and willing seller, neither of whom

is under any compulsion to buy or sell, and without regard to the particular circumstances of the buyer or seller and without any discounts for liquidity or minority discount.

“Change of Control” means the occurrence of any of the following events or series of events after the date hereof:

(a) any Person (excluding a corporation or other entity owned, directly or indirectly, by the shareholders of PubCo in substantially the same proportions as their ownership of PubCo Shares and excluding Q Power and its Affiliates) is or becomes the “beneficial owner” (as defined in Rule 13d-3 of the rules promulgated under the Exchange Act), directly or indirectly, of securities of PubCo representing more than 50% of the combined voting power of PubCo’s then outstanding voting securities;

(b) there is consummated a merger or consolidation of PubCo with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, the voting securities of PubCo immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then-outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or

(c) the shareholders of PubCo approve a plan of complete liquidation or dissolution of PubCo or there is consummated an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by PubCo of all or substantially all of PubCo’s assets, other than such sale or other disposition by PubCo of all or substantially all of PubCo’s assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of PubCo in substantially the same proportions as their ownership of PubCo immediately prior to such sale.

“Change of Control Exchange Date” is defined in Section 3.6(q).

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Commission” means the U.S. Securities and Exchange Commission, including any governmental body or agency succeeding to the functions thereof.

“Common Shares” means, as applicable, (a) the Class A common stock, par value \$0.0001 per share, of PubCo or (b) following any consolidation, merger, reclassification or other similar event involving PubCo, any shares or other securities of PubCo or any other Person or cash or other property that become payable in consideration for the Common Shares or into which the Common Shares is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

“Common Units” means the Units designated as “Class A Common Units” and corresponding to the Common Shares.

“Company” is defined in the preamble to this Agreement.

“Company Level Taxes” means any U.S. federal, state, or local taxes, additions to tax, penalties, and interest payable by the Company or any of its Subsidiaries as a result of any examination of the Company’s or any of its Subsidiaries’ affairs by any U.S. federal, state, or local tax authorities, including resulting administrative and judicial proceedings under the Partnership Tax Audit Rules.

“Company Minimum Gain” has the meaning of “partnership minimum gain” set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d). It is further understood that Company Minimum Gain shall be determined in a manner consistent with the rules of Treasury Regulations Section 1.704-2(b)(2), including the requirement that if the adjusted Gross Asset Value of property subject to one or more Nonrecourse Liabilities differs from its adjusted tax basis, Company Minimum Gain shall be determined with reference to such Gross Asset Value.

“Company Representative” has the meaning assigned to the term “partnership representative” in Section 6223 of the Code and any “designated individual,” if applicable, as defined in the Treasury Regulations promulgated thereunder (including, in each case, any similar capacity or role under relevant state or local law), as appointed pursuant to Section 9.5.

“Contract” means any written agreement, contract, lease, sublease, license, sublicense, obligation, promise or undertaking.

“control” (including the terms “controlled by” and “under common control with”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by Contract, credit arrangement or otherwise.

“Covered Audit Adjustment” means an adjustment to any partnership-related item (within the meaning of Section 6241(2)(B) of the Code) to the extent such adjustment results in an “imputed underpayment” as described in Section 6225(b) of the Code or any analogous provision of state or local Law.

“Covered Person” is defined in Section 6.2(a).

“Debt Securities” means any and all debt instruments or debt securities that are not convertible or exchangeable into Equity Securities of any member of the PubCo Holdings Group.

“Depreciation” means, for each Fiscal Year or other taxable period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other taxable period, except that (a) with respect to any such property the Gross Asset Value of which differs from its Adjusted Basis for U.S. federal income tax purposes and which difference is being eliminated by use of the “remedial method” pursuant to Treasury Regulations Section 1.704-3(d), Depreciation for such Fiscal Year or other taxable period shall be the amount of book basis recovered for such Fiscal Year or other taxable period under the rules prescribed by Treasury Regulations Section 1.704-3(d)(2), and (b) with respect to any other such property the Gross Asset Value of which differs from its Adjusted Basis for U.S. federal income tax purposes at the beginning of such Fiscal Year or other taxable period, Depreciation shall be an

amount that bears the same ratio to such beginning Gross Asset Value as the U.S. federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other taxable period bears to such beginning Adjusted Basis; *provided, however*, that if the Adjusted Basis for U.S. federal income tax purposes of an asset at the beginning of such Fiscal Year or other taxable period is zero, Depreciation with respect to such asset shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managing Member.

“**DGCL**” means the General Corporation Law of the State of Delaware, as amended from time to time (or any corresponding provisions of succeeding Law).

“**Discount**” means any underwriters’ discounts or commissions and brokers’ fees or commissions.

“**Equity Securities**” means (a) with respect to a partnership, limited liability company or similar Person, any and all units, interests, rights to purchase, warrants, options or other equivalents of, or other ownership interests in, any such Person as well as debt or equity instruments convertible, exchangeable or exercisable into any such units, interests, rights or other ownership interests and (b) with respect to a corporation, any and all shares, interests, participation or other equivalents (however designated) of corporate stock, including all common stock and preferred stock, or warrants, options or other rights to acquire any of the foregoing, including any debt instrument convertible or exchangeable into any of the foregoing.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**Excess Tax Amount**” is defined in Section 9.6(c).

“**Exchange Act**” means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, as the same may be amended from time to time (or any corresponding provisions of succeeding Law).

“**Existing LLC Agreement**” is defined in the recitals to this Agreement.

“**Fair Market Value**” means the fair market value of any property as reasonably determined by the Managing Member after taking into account such factors as the Managing Member shall deem appropriate.

“**Federal Bankruptcy Code**” means Title 11 of the United States Code, as amended from time to time, and all rules and regulations promulgated thereunder.

“**Fiscal Year**” means the fiscal year of the Company, which shall end on December 31 of each calendar year unless, for U.S. federal income tax purposes, another fiscal year is required. The Company shall have the same fiscal year for U.S. federal income tax purposes and for accounting purposes.

“**GAAP**” means U.S. generally accepted accounting principles at the time.

“**Good Faith**” means a Person having acted in good faith and in a manner such Person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal proceeding, having had no reasonable cause to believe such Person’s conduct was unlawful.

“**Governmental Entity**” means any federal, national, supranational, state, provincial, local, foreign or other government, governmental, stock exchange, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

“**Gross Asset Value**” means, with respect to any asset, the asset’s Adjusted Basis for U.S. federal income tax purposes, except as follows:

- (a) the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross Fair Market Value of such asset as of the date of such contribution;
- (b) the Gross Asset Values of all Company assets shall be adjusted to equal their respective gross Fair Market Values as of the following times: (i) the acquisition of an interest (or additional interest) in the Company by any new or existing Member in exchange for more than a *de minimis* Capital Contribution to the Company or in exchange for the performance of more than a *de minimis* amount of services to or for the benefit of the Company; (ii) the distribution by the Company to a Member of more than a *de minimis* amount of Company assets as consideration for an interest in the Company; (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g)(1), (iv) the acquisition of an interest in the Company by any new or existing Member upon the exercise of a noncompensatory option in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(s); or (v) any other event to the extent determined by the Managing Member to be permitted and necessary or appropriate to properly reflect Gross Asset Values in accordance with the standards set forth in Treasury Regulations Section 1.704-1(b)(2)(iv)(q); *provided, however,* that adjustments pursuant to clauses (i), (ii) and (iv) above shall be made only if the Managing Member reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company. If any noncompensatory options are outstanding upon the occurrence of an event described in this subsection (b)(i) through (b)(v), the Company shall adjust the Gross Asset Values of its properties in accordance with Treasury Regulations Sections 1.704-1(b)(2)(iv)(f)(1) and 1.704-1(b)(2)(iv)(h)(2);
- (c) the Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross Fair Market Value of such asset on the date of such distribution;
- (d) the Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the Adjusted Basis of such assets pursuant to Section 734(b) or Section 743(b) of the Code, but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and subsection (f) in the

definition of “Profits” or “Losses” below or Section 4.2(h); *provided, however*, that the Gross Asset Value of a Company asset shall not be adjusted pursuant to this subsection to the extent the Managing Member determines that an adjustment pursuant to subsection (b) of this definition is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d); and

- (e) if the Gross Asset Value of a Company asset has been determined or adjusted pursuant to subsections (a), (b) or (d) of this definition of Gross Asset Value, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits, Losses, and other items allocated pursuant to Article IV.

“**Indebtedness**” means (a) all indebtedness for borrowed money (including capitalized lease obligations, sale-leaseback transactions or other similar transactions, however evidenced), (b) any other indebtedness that is evidenced by a note, bond, debenture, draft or similar instrument, (c) notes payable, and (d) lines of credit and any other agreements relating to the borrowing of money or extension of credit.

“**Interest**” means the entire interest of a Member in the Company, including the Units and all of such Member’s rights, powers and privileges under this Agreement and the Act.

“**Investment Company Act**” means the Investment Company Act of 1940, as the same may be amended from time to time (or any corresponding provisions of succeeding Law).

“**Law**” means any statute, law, ordinance, regulation, rule, code, order, requirement or rule of law (including common law) of any Governmental Entity.

“**Legal Action**” is defined in Section 11.8.

“**Liability**” means any liability or obligation, whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated and whether due or to become due, regardless of when asserted.

“**Liquidating Event**” is defined in Section 10.1.

“**Managing Member**” is defined in Section 6.1(a).

“**Master Transaction Agreement**” is defined in the recitals to this Agreement.

“**Member**” means any Person that executes this Agreement as a Member, and any other Person admitted to the Company as an additional or substituted Member, in each case, that has not made a disposition of such Person’s entire Interest.

“**Member Minimum Gain**” has the meaning ascribed to “partner nonrecourse debt minimum gain” set forth in Treasury Regulations Section 1.704-2(i). It is further understood that the determination of Member Minimum Gain and the net increase or decrease in Member

Minimum Gain shall be made in the same manner as required for such determination of Company Minimum Gain under Treasury Regulations Sections 1.704-2(d) and 1.704-2(g)(3).

“**Member Nonrecourse Debt**” has the meaning of “partner nonrecourse debt” set forth in Treasury Regulations Section 1.704-2(b)(4).

“**Member Nonrecourse Deductions**” has the meaning of “partner nonrecourse deductions” set forth in Treasury Regulations Sections 1.704-2(i)(1) and 1.704-2(i)(2).

“**Minority Member Redemption Date**” is defined in Section 3.6(o).

“**Minority Member Redemption Notice**” is defined in Section 3.6(o).

“**National Securities Exchange**” means an exchange registered with the Commission under the Exchange Act.

“**Nonrecourse Deductions**” has the meaning assigned that term in Treasury Regulations Section 1.704-2(b).

“**Nonrecourse Liability**” is defined in Treasury Regulations Section 1.704-2(b)(3).

“**Partnership Tax Audit Rules**” means Sections 6221 through 6241 of the Code, together with any final or temporary Treasury Regulations, Revenue Rulings, and case Law interpreting Sections 6221 through 6241 of the Code (and any analogous provision of state or local tax Law).

“**Permitted Transferee**” means, with respect to any Member: (a) any Affiliate of such Member; (b) with respect to any Member that is a natural person or of which a majority of the outstanding Equity Securities and voting power with respect to the election of directors (or the selection of any other similar governing body in the case of an entity other than a corporation) are beneficially owned (as such term is defined under Rule 13d-3 of the Exchange Act) by a single natural person, a trust established by or for the benefit of such natural person of which only such natural person and his or her immediate family members are beneficiaries; and (c) upon the death of any Member that is a natural person, an executor, administrator or beneficiary of the estate of the deceased Member.

“**Person**” means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

“**PIK Preferred Shares**” means any additional Preferred Shares issued to holders of Preferred Shares as “PIK Dividends” in accordance with the PubCo Certificate.

“**Plan Asset Regulations**” means the regulations issued by the U.S. Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the Code of Federal Regulations, or any successor regulations as the same may be amended from time to time.

“**Preferred Conversion**” means the conversion of the Preferred Shares into Common Shares in accordance with the PubCo Certificate.

“Preferred Shares” means, as applicable, (a) the Series A Convertible Redeemable Preferred Stock, stated value \$25.00 per share, of PubCo or (b) following any consolidation, merger, reclassification or other similar event involving PubCo, any shares or other securities of PubCo or any other Person or cash or other property that become payable in consideration for the Preferred Shares or into which the Preferred Shares are exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

“Preferred Units” means the Units designated as “Series A Preferred Units” and corresponding to the Preferred Shares.

“Prior Partnership” means Scrubgrass Reclamation Company, LLC, a Delaware limited liability company (previously known as Scrubgrass Generating Company, L.P., a Delaware limited partnership).

“Proceeding” is defined in Section 6.2(a).

“Profits” or **“Losses”** means, for each Fiscal Year or other taxable period, an amount equal to the Company’s taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments (without duplication):

- (a) any income or gain of the Company that is exempt from U.S. federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss;
- (b) any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) of the Code expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;
- (c) if the Gross Asset Value of any Company asset is adjusted pursuant to subsection (b) or (c) of the definition of Gross Asset Value above, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the Company asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the Company asset) from the disposition of such asset and shall, except to the extent allocated pursuant to Section 4.2, be taken into account for purposes of computing Profits or Losses;
- (d) gain or loss resulting from any disposition of Company assets with respect to which gain or loss is recognized for U.S. federal income tax purposes shall be computed with reference to the Gross Asset Value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its Gross Asset Value;
- (e) in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation;

- (f) to the extent an adjustment to the adjusted tax basis of any asset pursuant to Section 734(b) of the Code is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Account balances as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or an item of loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and
- (g) any items of income, gain, loss or deduction that are specifically allocated pursuant to the provisions of Section 4.2 shall not be taken into account in computing Profits or Losses for any taxable year, but such items available to be specially allocated pursuant to Section 4.2 will be determined by applying rules analogous to those set forth in subsections (a) through (f) above.

“Property” means all real and personal property owned by the Company from time to time, including both tangible and intangible property.

“PubCo” is defined in the recitals to this Agreement.

“PubCo Approved Change of Control” means any Change of Control specified in clause (b) of the definition thereof that meets the following conditions: (i) such Change of Control was approved by the Board prior to such Change of Control, (ii) such Change of Control results in an early termination of and acceleration of payments under the TRA, (iii) the terms of such Change of Control provide for the consideration for the Units in such Change of Control to consist solely of (A) freely and immediately tradeable common Equity Securities of an issuer listed on a national securities exchange or (B) cash, and (iv) if such consideration includes common equity, the market value of the outstanding common equity held by non-Affiliates of such issuer is at least twice as large as the market value of all of the outstanding common equity of PubCo, in each case on a fully-diluted basis immediately before the public announcement of such Change of Control.

“PubCo Certificate” means the Amended and Restated Certificate of Incorporation of PubCo, as may be amended, supplemented or restated from time to time.

“PubCo Holdings Group” means PubCo and each Subsidiary of PubCo (other than the Company and its Subsidiaries).

“PubCo Shares” means all shares of stock in PubCo, including the Common Shares, the Preferred Shares (including any PIK Preferred Shares) and the Voting Shares.

“Public Offering” means an underwritten offering and sale of Equity Securities to the public pursuant to a registration statement, including a “bought” deal or “overnight” public offering.

“Q Power” is defined in the recitals to this Agreement.

“Reclassification Event” means any of the following: (a) any reclassification or recapitalization of PubCo Shares (other than as a result of a subdivision or combination or any

transaction subject to Section 3.1(g)), (b) any merger, consolidation or other combination involving PubCo, or (c) any sale, conveyance, lease, or other disposal of all or substantially all the properties and assets of PubCo to any other Person, in each of clauses (a), (b) or (c), as a result of which holders of PubCo Shares shall be entitled to receive cash, securities or other property for their PubCo Shares.

“**Redeeming Member**” is defined in Section 3.6(a).

“**Redemption**” means any redemption of Common Units into Common Shares pursuant to this Agreement.

“**Redemption Date**” means a Regular Redemption Date, a Special Redemption Date or, with respect to a Redemption pursuant to clause (x) of Section 3.6(e)(iii), the later of (a) the date specified in the Redemption Notice delivered by the Member and (b) the date that is ten (10) Business Days after the delivery of the Redemption Notice to the Company and PubCo.

“**Redemption Notice**” is defined in Section 3.6(b).

“**Redemption Notice Date**” means, except as otherwise specified by the Managing Member to the extent necessary for PubCo to comply with the Registration Rights Agreement, with respect to any Regular Redemption Date or Special Redemption Date, the date that is 10 Business Days before such Redemption Date, and for any other Redemption Date, the date the Redemption Notice with respect to such Redemption Date is delivered, which date shall not be less than 10 Business Days before such Redemption Date.

“**Redemption Right**” is defined in Section 3.6(a).

“**Registration Rights Agreement**” means the Registration Rights Agreement, by and among PubCo and the Members, to be entered into concurrently with the closing of the Transactions.

“**Regular Redemption Date**” means a date within each fiscal quarter specified by PubCo from time to time, which will generally be set so that the corresponding Redemption Notice Date falls within a window after PubCo’s earnings announcement for the prior fiscal quarter or in connection with a Public Offering.

“**Regulatory Allocations**” is defined in Section 4.2(i).

“**Securities Act**” means the Securities Act of 1933, and the rules and regulations promulgated thereunder, as the same may be amended from time to time (or any corresponding provisions of succeeding Law).

“**Special Redemption Date**” means a date specified by PubCo in addition to or in lieu of the Regular Redemption Date during the same fiscal quarter. PubCo must specify a Special Redemption Date effective with any Public Offering.

“**Subsequent TRA**” means any tax receivable agreement (or comparable agreement), other than the TRA, entered into by PubCo or any of its Subsidiaries pursuant to which any member of

the PubCo Holdings Group is obligated to pay over amounts with respect to tax benefits resulting from any tax attributes to which any member of the PubCo Holdings Group becomes entitled.

“**Subsidiary**” means, with respect to any specified Person, any other Person with respect to which such specified Person (a) has, directly or indirectly, the power, through the ownership of securities or otherwise, to elect a majority of directors or similar managing body or (b) beneficially owns, directly or indirectly, a majority of such Person’s Equity Securities.

“**Tax Contribution Obligation**” is defined in Section 9.6(c).

“**Tax Offset**” is defined in Section 9.6(c).

“**Tax-Related Distribution**” is defined in Section 5.2.

“**Tax-Related Liabilities**” means (a) any U.S. federal, state and local and non-U.S. tax obligations owed by a Member (including any Company Level Taxes for which a Member is liable hereunder, but excluding any obligations to remit any amounts withheld from payments to third parties) and (b) any obligations of such Member under the TRA or any Subsequent TRA.

“**TRA**” means that certain tax receivable agreement, dated as of the date hereof, by and among PubCo, Q Power and Gregory A. Beard, as agent, as the same may be amended, supplemented or restated from time to time.

“**Trading Day**” means a day on which the New York Stock Exchange or such other principal United States securities exchange on which the Common Shares are listed or admitted to trading is open for the transaction of business (unless such trading shall have been suspended for the entire day).

“**Transactions**” is defined in the recitals to this Agreement.

“**Transfer**” means, when used as a noun, any voluntary or involuntary, direct or indirect (whether through a change of control of the Transferor or any Person that controls the Transferor, the issuance or transfer of Equity Securities of the Transferor, by operation of law or otherwise), transfer, sale, pledge or hypothecation (other than a bona fide pledge to secure Indebtedness) or other disposition and, when used as a verb, voluntarily or involuntarily, directly or indirectly (whether through a change of control of the Transferor or any Person that controls the Transferor, the issuance or transfer of Equity Securities of the Transferor or any Person that controls the Transferor, by operation of law or otherwise), to transfer, sell, pledge or hypothecate or otherwise dispose of; *provided, however*, that, notwithstanding anything in this Agreement to the contrary, the transfer of Equity Securities in Q Power or any direct or indirect owner thereof shall not be deemed a Transfer for any purpose of this Agreement. The terms “**Transferee**,” “**Transferor**,” “**Transferred**,” and other forms of the word “**Transfer**” shall have the correlative meanings.

“**Transfer Agent**” means AST Financial or such other agent or agents of PubCo as may be designated by the Board as the transfer agent for the Common Shares.

“**Treasury Regulations**” means pronouncements, as amended from time to time, or their successor pronouncements, which clarify, interpret and apply the provisions of the Code, and which are designated as “Treasury Regulations” by the United States Department of the Treasury.

“**Uniform Commercial Code**” means the Uniform Commercial Code or any successor provision thereof as the same may from time to time be in effect in the State of Delaware.

“**Units**” means the Units issued hereunder and shall also include any Equity Security of the Company issued in respect of or in exchange for Units, whether by way of dividend or other distribution, split, recapitalization, merger, rollup transaction, consolidation, conversion or reorganization.

“**Voting Shares**” means, as applicable, (a) the Class V common stock, par value \$0.0001 per share, of PubCo or (b) following any consolidation, merger, reclassification or other similar event involving PubCo, any shares or other securities of PubCo or any other Person or cash or other property that become payable in consideration for the Voting Shares or into which the Voting Shares is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

“**Winding-Up Member**” is defined in Section 10.2(a).

Section 1.2 **Interpretive Provisions.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) all accounting terms not otherwise defined herein have the meanings assigned under GAAP;
- (b) all references to currency, monetary values and dollars set forth herein shall mean United States (U.S.) dollars and all payments hereunder shall be made in United States dollars;
- (c) when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated;
- (d) whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”;
- (e) “or” is disjunctive and is not exclusive;
- (f) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms;
- (g) references to any Law shall include any successor legislation and all rules and regulations promulgated thereunder as in effect from time to time in accordance with the terms thereof and references to any Law shall be construed as including all statutory, legal, and regulatory provisions consolidating, amending or replacing such Law as amended from time to time;

- (h) the words “hereof”, “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;
- (i) whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified, and when counting days, the date of commencement will not be included as a full day for purposes of computing any applicable time periods (except as otherwise may be required under any applicable Law). If any action is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action may be deferred until the next Business Day.

ARTICLE II

ORGANIZATION OF THE LIMITED LIABILITY COMPANY

Section 2.1 **Formation.** The Company has been formed as a limited liability company subject to the provisions of the Act upon the terms, provisions and conditions set forth in this Agreement.

Section 2.2 **Filing.** The Company’s Certificate of Formation has been filed with the Secretary of State of the State of Delaware in accordance with the Act. The Members shall execute such further documents (including amendments to such Certificate of Formation) and take such further action as is appropriate to comply with the requirements of Law for the formation or operation of a limited liability company in Delaware and in all states and counties where the Company may conduct its business.

Section 2.3 **Name.** The name of the Company is “Stronghold Digital Mining Holdings LLC” and all business of the Company shall be conducted in such name or, in the discretion of the Managing Member, under any other name.

Section 2.4 **Registered Office; Registered Agent.** The location of the registered office of the Company and the name and address for service of process on the Company in the State of Delaware are as set forth in the Company’s Certificate of Formation, or such other office, qualified Person or address, as applicable, as the Managing Member may designate from time to time.

Section 2.5 **Principal Place of Business.** The principal place of business of the Company shall be located in such place as is determined by the Managing Member from time to time.

Section 2.6 **Purpose; Powers.** The nature of the business or purposes to be conducted or promoted by the Company is to engage in any lawful act or activity for which limited liability companies may be formed under the Act. The Company shall have the power and authority to take any and all actions and engage in any and all activities necessary, appropriate, desirable, advisable, ancillary or incidental to the accomplishment of the foregoing purpose.

Section 2.7 **Term.** The term of the Company commenced on the date of filing of the Certificate of Formation of the Company with the office of the Secretary of State of the State of

Delaware in accordance with the Act and shall continue indefinitely. The Company may be dissolved and its affairs wound up only in accordance with Article X.

Section 2.8 **Intent.** It is the intent of the Members that the Company be operated in a manner consistent with its treatment as a “partnership” solely for U.S. federal (and applicable state and local) income tax purposes. It is also the intent of the Members that the Company not be operated or treated as a “partnership” for any other purpose, including for purposes of Section 303 of the Federal Bankruptcy Code. Neither the Company nor any Member shall take any action inconsistent with the express intent of the parties hereto as set forth in this Section 2.8.

ARTICLE III

OWNERSHIP AND CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS

Section 3.1 **Authorized Units; General Provisions With Respect to Units.**

- (a) Subject to the provisions of this Agreement, the Company shall be authorized to issue from time to time such number of Units and such other Equity Securities as the Managing Member shall determine in accordance with Section 3.3. Each authorized Unit may be issued pursuant to such agreements as the Managing Member shall approve, including pursuant to options and warrants. The Company may reissue any Units that have been repurchased or acquired by the Company.
- (b) Except to the extent explicitly provided otherwise herein (including Section 3.3), each outstanding Common Unit shall be identical and each outstanding Preferred Unit shall be identical.
- (c) Initially, none of the Units will be represented by certificates. If the Managing Member determines that it is in the interest of the Company to issue certificates representing the Units, certificates will be issued and the Units will be represented by those certificates, and this Agreement shall be amended as necessary or desirable to reflect the issuance of certificated Units for purposes of the Uniform Commercial Code. Nothing contained in this Section 3.1(c) shall be deemed to authorize or permit any Member to Transfer its Units except as otherwise permitted under this Agreement.
- (d) The total number of Units issued and outstanding and held by each Member as of the date hereof is set forth in the books and records of the Company. The Company shall update such books and records from time to time to reflect any Transfers of Interests, the issuance of additional Equity Securities and, subject to Section 11.1(a), subdivisions or combinations of Units made in compliance with Section 3.1(g), in each case, in accordance with the terms of this Agreement.
- (e) If, at any time after the date hereof, PubCo issues a Common Share, a Preferred Share (including any PIK Preferred Share) or any other Equity Security of PubCo (other than Voting Shares), (i) except in the case of an issuance of PIK Preferred Shares (it being understood that PIK Preferred Shares will be issued for no additional consideration to PubCo), one or more member(s) of the PubCo Holdings

Group shall concurrently contribute to the Company the net proceeds (in cash or other property, as the case may be), if any, received by PubCo for such Common Share, Preferred Share or other Equity Security and (ii) the Company shall concurrently issue to such member(s) of the PubCo Holdings Group, in accordance with the contributions made by each such member pursuant to clause (i), one Common Unit (if PubCo issues a Common Share), one Preferred Unit (if PubCo issues a Preferred Share or a PIK Preferred Share) or such other Equity Security of the Company (if PubCo issues Equity Securities other than Common Shares, Preferred Shares or PIK Preferred Shares) corresponding to the Equity Securities issued by PubCo, and with substantially the same rights to dividends and distributions (including distributions upon liquidation, but taking into account differences resulting from any tax or other Liabilities borne by PubCo) and other economic rights as those of such Equity Securities of PubCo to be issued; *provided, however*, that if PubCo issues any Common Shares or Preferred Shares in order to acquire or fund the acquisition from a Member (other than any member of the PubCo Holdings Group) of a number of Common Units (and Voting Shares) equal to the number of Common Shares or Preferred Shares so issued, then the Company shall not issue any new Units in connection therewith and, where such Common Shares or Preferred Shares have been issued for cash to fund such an acquisition by any member of the PubCo Holdings Group pursuant to a Cash Election, the PubCo Holdings Group shall not be required to transfer such net proceeds to the Company, and such net proceeds shall instead be transferred by such member of the PubCo Holdings Group to such Member as consideration for such acquisition as required pursuant to Section 3.6(d). If PubCo issues any Equity Security for cash to be used to fund the acquisition by any member of the PubCo Holdings Group of any Person or the assets of any Person, then the PubCo Holdings Group shall not be required to transfer such cash proceeds to the Company but instead such member of the PubCo Holdings Group shall be required to contribute such Person or the assets and Liabilities of such Person to the Company or any of its Subsidiaries. Notwithstanding the foregoing, this Section 3.1(e) shall not apply to (i) the issuance and distribution to holders of PubCo Shares of rights to purchase Equity Securities of PubCo under a “poison pill” or similar shareholders rights plan (and upon any Redemption of Common Units for Common Shares, such Common Shares will be issued together with a corresponding right under such plan), or to the issuance under PubCo’s employee benefit plans of any warrants, options, other rights to acquire Equity Securities of PubCo or rights or property that may be converted into or settled in Equity Securities of PubCo, but shall in each of the foregoing cases apply to the issuance of Equity Securities of PubCo in connection with the exercise or settlement of such rights, warrants, options or other rights or property or (ii) the issuance and distribution of Preferred Shares in connection with the Preferred Conversion. Except pursuant to Section 3.6, (x) the Company may not issue any additional Units to any member of the PubCo Holdings Group unless substantially simultaneously therewith a member of the PubCo Holdings Group issues or sells an equal number of newly issued Common Shares or Preferred Shares to another Person, and (y) the Company may not issue any other Equity Securities of the Company to any member of the PubCo Holdings Group unless substantially

simultaneously such member of the PubCo Holdings Group issues or sells, to another Person, an equal number of newly issued shares of a new class or series of Equity Securities of such member of the PubCo Holdings Group with substantially the same rights to dividends and distributions (including distributions upon liquidation, but taking into account differences resulting from any tax or other Liabilities borne by PubCo) and other economic rights as those of such Equity Securities of the Company. If at any time any member of the PubCo Holdings Group issues Debt Securities, such member of the PubCo Holdings Group shall transfer to the Company (in a manner to be determined by the Managing Member in its reasonable discretion) the proceeds received by such member of the PubCo Holdings Group in exchange for such Debt Securities in a manner that directly or indirectly burdens the Company with the repayment of the Debt Securities. If any Equity Security outstanding at PubCo is exercised or otherwise converted and, as a result, any Equity Securities of PubCo are issued, (1) the corresponding Equity Security outstanding at the Company shall be similarly exercised or otherwise converted, as applicable, and an equivalent number of Equity Securities of the Company shall be issued to the PubCo Holdings Group as contemplated by the first sentence of this Section 3.1(e), and (2) the PubCo Holdings Group shall concurrently contribute to the Company the net proceeds received by the PubCo Holdings Group from any such exercise.

- (f) No member of the PubCo Holdings Group may redeem, repurchase or otherwise acquire (other than from another member of the PubCo Holdings Group) (i) any Common Shares (including upon forfeiture of any unvested Common Shares) unless substantially simultaneously the Company redeems, repurchases or otherwise acquires from the PubCo Holdings Group an equal number of Units for the same price per security or (ii) any other Equity Securities of PubCo, unless substantially simultaneously the Company redeems, repurchases or otherwise acquires from the PubCo Holdings Group an equal number of Equity Securities of the Company of a corresponding class or series with substantially the same rights to dividends and distributions (including distributions upon liquidation, but taking into account differences resulting from any tax or other Liabilities borne by PubCo) and other economic rights as those of such Equity Securities of PubCo for the same price per security. The Company may not redeem, repurchase or otherwise acquire (x) except pursuant to Section 3.6, any Units from the PubCo Holdings Group unless substantially simultaneously the PubCo Holdings Group redeems, repurchases or otherwise acquires an equal number of Common Shares for the same price per security from holders thereof, or (y) any other Equity Securities of the Company from the PubCo Holdings Group unless substantially simultaneously the PubCo Holdings Group redeems, repurchases or otherwise acquires for the same price per security an equal number of Equity Securities of PubCo of a corresponding class or series with substantially the same rights to dividends and distributions (including distribution upon liquidation, but taking into account differences resulting from any tax or other Liabilities borne by PubCo) and other economic rights as those of such Equity Securities of PubCo. Notwithstanding the foregoing, to the extent that any consideration payable by the PubCo Holdings Group in connection with the redemption or repurchase of any Equity Securities of

PubCo consists (in whole or in part) of Equity Securities, then the redemption or repurchase of the corresponding Equity Securities of the Company shall be effectuated in an equivalent manner.

- (g) The Company shall not in any manner effect any subdivision (by any equity split, equity distribution, reclassification, recapitalization or otherwise) or combination (by reverse equity split, reclassification, recapitalization or otherwise) of the outstanding Equity Securities of the Company unless accompanied by an identical subdivision or combination, as applicable, of the outstanding PubCo Shares, with corresponding changes made with respect to any other exchangeable or convertible securities. Unless in connection with any action taken pursuant to Section 3.1(i), PubCo shall not in any manner effect any subdivision (by any equity split, equity distribution, reclassification, recapitalization or otherwise) or combination (by reverse equity split, reclassification, recapitalization or otherwise) of the outstanding PubCo Shares unless accompanied by an identical subdivision or combination, as applicable, of the outstanding Units, with corresponding changes made with respect to any other exchangeable or convertible securities.
- (h) Notwithstanding any other provision of this Agreement, the Company may redeem Units from the PubCo Holdings Group for cash to fund any acquisition by the PubCo Holdings Group of another Person; *provided* that promptly after such redemption and acquisition the PubCo Holdings Group contributes or causes to be contributed, directly or indirectly, such Person or the assets and Liabilities of such Person to the Company or any of its Subsidiaries in exchange for a number of Units equal to the number of Units so redeemed.
- (i) Notwithstanding any other provision of this Agreement (including Section 3.1(e)), if the PubCo Holdings Group acquires or holds any material amount of cash in excess of any monetary obligations it reasonably anticipates (including as a result of the receipt of distributions pursuant to Section 5.2 for any period in excess of the Tax-Related Liabilities of PubCo Holdings Group for such period), the Managing Member may use such excess cash amount in such other manner, and make such other adjustments to or take such other actions with respect to the capitalization of PubCo and the Company and to the one-to-one exchange ratio between Units and Common Shares, as the Managing Member in Good Faith determine to be fair and reasonable to the shareholders of PubCo and to the Members and to preserve the intended economic effect of this Section 3.1, Section 3.6 and the other provisions hereof.
- (j) Notwithstanding any other provision of this Agreement (including Section 3.1(e)), if, prior to a Public Offering, the Company has made any non-*pro rata* Tax-Related Distributions pursuant to final provision of Section 5.2 to the extent such distributions have not otherwise reduced other distributions to a Member, the Managing Member shall (i) establish a means of tracking and aggregating the cumulative disproportionality of such net disproportionate distributions and (ii) take actions to account for such net disproportionate distributions (including, but not limited to, making adjustments to or taking such other actions with respect to the

capitalization of PubCo and the Company or to the one-to-one exchange ratio between Common Units and Common Shares) as the Managing Member in Good Faith determine to be fair and reasonable to the shareholders of PubCo and to the Members and to achieve (prior to Redemption) the intended economic effect of this Section 3.1, Section 3.6 and the other provisions hereof.

Section 3.2 **Voting Rights.** No Member has any voting right except with respect to those matters specifically reserved for a Member vote under the Act and for matters expressly requiring the approval of Members under this Agreement. Except as otherwise required by the Act, each Unit will entitle the holder thereof to one vote on all matters to be voted on by the Members. Except as otherwise expressly provided in this Agreement, the holders of Units having voting rights will vote together as a single class on all matters to be approved by the Members.

Section 3.3 **Capital Contributions; Unit Ownership.**

- (a) *Capital Contributions.* Except as otherwise set forth in Section 3.1 with respect to the obligations of the PubCo Holdings Group, no Member shall be required to make additional Capital Contributions.
- (b) *Issuance of Additional Interests.* Except as otherwise expressly provided in this Agreement, the Managing Member shall have the right to authorize and cause the Company to issue on such terms (including price) as may be determined by the Managing Member (i) subject to the limitations of Section 3.1, additional Equity Securities in the Company (including creating preferred interests or other classes or series of interests having such rights, preferences and privileges as determined by the Managing Member, which rights, preferences and privileges may be senior to the Units), and (ii) obligations, evidences of Indebtedness or other securities or interests convertible or exchangeable for Equity Securities in the Company; *provided* that, at any time following the date hereof, in each case the Company shall not issue Equity Securities in the Company to any Person unless such Person shall have executed a counterpart to this Agreement and all other documents, agreements or instruments deemed necessary or desirable in the reasonable discretion of the Managing Member. Upon such issuance and execution, such Person shall be admitted as a Member of the Company. In that event, the Managing Member shall update the Company's books and records to reflect such additional issuances. Subject to Section 11.1, the Managing Member is hereby authorized to amend this Agreement to set forth the designations, preferences, rights, powers and duties of such additional Equity Securities in the Company, or such other amendments that the Managing Member determines to be otherwise necessary or appropriate in connection with the creation, authorization or issuance of, any class or series of Equity Securities in the Company pursuant to this Section 3.3(b); *provided* that, notwithstanding the foregoing, the Managing Member shall have the right to amend this Agreement as set forth in this sentence without the approval of any other Person (including any Member) and notwithstanding any other provision of this Agreement (including Section 11.1) if such amendment is necessary, and then only to the extent necessary, in order to consummate any offering of PubCo Shares or other Equity Securities of PubCo provided that the designations, preferences,

rights, powers and duties of any such additional Equity Securities of the Company as set forth in such amendment are substantially similar to those applicable to such PubCo Shares or other Equity Securities of PubCo.

Section 3.4 **Capital Accounts.** A Capital Account shall be maintained for each Member in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv) and, to the extent consistent with such regulations, the other provisions of this Agreement. Each Member's Capital Account shall be (a) increased by (i) allocations to such Member of Profits pursuant to Section 4.1 and any other items of income or gain allocated to such Member pursuant to Section 4.2, (ii) the amount of cash or the initial Gross Asset Value of any asset (net of any Liabilities assumed by the Company and any Liabilities to which the asset is subject) contributed to the Company by such Member, and (iii) any other increases allowed or required by Treasury Regulations Section 1.704-1(b)(2)(iv), and (b) decreased by (i) allocations to such Member of Losses pursuant to Section 4.1 and any other items of deduction or loss allocated to such Member pursuant to the provisions of Section 4.2, (ii) the amount of any cash or the Gross Asset Value of any asset (net of any Liabilities assumed by the Member and any Liabilities to which the asset is subject) distributed to such Member, and (iii) any other decreases allowed or required by Treasury Regulations Section 1.704-1(b)(2)(iv). If a Transfer of Units is made in accordance with this Agreement (including a deemed Transfer for U.S. federal income tax purposes as described in Section 3.6(g)), the Capital Account of the Transferor that is attributable to the Transferred Units shall carry over to the Transferee Member in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv)(l).

Section 3.5 **Other Matters.**

- (a) No Member shall be entitled to a return on or of its Capital Contributions or withdraw from the Company without the consent of the Managing Member.
- (b) No Member shall receive any interest, salary, compensation, draw or reimbursement with respect to its Capital Contributions or its Capital Account, or for services rendered or expenses incurred on behalf of the Company or otherwise in its capacity as a Member, except as otherwise provided in Section 6.7 or as otherwise contemplated by this Agreement.
- (c) The Liability of each Member shall be limited as set forth in the Act and other applicable Law and, except as expressly set forth in this Agreement or required by Law, no Member (or any of its Affiliates) shall be personally liable, whether to the Company, any of the other Members, the creditors of the Company, or any other third party, for any debt or Liability of the Company, whether arising in Contract, tort or otherwise, solely by reason of being a Member of the Company.
- (d) Except as otherwise required by the Act, a Member shall not be required to restore a deficit balance in such Member's Capital Account, to lend any funds to the Company or, except as otherwise set forth herein, to make any additional contributions or payments to the Company.

- (e) The Company shall not be obligated to repay any Capital Contributions of any Member.

Section 3.6 **Redemption of Common Units.**

- (a) Each Member other than the PubCo Holdings Group shall be entitled from time to time to cause the Company to redeem all or a portion of such Member's Common Units (such Member a "**Redeeming Member**"), together with an equal number of Voting Shares, in exchange for Common Shares or, at the Company's election under certain circumstances, cash in accordance with Section 3.6(d) (referred to herein as the "**Redemption Right**"), upon the terms and subject to the conditions set forth in this Section 3.6 and subject to PubCo's (or such designated member(s) of the PubCo Holdings Group's) Call Right as set forth in Section 3.6(n).
- (b) In order to exercise its Redemption Right, each Redeeming Member shall provide written notice in a reasonable form as the Company may provide from time to time (the "**Redemption Notice**") to the Company and PubCo, on or before any Redemption Notice Date, stating that the Redeeming Member elects to have redeemed on the next Redemption Date a stated number of Common Units, together with an equal number of Voting Shares. Upon delivery of any Redemption Notice by any Member on or before any Redemption Notice Date, such Member may not revoke or rescind such Redemption Notice after such Redemption Notice Date. If the Common Shares are publicly traded, any Redemption Notice may be made contingent on the price of a Common Share at the close of business on the last Trading Day prior to the Redemption Date (as reported by Bloomberg, L.P. or its successor) being equal to or above a price specified in the Redemption Notice. Any Redemption Notice delivered for a Redemption on a Special Redemption Date may be made contingent on the consummation of the Public Offering or other transaction described in the notice of the Managing Member specifying such Special Redemption Date. Any notice by any Member pursuant to the Registration Rights Agreement to demand or participate in any Public Offering shall be deemed to constitute a Redemption Notice for the related Special Redemption Date that is contingent on the consummation of such Public Offering.
- (c) On any Redemption Date for which any Member delivered a Redemption Notice with respect to Common Units, unless the Company elects to pay cash in accordance with Section 3.6(d) or PubCo (or such designated member(s) of the PubCo Holdings Group) exercises its Call Right pursuant to Section 3.6(n), subject to Section 3.6(f), on such Redemption Date such number of Common Units, together with an equal number of Voting Shares, shall be redeemed for an equal number of Common Shares.
- (d) The Company shall be entitled to elect to settle any Redemption by delivering to the Redeeming Member, in lieu of the applicable number of Common Shares that would be received in such Redemption, an amount of cash equal to the Cash Election Amount for such shares.

- (e) Subject to Section 3.6(f), each Member's Redemption Right shall be subject to the following limitations and qualifications:
- (i) Except as provided herein, Redemptions shall only be permitted on each Redemption Date.
 - (ii) Except as provided in clause (iii)(y) below and absent the prior written consent of the Managing Member (not to be unreasonably withheld, conditioned or delayed), with respect to any Redemption, a Redeeming Member shall be required to redeem at least a number of Common Units equal to the lesser of 0.1% of the total number of all outstanding Common Units and all of the Common Units then held by such Redeeming Member.
 - (iii) Notwithstanding anything to the contrary in this Agreement, a Redeeming Member may exercise its Redemption Right (x) with respect to at least 2.0% of the total number of all outstanding Common Units at any time or (y) with respect to any of the then-held Common Units of such Member if such Redemption Right is exercised in connection with a valid exercise of such Member's rights to have the Common Shares issuable in connection with such Redemption to participate in a Public Offering.
 - (iv) Any Redemption of Common Units may be limited in accordance with the terms of any agreements or instruments entered into in connection with such issuance, as deemed necessary or desirable in the discretion of the Managing Member.
- (f) The Managing Member may impose additional limitations and restrictions on Redemptions (including limiting Redemptions or creating priority procedures for Redemptions), solely to the extent it determines such limitations and restrictions to be necessary or appropriate to avoid undue risk that the Company may be classified as a "publicly traded partnership" within the meaning of Section 7704 of the Code. Furthermore, the Managing Member may require any Member or group of Members to redeem all of their Common Units to the extent it determines, that such Redemption is necessary or appropriate to avoid undue risk that the Company may be classified as a "publicly traded partnership" within the meaning of Section 7704 of the Code. Upon delivery of any notice by the Managing Member to such Member or group of Members requiring such Redemption, such Member or group of Members shall exchange, subject to exercise by PubCo (or such designated member(s) of the PubCo Holdings Group) of the Call Right pursuant to Section 3.6(n), all of their Common Units effective as of the date specified in such notice (and such date shall be deemed to be a Redemption Date for purposes of this Agreement) in accordance with this Section 3.6 and otherwise in accordance with the requirements set forth in such notice.
- (g) For U.S. federal income (and applicable state and local) tax purposes, each of the Redeeming Member, the Company and PubCo (and any other member of the PubCo Holding Group), as the case may be, agree to treat each Redemption and, if

PubCo (or another member of the PubCo Holdings Group) exercises its Call Right, each transaction between the redeeming or selling Member and PubCo (or such other member of the PubCo Holdings Group), as a sale of such Member's Common Units (together, if applicable, with the same number of Voting Shares) to PubCo (or such other member of the PubCo Holdings Group) in exchange for Common Shares or cash (and any associated payments made pursuant to the TRA or any applicable Subsequent TRA), as applicable.

- (h) Each Redemption shall be deemed to have been effected on the applicable Redemption Date. Any Member redeeming Common Units in accordance with this Agreement may request that the Common Shares to be issued upon such Redemption be issued in a name other than such Member. Any Person or Persons in whose name or names any Common Shares are issuable on any Redemption Date shall be deemed to have become, on such Redemption Date, the holder or holders of record of such shares.
- (i) If the redeemed Common Units (or the Voting Shares to be transferred and surrendered) are represented by a certificate or certificates, prior to the Redemption Date, the Redeeming Member shall also present and surrender such certificate or certificates representing such Common Units (or Voting Shares) during normal business hours at the principal executive offices of the Company or at the office of the Transfer Agent. If required by the Managing Member, any certificate for Common Units (or Voting Shares) surrendered to the Company or Transfer Agent hereunder shall be accompanied by instruments of Transfer, in forms reasonably satisfactory to the Managing Member and the Transfer Agent, duly executed by the Redeeming Member or the Redeeming Member's duly authorized representative.
- (j) Unless a member of the PubCo Holdings Group has elected its Call Right pursuant to Section 3.6(n) with respect to any Redemption, on the relevant Redemption Date and immediately prior to such Redemption, (i) the Redeeming Member shall Transfer and surrender the redeemed Common Units (and a corresponding number of Voting Shares) to the Company, (ii) PubCo (or such other member(s) of the PubCo Holdings Group) shall contribute to the Company the consideration the Redeeming Member is entitled to receive under Section 3.6(c) (including if the Company exercises its right to deliver the Cash Election Amount pursuant to Section 3.6(d)) and the Company shall issue to PubCo (or such other member(s) of the PubCo Holdings Group) a number of Common Units or, pursuant to Section 3.1(e), other Equity Securities of the Company as consideration for such contribution, (iii) the Company shall (A) cancel the redeemed Common Units and (B) Transfer to the Redeeming Member the consideration the Redeeming Member is entitled to receive under Section 3.6(c) (including if the Company exercises its right to deliver the Cash Election Amount pursuant to Section 3.6(d)), (iv) PubCo shall cancel the surrendered Voting Shares, if applicable, and (v) if the redeemed Common Units are certificated, issue to the Redeeming Member a certificate for the number of Common Units equal to the difference (if any) between the number of Units evidenced by the certificate surrendered by the Redeeming Member and the number of redeemed Units.

- (k) If (i) there is any reclassification, reorganization, recapitalization or other similar transaction pursuant to which the Common Shares are converted or changed into another security, securities or other property (other than as a result of a subdivision or combination or any transaction subject to Section 3.1(f) or Section 3.1(g)), or (ii) except in connection with actions taken with respect to the capitalization of PubCo or the Company pursuant to Section 3.1(i), PubCo, by dividend or otherwise, distributes to all holders of the Common Shares evidences of its Indebtedness or assets, including securities (including Common Shares and any rights, options or warrants to all holders of the Common Shares to subscribe for or to purchase or to otherwise acquire Common Shares, or other securities or rights convertible into, redeemable for or exercisable for Common Shares) but excluding (A) any cash dividend or distribution or (B) any such distribution of Indebtedness or assets, in either case (A) or (B) received by PubCo, directly or indirectly, from the Company in respect of the Common Units, then upon any subsequent Redemption, in addition to the Common Shares or the Cash Election Amount, as applicable, each Redeeming Member shall be entitled to receive the amount of such security, securities or other property that such Member would have received if such Redemption had occurred immediately prior to the effective date of such reclassification, reorganization, recapitalization, other similar transaction, dividend or other distribution, taking into account any adjustment as a result of any subdivision (by any split, distribution or dividend, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse split, reclassification, recapitalization or otherwise) of such security, securities or other property that occurs after the effective time of such reclassification, reorganization, recapitalization or other similar transaction. If there is any reclassification, reorganization, recapitalization or other similar transaction in which the Common Shares are converted or changed into another security, securities or other property, or any dividend or distribution (other than an excluded dividend or distribution, as described above in clause (A) or (B)), this Section 3.6 shall continue to be applicable, *mutatis mutandis*, with respect to such security or other property.
- (l) PubCo shall at all times keep available, solely for the purpose of issuance upon a Redemption, out of its authorized but unissued Common Shares, such number of Common Shares that shall be issuable upon the Redemption of all outstanding Common Units (other than those Common Units held by any member of the PubCo Holdings Group). PubCo covenants that all Common Shares that shall be issued upon a Redemption shall, upon issuance thereof, be validly issued, fully paid and non-assessable (except as such non-assessability may be limited by Sections 18-607 and 18-804 of the Act). In addition, for so long as the Common Shares are listed on a National Securities Exchange, PubCo shall use its reasonable best efforts to cause all Common Shares issued upon a Redemption to be listed on such National Securities Exchange at the time of such issuance.
- (m) The issuance of Common Shares upon a Redemption shall be made without charge to the Redeeming Member for any stamp or other similar tax in respect of such issuance, except that if any such Common Shares are to be issued in a name other than that of the Redeeming Member, then the Person or Persons in whose names

such shares are to be issued shall pay to PubCo (or such other member of the PubCo Holdings Group) the amount of any tax payable in respect of any Transfer involved in such issuance or establish to the satisfaction of PubCo that such tax has been paid or is not payable. Each of the Company and PubCo (or such other member of the PubCo Holdings Group) shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable upon a Redemption (and the Redeeming Member agrees to indemnify the Company and the PubCo Holdings Group with respect to) such amounts as may be required to be deducted or withheld therefrom under the Code or any provision of applicable Law, and to the extent deduction and withholding is required, such deduction and withholding may be taken in Common Shares. Prior to making such deduction or withholding, the Company shall give written notice to the Redeeming Member and reasonably cooperate with such Redeeming Member to reduce or avoid any such withholding. To the extent such amounts are so deducted or withheld and paid over to the relevant governmental authority, such amounts shall be treated for all purposes under this Agreement as having been paid to the Redeeming Member, and, if withholding is taken in Common Shares, the relevant withholding party shall be treated as having sold such Common Shares on behalf of such Redeeming Member for an amount of cash equal to the Fair Market Value thereof at the time of such deemed sale and paid such cash proceeds to the appropriate Governmental Entity.

- (n) Notwithstanding anything to the contrary in this Section 3.6, a Redeeming Member shall be deemed to have offered to sell its Common Units as described in any Redemption Notice to each member of the PubCo Holdings Group, and PubCo (or such other member(s) of the PubCo Holdings Group designated by PubCo) may, in its sole discretion, in accordance with this Section 3.6(n), elect to purchase directly and acquire such Common Units on the Redemption Date by paying to the Redeeming Member that number of Common Shares the Redeeming Member would otherwise receive pursuant to Section 3.6(c) or, if PubCo (or such designated member(s) of the PubCo Holdings Group) makes a Cash Election, the Cash Election Amount for such Common Shares (the “**Call Right**”), whereupon PubCo (or such designated member(s) of the PubCo Holdings Group) shall acquire the Common Units offered for Redemption by the Redeeming Member and shall be treated thereafter for all purposes of this Agreement as the owner of such Common Units.
- (o) If (i) the Members (other than any member of the PubCo Holdings Group) beneficially own, in the aggregate, less than ten percent (10%) of the then-outstanding Common Units and (ii) the Common Shares are listed or admitted to trading on a National Securities Exchange, PubCo (or such other member(s) of the PubCo Holdings Group designated by PubCo) shall have the right, in its sole discretion, to require any Member (other than any member of the PubCo Holdings Group), collectively with its Affiliates, that beneficially owns less than five percent (5%) of the then-outstanding Common Units to effect a Redemption of all of such Member’s Common Units (together with the surrender and delivery of the same number of Voting Shares); *provided* that a Cash Election shall not be permitted pursuant to such a Redemption under this Section 3.6(o). PubCo (or such other member(s) of the PubCo Holdings Group designated by PubCo) shall deliver

written notice to the Company and any such Member of its intention to exercise its Redemption Right pursuant to this Section 3.6(o) (a “**Minority Member Redemption Notice**”) at least 5 Business Days prior to the proposed date upon which such Redemption is to be effected (such proposed date, the “**Minority Member Redemption Date**”), indicating in such notice the number of Common Units (and corresponding Voting Shares) held by such Member that PubCo (or such other member(s) of the PubCo Holdings Group designated by PubCo) intends to require to be subject to such Redemption. Any Redemption pursuant to this Section 3.6(o) shall be effective on the Minority Member Redemption Date. From and after the Minority Member Redemption Date, (x) the Common Units and Voting Shares subject to such Redemption shall be deemed to be Transferred to PubCo (or such other member(s) of the PubCo Holdings Group designated by PubCo) on the Minority Member Redemption Date and (y) such Member shall cease to have any rights with respect to the Common Units and Voting Shares subject to such Redemption (other than the right to receive Common Shares pursuant to such Redemption). Following delivery of a Minority Member Redemption Notice and on or prior to the Minority Member Redemption Date, the Members shall take all actions reasonably requested by PubCo (or such other member(s) of the PubCo Holdings Group designated by PubCo) to effect such Redemption, including taking any action and delivering any document required pursuant to the remainder of this Section 3.6 to effect a Redemption. Notwithstanding the foregoing, PubCo will only have the right to deliver a Minority Member Redemption Notice if (x) there is an active shelf registration statement in effect with respect to all of such Member’s Common Units subject to Redemption pursuant to a given Minority Member Redemption Notice, and (y) the Common Shares issuable to such Member shall not be subject to any lockup or other restrictions on Transfer.

- (p) No Redemption shall impair the right of the Redeeming Member to receive any distributions payable on the Common Units redeemed pursuant to such Redemption in respect of a record date that occurs prior to the Redemption Date for such Redemption. No Redeeming Member, or a Person designated by a Redeeming Member to receive Common Shares, shall be entitled to receive, with respect to such record date, distributions or dividends both on Common Units redeemed by the Company from such Redeeming Member and on Common Shares received by such Redeeming Member, or other Person so designated, if applicable, in such Redemption.
- (q) In connection with a PubCo Approved Change of Control, PubCo shall have the right, in its sole discretion, to require each Member (other than any member of the PubCo Holdings Group) to effect a Redemption of all of such Member’s Common Units (together, if applicable, with the corresponding number of Voting Shares); *provided, however*, that if any Member owns more than 10% of the total number of outstanding Common Units at the time of a PubCo Approved Change of Control, PubCo shall use commercially reasonable efforts to consult and cooperate with such Member to structure such Redemption in a tax efficient manner mutually agreeable to such Member and PubCo. Any Redemption pursuant to this Section 3.6(q) shall be effective immediately prior to and conditioned upon the consummation of the

PubCo Approved Change of Control (the “**Change of Control Exchange Date**”). From and after the Change of Control Exchange Date, (i) the Common Units and Voting Shares subject to such Redemption shall be deemed to be transferred to PubCo on the Change of Control Exchange Date and (ii) such Member shall cease to have any rights with respect to the Common Units and Voting Shares subject to such Redemption (other than the right to receive Common Shares pursuant to such Redemption). PubCo shall provide written notice of an expected PubCo Approved Change of Control to all Members within the earlier of (x) 5 Business Days following the execution of the agreement with respect to such PubCo Approved Change of Control and (y) 10 Business Days before the proposed date upon which the contemplated PubCo Approved Change of Control is to be effected, indicating in such notice such information as may reasonably describe the PubCo Approved Change of Control transaction, subject to applicable Law, including the date of execution of such agreement or such proposed effective date, as applicable, the amount and types of consideration to be paid for Common Shares in the PubCo Approved Change of Control, any election with respect to types of consideration that a holder of Common Shares, as applicable, shall be entitled to make in connection with such PubCo Approved Change of Control, and the number of Common Units (and, if applicable, the corresponding Voting Shares) held by such Member that PubCo intends to require to be subject to such Redemption. Following delivery of such notice and on or prior to the Change of Control Exchange Date, the Members shall take all actions reasonably requested by PubCo (or such other member of the PubCo Holdings Group) to effect such Redemption, including taking any action and delivering any document required pursuant to the remainder of this Section 3.6(q) to effect a Redemption. Nothing contained in this Section 3.6(q) shall limit the right of any Member to vote for or participate in any proposed Change of Control of PubCo with respect to such Member’s Common Units and Voting Shares or exchange all Common Units of such Member for Common Shares in connection with such Change of Control.

ARTICLE IV

ALLOCATIONS OF PROFITS AND LOSSES

Section 4.1 **Profits and Losses.** After giving effect to the allocations under Section 4.2 and subject to Section 4.4, Profits and Losses (and, to the extent determined by the Managing Member to be necessary and appropriate to achieve the resulting Capital Account balances described below, any allocable items of income, gain, loss, deduction or credit includable in the computation of Profits and Losses) for each Fiscal Year or other taxable period shall be allocated among the Members during such Fiscal Year or other taxable period in a manner such that, after giving effect to the special allocations set forth in Section 4.2 and all distributions through the end of such Fiscal Year or other taxable period, the Capital Account balance of each Member, immediately after making such allocation, is, as nearly as possible, equal to (i) the amount such Member would receive pursuant to Section 10.2(b) if all assets of the Company on hand at the end of such Fiscal Year or other taxable period were sold for cash equal to their Gross Asset Values, all Liabilities of the Company were satisfied in cash in accordance with their terms (limited with

respect to each Nonrecourse Liability to the Gross Asset Value of the assets securing such Liability), and all remaining or resulting cash was distributed, in accordance with Section 10.2(b), to the Members immediately after making such allocation, minus (ii) such Member's share of Company Minimum Gain and Member Minimum Gain, computed immediately prior to the hypothetical sale of assets, and the amount any such Member is treated as obligated to contribute to the Company, computed immediately after the hypothetical sale of assets.

Section 4.2 **Special Allocations.** The following allocations shall be made in the following order:

- (a) Nonrecourse Deductions for any Fiscal Year or other taxable period shall be specially allocated to the Members on a *pro rata* basis, in accordance with the number of Units owned by each Member as of the last day of such Fiscal Year or other taxable period. The amount of Nonrecourse Deductions for a Fiscal Year or other taxable period shall equal the excess, if any, of the net increase, if any, in the amount of Company Minimum Gain during that Fiscal Year or other taxable period over the aggregate amount of any distributions during that Fiscal Year or other taxable period of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain, determined in accordance with the provisions of Treasury Regulations Section 1.704-2(d).
- (b) Any Member Nonrecourse Deductions for any Fiscal Year or other taxable period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i). If more than one Member bears the economic risk of loss for such Member Nonrecourse Debt, the Member Nonrecourse Deductions attributable to such Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the economic risk of loss. This Section 4.2(b) is intended to comply with the provisions of Treasury Regulations Section 1.704-2(i) and shall be interpreted consistently therewith.
- (c) Notwithstanding any other provision of this Agreement to the contrary, if there is a net decrease in Company Minimum Gain during any Fiscal Year or other taxable period (or if there was a net decrease in Company Minimum Gain for a prior Fiscal Year or other taxable period and the Company did not have sufficient amounts of income and gain during prior periods to allocate among the Members under this Section 4.2(c)), each Member shall be specially allocated items of Company income and gain for such Fiscal Year or other taxable period in an amount equal to such Member's share of the net decrease in Company Minimum Gain during such year (as determined pursuant to Treasury Regulations Section 1.704-2(g)(2)). This Section 4.2(c) is intended to constitute a minimum gain chargeback under Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.
- (d) Notwithstanding any other provision of this Agreement except Section 4.2(c), if there is a net decrease in Member Minimum Gain during any Fiscal Year or other taxable period (or if there was a net decrease in Member Minimum Gain for a prior

Fiscal Year or other taxable period and the Company did not have sufficient amounts of income and gain during prior periods to allocate among the Members under this Section 4.2(d)), each Member shall be specially allocated items of Company income and gain in an amount equal to such Member's share of the net decrease in Member Minimum Gain (as determined pursuant to Treasury Regulations Section 1.704-2(i)(4)). This Section 4.2(d) is intended to constitute a partner nonrecourse debt minimum gain chargeback under Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

- (e) Notwithstanding any provision hereof to the contrary except Section 4.2(a) and Section 4.2(b), no Losses or other items of loss or expense shall be allocated to any Member to the extent that such allocation would cause such Member to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) at the end of such Fiscal Year or other taxable period. All Losses and other items of loss and expense in excess of the limitation set forth in this Section 4.2(e) shall be allocated to the Members who do not have an Adjusted Capital Account Deficit in proportion to their relative positive Capital Accounts but only to the extent that such Losses and other items of loss and expense do not cause any such Member to have an Adjusted Capital Account Deficit.
- (f) Notwithstanding any provision hereof to the contrary except Section 4.2(c) and Section 4.2(d), if any Member unexpectedly receives any adjustment, allocation or distribution described in paragraph (4), (5) or (6) of Treasury Regulations Section 1.704-1(b)(2)(ii)(d), items of income and gain (consisting of a *pro rata* portion of each item of income, including gross income, and gain for the Fiscal Year or other taxable period) shall be specially allocated to such Member in an amount and manner sufficient to eliminate any Adjusted Capital Account Deficit of that Member as quickly as possible; provided that an allocation pursuant to this Section 4.2(f) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IV have been tentatively made as if this Section 4.2(f) were not in this Agreement. This Section 4.2(f) is intended to constitute a qualified income offset under Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.
- (g) If any Member has a deficit balance in its Capital Account at the end of any Fiscal Year or other taxable period that is in excess of the sum of (i) the amount that such Member is obligated to restore and (ii) the amount that the Member is deemed to be obligated to restore pursuant to the penultimate sentence of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), that Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 4.2(g) shall be made only if and to the extent that such Member would have a deficit balance in its Capital Account in excess of such sum after all other allocations provided for in this Article IV have been made as if Section 4.2(f) and this Section 4.2(g) were not in this Agreement.

- (h) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Sections 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution to any Member in complete liquidation of such Member's Interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such item of gain or loss shall be allocated to the Members in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) if such section applies or to the Member to whom such distribution was made if Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.
- (i) The allocations set forth in Section 4.2(a) through Section 4.2(h) (the "**Regulatory Allocations**") are intended to comply with certain requirements of Treasury Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding any other provision of this Article IV (other than the Regulatory Allocations), the Regulatory Allocations (and anticipated future Regulatory Allocations) shall be taken into account in allocating other items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocation of other items and the Regulatory Allocations to each Member should be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred. This Section 4.2(i) is intended to minimize to the extent possible and to the extent necessary any economic distortions which may result from application of the Regulatory Allocations and shall be interpreted in a manner consistent therewith.
- (j) Items of income, gain, loss, expense or credit resulting from a Covered Audit Adjustment shall be allocated to the Members in accordance with the applicable provisions of the Partnership Tax Audit Rules, as reasonably determined by the Managing Member.

Section 4.3 **Allocations for Tax Purposes in General.**

- (a) Except as otherwise provided in this Section 4.3, each item of income, gain, loss, deduction and credit of the Company for U.S. federal income tax purposes shall be allocated among the Members in the same manner as such item is allocated under Section 4.1 and Section 4.2.
- (b) In accordance with Section 704(c) of the Code and the Treasury Regulations thereunder (including the Treasury Regulations applying the principles of Section 704(c) of the Code to changes in Gross Asset Values), items of income, gain, loss and deduction with respect to any Company property having a Gross Asset Value that differs from such property's adjusted U.S. federal income tax basis shall, solely for U.S. federal income tax purposes, be allocated among the Members to account for any such difference using such method or methods determined by the Managing Member to be appropriate and in accordance with the applicable Treasury Regulations; *provided*, that the Managing Member will, to the greatest

extent possible, use the “traditional method with curative allocations,” with the curative allocations applied only to sale gain, under Treasury Regulations Section 1.704-3(c) with respect to the assets owned by the Company immediately following the date hereof.

- (c) Any (i) recapture of Depreciation or any other item of deduction shall be allocated, in accordance with Treasury Regulations Sections 1.1245-1(e) and 1.1254-5, to the Members who received the benefit of such deductions to the maximum extent permissible by Law, and (ii) recapture of grants or credits shall be allocated to the Members in accordance with applicable Law.
- (d) Tax credits of the Company shall be allocated among the Members as provided in Treasury Regulation Sections 1.704-1(b)(4)(ii) and 1.704-1(b)(4)(viii).
- (e) Allocations pursuant to this Section 4.3 are solely for purposes of U.S. federal, state and local taxes and shall not affect or in any way be taken into account in computing any Member’s Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.
- (f) If, as a result of an exercise of a noncompensatory option to acquire an interest in the Company, a Capital Account reallocation is required under Treasury Regulations Section 1.704-1(b)(2)(iv)(s)(3), the Company shall make corrective allocations pursuant to Treasury Regulations Section 1.704-1(b)(4)(x).

Section 4.4 **Other Allocation Rules.**

- (a) The Members are aware of the income tax consequences of the allocations made by this Article IV and the economic impact of the allocations on the amounts receivable by them under this Agreement. The Members hereby agree to be bound by the provisions of this Article IV in reporting their share of Company income and loss for income tax purposes.
- (b) The provisions regarding the establishment and maintenance for each Member of a Capital Account as provided by Section 3.4 and the allocations set forth in Section 4.1, Section 4.2, and Section 4.3 are intended to comply with the Treasury Regulations and to reflect the intended economic entitlement of the Members. If the Managing Member determines that the application of the provisions in Section 3.4, Section 4.1, Section 4.2, or Section 4.3 would result in non-compliance with the Treasury Regulations or would be inconsistent with the intended economic entitlement of the Members, the Managing Member is authorized to make any appropriate adjustments to such provisions.
- (c) All items of income, gain, loss, deduction and credit allocable to an interest in the Company that may have been Transferred shall be allocated between the Transferor and the Transferee in accordance with a method determined by the Managing Member and permissible under Section 706 of the Code and the Treasury Regulations thereunder.

- (d) The Members' proportionate shares of the "excess nonrecourse liabilities" of the Company, within the meaning of Treasury Regulations Section 1.752-3(a)(3), shall be allocated to the Members on a *pro rata* basis, in accordance with the number of Units owned by each Member unless otherwise determined by the Managing Member.

ARTICLE V

DISTRIBUTIONS

Section 5.1 **Distributions.**

- (a) **Distributions.** To the extent permitted by applicable Law and hereunder, and except as otherwise provided in Section 10.2, distributions to Members may be declared by the Managing Member out of funds legally available therefor in such amounts and on such terms (including the payment dates of such distributions) as the Managing Member shall determine using such record date as the Managing Member may designate; any such distribution shall be made to the Members as of the close of business on such record date on a *pro rata* basis (provided that repurchases or redemptions made in accordance with Section 3.1(f), Section 3.6, or payments made in accordance with Section 6.2 or Section 6.7 need not be on a *pro rata* basis), in accordance with the number of Units owned by each Member as of the close of business on such record date; *provided, however*, that the Managing Member shall have the obligation to make distributions as set forth in Section 5.2 and Section 10.2(b)(iii). Promptly following the designation of a record date and the declaration of a distribution pursuant to this Section 5.1, the Managing Member shall give notice to each Member of the record date, the amount and the terms of the distribution and the payment date thereof.
- (b) **Successors.** For purposes of determining the amount of distributions, each Member shall be treated as having made the Capital Contributions and as having received the distributions made to or received by its predecessors in respect of any of such Member's Units.
- (c) **Distributions In-Kind.** Except as otherwise provided in this Agreement, any distributions may be made in cash or in kind, or partly in cash and partly in kind, as determined by the Managing Member. Except for repurchases or redemptions made in accordance with Section 3.1(f), Section 3.6, or payments made in accordance with Section 6.2 or Section 6.7, in the event of any distribution of (i) property in kind or (ii) both cash and property in kind, each Member shall be distributed its proportionate share of any such cash so distributed and its proportionate share of any such property so distributed in kind (based on the Fair Market Value of such property). To the extent that the Company distributes property in-kind to the Members, the Company shall be treated as making a distribution equal to the Fair Market Value of such property for purposes of Section 5.1(a) and such property shall be treated as if it were sold for an amount equal to

its Fair Market Value. Any resulting gain or loss shall be allocated to the Member's Capital Accounts in accordance with Section 4.1 and Section 4.2.

Section 5.2 **Tax-Related Distributions.** The Company shall, subject to any restrictions contained in any agreement to which the Company is bound, make distributions (each, a "**Tax-Related Distribution**") out of legally available funds to all Members, (a) on a *pro rata* basis, in accordance with the number of Units owned by each Member, at such times and in such amounts as the Managing Member reasonably determines is necessary (taking into account any distributions reasonably expected to be made pursuant to Section 5.1(a)), but only to the extent reasonably contemporaneously with such Tax-Related Distribution), to enable the PubCo Holdings Group to timely satisfy its Tax-Related Liabilities, and (b) for any tax period (or portion of a period) prior to a Public Offering, at the request of Q Power or any of its Permitted Transferees, after all Tax-Related Distributions have been made pursuant to clause (a), additional disproportionate distributions shall be made in a manner and in such amounts to each of the Members as reasonably determined by the Managing Member to enable each Member to satisfy its Tax-Related Liabilities.

Section 5.3 **Distribution Upon Withdrawal.** No withdrawing Member shall be entitled to receive any distribution or the value of such Member's Interest in the Company as a result of withdrawal from the Company prior to the liquidation of the Company, except as specifically provided in this Agreement.

ARTICLE VI

MANAGEMENT

Section 6.1 **The Managing Member; Fiduciary Duties.**

- (a) PubCo shall be the sole managing member of the Company (the "**Managing Member**"). Except as otherwise required by Law, (i) the Managing Member shall have full and complete charge of all affairs of the Company, (ii) the management and control of the Company's business activities and operations shall rest exclusively with the Managing Member, and the Managing Member shall make all decisions regarding the business, activities and operations of the Company (including the incurrence of costs and expenses) without the consent of any other Member, and (iii) the Members other than the Managing Member (in their capacity as such) shall not participate in the control, management, direction or operation of the activities or affairs of the Company and shall have no power to act for or bind the Company.
- (b) Except as otherwise provided herein, in connection with the performance of its duties as the Managing Member of the Company, the Managing Member acknowledges that it will owe to the Members the same fiduciary duties as it would owe to the stockholders of a Delaware corporation under the DGCL if it were a member of the board of directors of such a corporation and the Members were stockholders of such corporation; *provided*, that all Members acknowledge and agree that the Managing Member shall owe no fiduciary or other duty to any Member where this Agreement provides that the Managing Member may act or

otherwise proceed in its sole discretion. The Members further acknowledge that the Managing Member will take action through the Board and that the members of the Board will owe comparable fiduciary duties to the stockholders of PubCo.

Section 6.2 **Indemnification; Exculpation.**

- (a) The Company shall indemnify and hold harmless, to the fullest extent permitted by applicable Law as it presently exists or may hereafter be amended (provided, that no such amendment shall limit a Covered Person's rights to indemnification hereunder with respect to any actions or events occurring prior to such amendment), any person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**") by reason of the fact that such Person (or a Person for whom such Person is the legal representative or a director, officer or employee) is or was a Person entitled to indemnification under the Existing LLC Agreement, or is a Member, or acting as the Managing Member or Company Representative of the Company or, while being a Person entitled to indemnification under the Existing LLC Agreement, a Member, or acting as the Managing Member or Company Representative of the Company, is or was serving at the request of the Company as a member, director, officer, trustee, employee or agent of another limited liability company or of a corporation, partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (each of the Persons referred to above in this Section 6.2(a) being referred to as a "**Covered Person**"), whether the basis of such Proceeding is alleged action or failure of action in an official capacity as a member, director, officer, trustee, employee or agent, or in any other capacity while serving as a member, director, officer, trustee, employee or agent, against all costs, expenses (including reasonable attorneys' fees), Liability and loss incurred or suffered by such Covered Person in connection with such Proceeding, unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of such act or omission, and taking into account the acknowledgements and agreements set forth in this Agreement, such Covered Person breached the terms of this Agreement or any duties owed to the Company or the Members. The Company shall, to the fullest extent not prohibited by applicable Law as it presently exists or may hereafter be amended (provided, that no such amendment shall limit a Covered Person's rights to indemnification hereunder with respect to any actions or events occurring prior to such amendment), pay the costs and expenses (including reasonable attorneys' fees) incurred by a Covered Person in defending any Proceeding in advance of its final disposition; *provided, however*, that to the extent required by applicable Law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined by final judicial decision from which there is no further right to appeal that the Covered Person is not entitled to be indemnified under this Section 6.2(a) or otherwise. The rights to indemnification and advancement of expenses under this Section 6.2(a) shall be Contract rights and such rights shall continue as to a Covered

Person who has ceased to be a member, director, officer, trustee, employee or agent and shall inure to the benefit of his heirs, executors and administrators. Notwithstanding the foregoing provisions of this Section 6.2(a), except for Proceedings to enforce rights to indemnification and advancement of expenses, the Company shall indemnify and advance expenses to a Covered Person in connection with a Proceeding (or part thereof) initiated by such Covered Person only if such Proceeding (or part thereof) was authorized by the Managing Member. If this Section 6.2(a) or any portion of this Section 6.2(a) shall be invalidated on any ground by a court of competent jurisdiction the Company shall nevertheless indemnify each Covered Person as to expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement with respect to any action, suit, proceeding or investigation, whether civil, criminal or administrative, including a grand jury proceeding or action or suit brought by or in the right of the Company, to the full extent permitted by any applicable portion of this Section 6.2(a) that shall not have been invalidated.

- (b) Subject to other applicable provisions of this Section 6.2, to the fullest extent permitted by applicable Law, the Covered Persons shall not be liable to the Company, any Subsidiary, any director, any Member or any holder of any equity interest in any Subsidiary by virtue of being a Covered Person or for any acts or omissions in their capacity as a Covered Person or otherwise in connection with the Company, this Agreement or the business and affairs of the Company and its Subsidiaries unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such losses or Liabilities were the result of conduct in which such Covered Person breached the terms of this Agreement or any duties owed to the Company or the Members.

Section 6.3 **Maintenance of Insurance or Other Financial Arrangements.** In compliance with applicable Law, the Company (with the approval of the Managing Member) may purchase and maintain insurance or make other financial arrangements on behalf of any Person who is or was a Member, employee or agent of the Company, or at the request of the Company is or was serving as a manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, for any Liability asserted against such Person and Liability and expenses incurred by such Person in such Person's capacity as such, or arising out of such Person's status as such, whether or not the Company has the authority to indemnify such Person against such Liability and expenses.

Section 6.4 **Resignation or Termination of Managing Member.** PubCo (or its successor, as applicable) shall not, by any means, resign as, cease to be or be replaced as Managing Member except in compliance with this Section 6.4. No termination or replacement of PubCo (or its successor, as applicable) as Managing Member shall be effective unless proper provision is made, in compliance with this Agreement, so that the obligations of PubCo, its successor (if applicable) and any new Managing Member and the rights of all Members under this Agreement and applicable Law remain in full force and effect. No appointment of a Person other than PubCo (or its successor, as applicable) as Managing Member shall be effective unless PubCo (or its successor, as applicable) and the new Managing Member (as applicable) provide all other Members with contractual rights, directly enforceable by such other Members against PubCo (or

its successor, as applicable) and the new Managing Member (as applicable), to cause (a) PubCo (or its successor, as applicable) to comply with all of PubCo's or such member's obligations under this Agreement (including its obligations under [Section 3.6](#)) other than those that must necessarily be taken in its capacity as Managing Member and (b) the new Managing Member to comply with all of the Managing Member's obligations under this Agreement.

Section 6.5 **No Inconsistent Obligations.** The Managing Member represents that it does not have any contracts, other agreements, duties or obligations that are inconsistent with its duties and obligations (whether or not in its capacity as Managing Member) under this Agreement and covenants that, except as permitted by [Section 6.1](#), it will not enter into any contracts or other agreements or undertake or acquire any other duties or obligations that are inconsistent with such duties and obligations.

Section 6.6 **Reclassification Events of PubCo.** If a Reclassification Event occurs, the Managing Member or its successor, as the case may be, shall amend this Agreement in compliance with [Section 11.1](#), and enter into supplementary or additional agreements, to ensure that, following the effective date of the Reclassification Event: (i) the Redemption Right of holders of Common Units set forth in [Section 3.6](#) provide that each Unit (together with the surrender and delivery of one Voting Share) is redeemable for the same amount and same type of property, securities or cash (or combination thereof) that one Common Share becomes exchangeable for or converted into as a result of the Reclassification Event, and (ii) PubCo or the successor to PubCo, as applicable, is obligated to deliver such property, securities or cash upon such Redemption. PubCo shall not consummate or agree to consummate any Reclassification Event unless the successor Person, if any, becomes obligated to comply with the obligations of PubCo (in whatever capacity) under this Agreement.

Section 6.7 **Certain Costs and Expenses.** The Company shall (i) pay, or cause to be paid, all costs, fees, operating expenses and other expenses of the Company and its Subsidiaries (including the costs, fees and expenses of attorneys, accountants or other professionals and the compensation of all personnel providing services to the Company and its Subsidiaries) incurred in pursuing and conducting, or otherwise related to, the activities of the Company and (ii) reimburse the Managing Member for any costs, fees or expenses incurred by it in connection with serving as the Managing Member. To the extent that the Managing Member determines that such expenses are related to the business and affairs of the Managing Member that are conducted through the Company or its Subsidiaries (including expenses that relate to the business and affairs of the Company or its Subsidiaries and that also relate to other activities of any member of the PubCo Holdings Group), the Managing Member may cause the Company to pay or bear all expenses of the PubCo Holdings Group; *provided* that the Company shall not pay or bear any income tax obligations of any member of the PubCo Holdings Group or any obligations of any member of the PubCo Holdings Group pursuant to the TRA or any Subsequent TRA. If (i) Equity Securities of PubCo are sold to underwriters in any Public Offering at a price per share that is lower than the price per share for which such Equity Securities of PubCo are sold to the public in such Public Offering after taking into account any Discounts and (ii) the proceeds from such Public Offering are not used to fund the Cash Election Amount for any redeemed Units but are instead contributed to the Company, the Company shall reimburse the applicable member of the PubCo Holdings Group for such Discount by treating such Discount as an additional Capital Contribution made by such member of the PubCo Holdings Group to the Company in respect of Equity Securities

pursuant to Section 3.1(e), and increasing the Capital Account of such member of the PubCo Holdings Group by the amount of such Discount. Any payments made to or on behalf of any member of the PubCo Holdings Group pursuant to this Section 6.7 shall not be treated as a distribution pursuant to Section 5.1(a) but shall instead be treated as an expense of the Company.

ARTICLE VII

ROLE OF MEMBERS

Section 7.1 Rights or Powers.

- (a) Other than the Managing Member, the Members, acting in their capacity as Members, shall not have any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way. Notwithstanding the foregoing, the Members have all the rights and powers specifically set forth in this Agreement and, to the extent not inconsistent with this Agreement, in the Act. A Member, any Affiliate thereof or an employee, stockholder, agent, director or officer of a Member or any Affiliate thereof, may also be an employee or be retained as an agent of the Company. The existence of these relationships and acting in such capacities will not result in the Member (other than the Managing Member) being deemed to be participating in the control of the business of the Company or otherwise affect the limited liability of the Member. Except as specifically provided herein, a Member (other than the Managing Member) shall not, in its capacity as a Member, take part in the operation, management or control of the Company's business, transact any business in the Company's name or have the power to sign documents for or otherwise bind the Company.
- (b) The Company shall promptly (but in any event within 3 Business Days) notify the Members in writing if, to the Company's knowledge, for any reason, it would be an "investment company" within the meaning of the Investment Company Act, but for the exceptions provided in Section 3(c)(1) or 3(c)(7) thereunder.

Section 7.2 Voting.

- (a) Meetings of the Members may be called upon the written request of the Managing Member or Members holding at least 50% of the outstanding Units. Such request shall state the location of the meeting and the nature of the business to be transacted at the meeting. Written notice of any such meeting shall be given to all Members not less than 2 Business Days and not more than 30 days prior to the date of such meeting. Members may vote in person, by proxy or by telephone at any meeting of the Members and may waive advance notice of such meeting. Whenever the vote or consent of Members is permitted or required under this Agreement, such vote or consent may be given at a meeting of the Members or may be given in accordance with the procedure prescribed in this Section 7.2. Except as otherwise expressly provided in this Agreement, the affirmative vote of the Members holding a majority of the outstanding Units shall constitute the act of the Members.

- (b) Each Member may authorize any Person or Persons to act for it by proxy on all matters in which such Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by such Member or its attorney-in-fact. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.
- (c) Each meeting of Members shall be conducted by the Managing Member or such individual Person as the Managing Member deems appropriate.
- (d) Any action required or permitted to be taken by the Members may be taken without a meeting if the requisite Members whose approval is necessary consent thereto in writing.

Section 7.3 **Various Capacities.** The Members acknowledge and agree that the Members or their Affiliates will from time to time act in various capacities, including as a Member and as the Company Representative.

Section 7.4 **Investment Opportunities.**

- (a) To the fullest extent permitted by applicable Law, the doctrine of corporate opportunity, or any analogous doctrine, shall not apply to any Member, any of their respective Affiliates (other than the Company, the Managing Member or any of their respective Subsidiaries), or any of their respective officers, directors, agents, shareholders, members, and partners (each, a “**Business Opportunities Exempt Party**”). The Company renounces any interest or expectancy of the Company in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to any Business Opportunities Exempt Party. No Business Opportunities Exempt Party who acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Company or any of its Subsidiaries shall have any duty to communicate or offer such opportunity to the Company. No amendment or repeal of this Section 7.4 shall apply to or have any effect on the liability or alleged liability of any Business Opportunities Exempt Party for or with respect to any opportunities of which any such Business Opportunities Exempt Party becomes aware prior to such amendment or repeal. Any Person purchasing or otherwise acquiring any interest in any Units shall be deemed to have notice of and consented to the provisions of this Section 7.4. Neither the alteration, amendment or repeal of this Section 7.4, nor the adoption of any provision of this Agreement inconsistent with this Section 7.4, shall eliminate or reduce the effect of this Section 7.4 in respect of any business opportunity first identified or any other matter occurring, or any cause of action, suit or claim that, but for this Section 7.4, would accrue or arise, prior to such alteration, amendment, repeal or adoption.

ARTICLE VIII

TRANSFERS OF INTERESTS

Section 8.1 **Restrictions on Transfer.**

- (a) Except as provided in Section 3.6 or this Article VIII, no Member shall Transfer all or any portion of its Interest without the Managing Member's prior written consent, which consent shall be granted or withheld in the Managing Member's sole discretion. If all or any portion of a Member's Interests are Transferred in violation of this Section 8.1(a), involuntarily, by operation of law or otherwise, then without limiting any other rights and remedies available to the other parties under this Agreement or otherwise, the Transferee of such Interest (or portion thereof) shall not be admitted to the Company as a Member or be entitled to any rights as a Member hereunder, and the Transferor will continue to be bound by all obligations hereunder. Any attempted or purported Transfer of all or a portion of a Member's Interests in violation of this Section 8.1(a) shall be null and void and of no force or effect whatsoever. The restrictions on Transfer contained in this Article VIII shall not apply to the Transfer of any capital stock of PubCo; except that in no circumstance may Voting Shares be Transferred unless a corresponding number of Common Units are Transferred to the same Person and in no circumstance may Common Units may be Transferred unless a corresponding number of Voting Shares are also Transferred to the same Person.
- (b) In addition to any other restrictions on Transfer herein contained, in no event may any Transfer or assignment of Equity Securities in the Company by any Member be made (i) to any Person who lacks the legal right, power or capacity to own Equity Securities in the Company; (i) if the Managing Member reasonably determines such Transfer (A) would be considered to be effected on or through an "established securities market" or a "secondary market or the substantial equivalent thereof," as such terms are used in Treasury Regulations Section 1.7704-1, (B) would result in the Company having more than one hundred (100) partners, within the meaning of Treasury Regulations Section 1.7704-1(h)(1)(ii) (determined taking into account the rules of Treasury Regulations Section 1.7704-1(h)(3)), or (C) would cause the Company to be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code or a successor provision or otherwise become taxable as a corporation under the Code; (i) if such Transfer would cause the Company to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(e)(2) of the Code); (i) if such Transfer would, in the opinion of counsel to the Company, cause any portion of the assets of the Company to constitute assets of any employee benefit plan pursuant to the Plan Asset Regulations or otherwise cause the Company to be subject to regulation under ERISA; (i) if such Transfer requires the registration of any Equity Securities issued upon any exchange of any Equity Securities, pursuant to any applicable U.S. federal or state securities Laws; or (i) if such Transfer subjects the Company to regulation under the Investment Company Act or the Investment Advisors Act of 1940, each

as amended (or any succeeding Law). Any attempted or purported Transfer of all or a portion of a Member's Interests in violation of this Section 8.1(b) shall be null and void and of no force or effect whatsoever.

- (c) Notwithstanding the provisions in Section 8.1(a), but subject to the other provisions in this Article VIII, Q Power and its Affiliates may Transfer all or a portion of their Equity Securities in the Company to any Permitted Transferee or their respective members or holders of Equity Securities without the consent of any other Member or Person.
- (d) A Member making a Transfer (including a deemed Transfer for U.S. federal income tax purposes as described in Section 3.6(g)) permitted by this Agreement shall, unless otherwise determined by the Managing Member, (i) at least 10 Business Days before such Transfer, have delivered to the Company and the Transferee an affidavit of non-foreign status with respect to such Transferor that satisfies the requirements of Section 1446(f)(2) of the Code or other documentation establishing a valid exemption from withholding pursuant to Section 1446(f) of the Code or (ii) contemporaneously with such Transfer, properly withhold and remit to the Internal Revenue Service the amount of tax required to be withheld upon the Transfer by Section 1446(f) of the Code (and provide evidence to the Company of such withholding and remittance promptly thereafter).

Section 8.2 **Notice of Transfer.** Other than in connection with Transfers made pursuant to Section 3.6, each Member shall, no later than 3 Business Days following any Transfer of Equity Securities in the Company, give written notice to the Company of such Transfer. Each such notice shall describe the manner and circumstances of the Transfer.

Section 8.3 **Transferee Members.** A Transferee of Equity Securities in the Company pursuant to this Article VIII shall have the right to become a Member only if (a) the requirements of this Article VIII are met, (b) such Transferee executes an instrument reasonably satisfactory to the Managing Member agreeing to be bound by the terms and provisions of this Agreement and assuming all of the Transferor's then existing and future Liabilities arising under or relating to this Agreement, (c) such Transferee represents that the Transfer was made in accordance with all applicable securities Laws and such other customary representations as determined by the Managing Member, (d) the Transferor or Transferee shall have reimbursed the Company for all reasonable expenses (including attorneys' fees and expenses) of any Transfer or proposed Transfer of all or a portion of a Member's Interest, whether or not consummated, and (e) if such Transferee or his or her spouse is a resident of a community property jurisdiction, then such Transferee's spouse shall also execute an instrument reasonably satisfactory to the Managing Member agreeing to be bound by the terms and provisions of this Agreement to the extent of his or her community property or quasi-community property interest, if any, in such Member's Interest. Unless agreed to in writing by the Managing Member, the admission of a Member shall not result in the release of the Transferor from any Liability that the Transferor may have to each remaining Member or to the Company under this Agreement or any other Contract between the Managing Member, the Company or any of its Subsidiaries, on the one hand, and such Transferor or any of its Affiliates, on the other hand. Written notice of the admission of a Member shall be sent promptly by the Company to each remaining Member.

Section 8.4 **Legend.** Each certificate representing a Unit, if any, will be stamped or otherwise imprinted with a legend in substantially the following form:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

THESE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SUCH ACT.

THE TRANSFER AND VOTING OF THESE SECURITIES IS SUBJECT TO THE CONDITIONS SPECIFIED IN THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF STRONGHOLD DIGITAL MINING HOLDINGS LLC DATED AS OF APRIL 1, 2021 AMONG THE MEMBERS LISTED THEREIN, AS IT MAY BE AMENDED, SUPPLEMENTED OR RESTATED FROM TIME TO TIME, AND NO TRANSFER OF THESE SECURITIES WILL BE VALID OR EFFECTIVE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. COPIES OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE ISSUER OF SUCH SECURITIES.”

ARTICLE IX

ACCOUNTING; CERTAIN TAX MATTERS

Section 9.1 **Books of Account.** The Company shall, and shall cause each Subsidiary of the Company to, maintain true books and records of account in which full and correct entries shall be made of all its business transactions pursuant to a system of accounting established and administered in accordance with GAAP, and shall set aside on its books all such proper accruals and reserves as shall be required under GAAP.

Section 9.2 **Partnership Continuation.** Upon completion of the Transactions, the Members and the Company agree to treat the Company as a continuation of the Prior Partnership for U.S. federal (and applicable state and local) income tax purposes and to take no position inconsistent therewith except to the extent required by Law. In accordance with the foregoing, the Company shall use the U.S. employer identification number used by the Prior Partnership immediately prior to the Transactions.

Section 9.3 **Tax Elections.**

- (a) The Company and any eligible Subsidiary of the Company (i) shall make an election (or continue a previously made election) pursuant to Section 754 of the Code (and any similar provisions of applicable U.S. state or local law) for the taxable year of the Company that includes the date hereof and shall not thereafter revoke such election and (ii) shall use commercially reasonable efforts to ensure that any entity in which the Company holds a direct or indirect interest that is treated

as a partnership for U.S. federal income tax purposes that does not meet the definition of “Subsidiary” herein, will have in effect an election pursuant to Section 754 of the Code (and under any similar provisions of applicable U.S. state or local law). In addition, the Company shall make, to the extent not previously made by the Prior Partnership, the following elections on the appropriate forms or tax returns, if permitted under the Code or applicable Law:

- (i) to adopt the calendar year as the Company’s Fiscal Year;
 - (ii) to adopt the accrual method of accounting for U.S. federal income tax purposes;
 - (iii) to elect to amortize the organizational expenses of the Company as permitted by Section 709(b) of the Code;
 - (iv) except where the Managing Member elects to apply Section 9.6(e), to make an election under Section 6226(a) of the Code, commonly known as the “push out” election, or any analogous election under state or local tax law, if applicable; and
 - (v) except as otherwise provided herein, any other election the Managing Member may in Good Faith deem appropriate.
- (b) Upon request of the Managing Member, each Member shall cooperate in Good Faith with the Company in connection with the Company’s efforts to make any election pursuant to this Section 9.3.

Section 9.4 **Tax Returns; Information.** The Managing Member shall arrange for the preparation and timely filing of all income and other tax and informational returns of the Company. The Managing Member shall furnish to each Member a copy of each approved return and statement, together with any schedules (including Internal Revenue Service Schedule K-1) or other information that a Member may require in connection with such Member’s own tax affairs as soon as practicable. The Company shall also (a) provide each Member with an estimate of its share of the Company’s taxable income for each Fiscal Year by December 31 of such Fiscal Year, including an estimate of state and local apportionment information, (b) cause an estimated Internal Revenue Service Schedule K-1 or any successor form to be prepared and delivered to the Members within 90 days after the end of each Fiscal Year, including any appropriate state and local apportionment information, and (c) deliver or cause to be delivered to the Members a final Internal Revenue Service Schedule K-1, including any appropriate state and local apportionment information, as soon as practicable, but in any event, at least 45 days prior the due date for such return (including any extensions). Each Member agrees to (a) take all actions reasonably requested by the Company or the Company Representative to comply with the Partnership Tax Audit Rules, including where applicable, filing amended returns as provided in Sections 6225 or 6226 of the Code and providing confirmation thereof to the Company Representative and (b) furnish to the Company (i) all reasonably requested certificates or statements relating to the tax matters of the Company (including an affidavit of non-foreign status pursuant to Section 1446(f)(2) of the Code), and (ii)

all pertinent information in its possession relating to the Company's operations that is reasonably necessary to enable the Company's tax returns to be prepared and timely filed.

Section 9.5 **Company Representative.** The Managing Member is specially authorized and appointed to act as the Company Representative and in any similar capacity under state or local Law. The Company Representative shall designate a "designated individual" in accordance with Treasury Regulations Section 301.6223-1(b)(3). The Company and the Members (including any Member designated as the Company Representative prior to the date hereof) shall cooperate fully with each other and shall use reasonable best efforts to cause the Managing Member (or any other Person subsequently designated) to become the Company Representative with respect to any taxable period of the Company with respect to which the statute of limitations has not yet expired, including (as applicable) by filing certifications pursuant to Treasury Regulations Section 301.6231(a)(7)-1(d). In acting as Company Representative, the Managing Member shall act, to the maximum extent possible, to cause income, gain, loss, deduction, and credit of the Company, and adjustments thereto, to be allocated or borne by the Members in the same manner as such items or adjustments would have been borne if the Company could have effectively made an election under Section 6221(b) of the Code (commonly known as the "election out") or similar state or local provision with respect to the taxable period at issue. The Company Representative may retain, at the Company's expense, such outside counsel, accountants and other professional consultants as it may reasonably deem necessary in the course of fulfilling its obligations as Company Representative.

Section 9.6 **Withholding Tax Payments and Obligations.**

- (a) **Withholding Tax Payments.** Each of the Company and its Subsidiaries may withhold from distributions, allocations or portions thereof if it is required to do so by any applicable Law, and each Member hereby authorizes the Company and its Subsidiaries to withhold or pay on behalf of or with respect to such Member, any amount of U.S. federal, state or local or non-U.S. taxes that the Managing Member determines, in Good Faith, that the Company or any of its Subsidiaries is required to withhold or pay with respect to any amount distributable or allocable to such Member pursuant to this Agreement.
- (b) **Allocation of Tax Payments.** To the extent that any tax is paid by (or withheld from amounts payable to) the Company or any of its Subsidiaries and the Managing Member determines, in Good Faith, that such tax (including any Company Level Tax) specifically relates to one or more particular Members, such tax shall be treated as an amount of tax withheld or paid with respect to such Member pursuant to this Section 9.6. Any determinations made by the Managing Member pursuant to this Section 9.6 shall be binding on the Members.
- (c) **Tax Contribution and Indemnity Obligation.** Any amounts withheld or paid with respect to a Member pursuant to Section 9.6(a) or Section 9.6(b) (other than the payment of Company Level Taxes) shall be offset against any distributions to which such Member is entitled concurrently with such withholding or payment (a "**Tax Offset**"); *provided* that the amount of any distribution subject to a Tax Offset shall be treated as having been distributed to such Member pursuant to Section 5.1

or Section 10.2(b)(iii) at the time such Tax Offset is made. To the extent that (i) the amount of such Tax Offset exceeds the distributions to which such Member is entitled concurrently with such withholding or payment (an “**Excess Tax Amount**”), or (ii) there is a payment of Company Level Taxes relating to a Member, the amount of such (A) Excess Tax Amount or (B) Company Level Taxes, as applicable, shall, upon notification to such Member by the Managing Member, give rise to an obligation of such Member to make a Capital Contribution to the Company (a “**Tax Contribution Obligation**”), which Tax Contribution Obligation shall be immediately due and payable. If a Member defaults with respect to its Tax Contribution Obligation, the Company shall be entitled to offset the amount of a Member’s Tax Contribution Obligation against distributions to which such Member would otherwise be subsequently entitled until the full amount of such Tax Contribution Obligation has been contributed to the Company or has been recovered through offset against distributions and, any such offset shall be treated as distributed to such Member pursuant to Section 5.1 or Section 10.2(b), as applicable, at the time such offset is made for purposes of this Agreement. To the extent the Managing Member determines it is appropriate for purposes of properly maintaining Capital Accounts, (x) any payment by a Member with respect to such Member’s Tax Contribution Obligation shall increase such Member’s Capital Account, but shall not reduce the amount (if any) that a Member is otherwise obligated to contribute to the Company, and (y) any recovery of such Tax Contribution Obligation through an offset against distributions to such Member shall not reduce such Member’s Capital Account by the amount of such offset. Each Member hereby unconditionally and irrevocably grants to the Company a security interest in such Member’s Units to secure such Member’s obligation to pay the Company any amounts required to be paid pursuant to this Section 9.6. Each Member shall take such actions as the Company may reasonably request in order to perfect or enforce the security interest created hereunder. Each Member hereby agrees to indemnify and hold harmless the Company, the other Members, the Company Representative and the Managing Member from and against any Liability (including any Liability for Company Level Taxes) with respect to income attributable to or distributions or other payments to such Member.

- (d) Continued Obligations of Former Members. Any Person who ceases to be a Member shall be deemed to be a Member solely for purposes of this Section 9.6, and the obligations of a Member pursuant to this Section 9.6 shall survive until 30 days after the closing of the applicable statute of limitations on assessment with respect to the taxes withheld or paid by the Company or a Subsidiary that relate to the period during which such Person was actually a Member. If the Managing Member determines in its sole discretion that seeking indemnification for Company Level Taxes from a former Member is not practicable, or that seeking such indemnification failed, then, in either case, the Managing Member may (i) recover any Liability for Company Level Taxes from the substituted Member that acquired directly or indirectly the applicable interest in the Company from such former Member or (ii) treat such Liability for Company Level Taxes as a Company expense.

- (e) Managing Member Discretion Regarding Recovery of Taxes. Notwithstanding the foregoing, the Managing Member may choose not to recover an amount of Company Level Taxes or other taxes withheld or paid with respect to a Member under this Section 9.6 to the extent that there are no distributions to which such Member is entitled that may be offset by such amounts if the Managing Member determines, in its reasonable discretion, that such a decision would be in the best interests of the Members (e.g., where the cost of recovering the amount of taxes withheld or paid with respect to such Member is not justified in light of the amount that may be recovered from such Member).

ARTICLE X

DISSOLUTION AND TERMINATION

Section 10.1 **Liquidating Events**. The Company shall dissolve and commence winding up and liquidating upon the first to occur of the following (each, a “**Liquidating Event**”):

- (a) the sale of all or substantially all of the assets of the Company; and
- (b) the determination of the Managing Member to dissolve, wind up, and liquidate the Company.

The Members hereby agree that the Company shall not dissolve prior to the occurrence of a Liquidating Event and that no Member shall seek a dissolution of the Company, under Section 18-802 of the Act or otherwise, other than based on the matters set forth in subsections (a) and (b) above. If it is determined by a court of competent jurisdiction that the Company has dissolved prior to the occurrence of a Liquidating Event, the Members hereby agree to continue the business of the Company without a winding up or liquidation. In the event of a dissolution pursuant to Section 10.1(b), the relative economic rights of each class of Units immediately prior to such dissolution shall be preserved to the greatest extent practicable with respect to distributions made to Members pursuant to Section 10.2 in connection with such dissolution, taking into consideration tax and other legal constraints that may adversely affect one or more parties to such dissolution and subject to compliance with applicable Laws and regulations, unless, with respect to any class of Units, holders of a majority of the Units of such class consent in writing to a treatment other than as described above.

Section 10.2 **Procedure**.

- (a) In the event of the dissolution of the Company for any reason, the Managing Member or such other Person as is designated by the Managing Member (“**Winding-Up Member**”) shall commence to wind up the affairs of the Company and, subject to Section 10.3(a), such Winding-Up Member shall have full right and unlimited discretion to determine in Good Faith the time, manner and terms of any sale or sales of the Property or other assets pursuant to such liquidation, having due regard to the activity and condition of the relevant market and general financial and economic conditions. The Members shall continue to share profits, losses and distributions during the period of liquidation in the same manner and proportion as

though the Company had not dissolved. The Company shall engage in no further business except as may be necessary, in the reasonable discretion of the Managing Member or the Winding-Up Member, as applicable, to preserve the value of the Company's assets during the period of dissolution and liquidation.

- (b) Following the payment of all expenses of liquidation and the allocation of all Profits and Losses as provided in Article IV, the proceeds of the liquidation and any other funds of the Company shall be distributed in the following order of priority:
- (i) first, to the payment and discharge of all of the Company's debts and Liabilities to creditors (whether third parties or Members), in the order of priority as provided by Law, except any obligations to the Members in respect of their Capital Accounts;
 - (ii) second, to set up such cash reserves which the Managing Member reasonably deems necessary for contingent or unforeseen Liabilities or future payments described in Section 10.2(b)(i) (which reserves when they become unnecessary shall be distributed in accordance with the provisions of subsections (iii) and (iv) below, as applicable); and
 - (iii) third, to the Members holding Preferred Units, an amount per Preferred Unit equal to \$25.00 per Preferred Unit, subject to an equitable adjustment for stock splits, stock combinations, recapitalizations and similar transactions (the "**Liquidation Preference**"), plus an amount per Preferred Unit equal to the Liquidation Preference of any additional Preferred Units that are issuable as the result of accrued, but unpaid, PIK Dividends (as defined in the PubCo Certificate) on the Preferred Shares.
 - (iv) fourth, the balance to the Members holding Common Units, *pro rata* in accordance with the number of Common Units owned by each Member.
- (c) If upon any such liquidation, dissolution or winding up, the funds and assets available for distribution to the Members of the Company shall be insufficient to pay the Members holding Preferred Units the full amount to which they are entitled under Section 10.2(b)(iii), the Members holding Preferred Units shall share ratably in any distribution of the funds and assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the Preferred Units held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.
- (d) Except as provided in Section 10.3(a), no Member shall have any right to demand or receive property other than cash upon dissolution and termination of the Company.
- (e) Upon the completion of the liquidation of the Company and the distribution of all Company funds, the Company shall terminate and the Managing Member or the Winding-Up Member, as the case may be, shall have the authority to execute and

record a certificate of cancellation of the Company, as well as any and all other documents required to effectuate the dissolution and termination of the Company.

Section 10.3 **Rights of Members.**

- (a) Each Member irrevocably waives any right that it may have to maintain an action for partition with respect to the property of the Company.
- (b) Except as otherwise provided in this Agreement, (i) each Member shall look solely to the assets of the Company for the return of its Capital Contributions and (ii) no Member shall have priority over any other Member as to the return of its Capital Contributions, distributions or allocations.

Section 10.4 **Notices of Dissolution.** If a Liquidating Event occurs or an event occurs that would, but for the provisions of Section 10.1, result in a dissolution of the Company, the Company shall, within 30 days thereafter, (a) provide written notice thereof to each of the Members and to all other parties with whom the Company regularly conducts business (as determined in the discretion of the Managing Member), and (b) comply, in a timely manner, with all filing and notice requirements under the Act or any other applicable Law.

Section 10.5 **Reasonable Time for Winding Up.** A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets in order to minimize any losses that might otherwise result from such winding up.

Section 10.6 **No Deficit Restoration.** No Member shall be personally liable for a deficit Capital Account balance of that Member, it being expressly understood that the distribution of liquidation proceeds shall be made solely from existing Company assets.

ARTICLE XI

GENERAL

Section 11.1 **Amendments; Waivers.**

- (a) The terms and provisions of this Agreement may only be waived, modified or amended (including by means of merger, consolidation or other business combination to which the Company is a party) with the approval of (y) the Managing Member and (z) if at such time the Members (other than any member of the PubCo Holdings Group) beneficially own, in the aggregate, more than 10% of the then-outstanding Units, the holders of at least 66 2/3% of the outstanding Units held by Members other than the PubCo Holdings Group; *provided* that no waiver, modification or amendment shall be effective until at least 5 Business Days after written notice is provided to the Members that the requisite consent has been obtained for such waiver, modification or amendment, and any Member, including any Member not providing written consent, shall have the right to file a Redemption Notice prior to the effectiveness of such waiver, modification or amendment; *provided further*, that no amendment to this Agreement may:

- (i) modify the limited liability of any Member, or increase the liabilities or obligations of any Member, in each case, without the consent of each such affected Member; or
 - (ii) materially alter or change any rights, preferences or privileges of any Interests in a manner that is different or prejudicial (or would have a different or prejudicial effect) relative to any other Interests, without the approval of a majority in interest of the Members holding the Interests affected in such a different or prejudicial manner
- (b) Notwithstanding the provisions of Section 11.1(a), the Managing Member, acting alone, may amend this Agreement or update the books and records of the Company (i) to reflect the admission of new Members, Transfers of Interests, the issuance of additional Equity Securities, as provided by the terms of this Agreement, and, subject to Section 11.1(a), subdivisions or combinations of Units made in compliance with Section 3.1(g), (ii) to the minimum extent necessary to comply with or administer in an equitable manner the Partnership Tax Audit Rules in any manner determined by the Managing Member, and (iii) as necessary to avoid the Company being classified as a “publicly traded partnership” within the meaning of Section 7704(b) of the Code.
- (c) No waiver of any provision or default under, nor consent to any exception to, the terms of this Agreement or any agreement contemplated hereby shall be effective unless in writing and signed by the party to be bound and then only to the specific purpose, extent and instance so provided.
- (d) Notwithstanding anything to the contrary in this Agreement, the Company shall not consummate a merger, consolidation or other combination without the consent of the holders of a majority of the Units not held by the PubCo Holdings Group.

Section 11.2 **Further Assurances.** Each party hereto agrees that it will from time to time, upon the reasonable request of another party, execute such documents and instruments and take such further action as may be required to accomplish the purposes of this Agreement.

Section 11.3 **Successors and Assigns.** All of the terms and provisions of this Agreement shall be binding upon the parties and their respective successors and assigns, but shall inure to the benefit of and be enforceable by the successors and assigns of any Member only to the extent that they are permitted successors and assigns pursuant to the terms hereof. No party hereto may assign its rights hereunder except as herein expressly permitted.

Section 11.4 **Certain Representations by Members.** Each Member (or, if such Member is disregarded for U.S. federal income tax purposes, such Member’s regarded owner for such purposes), by executing this Agreement and becoming a Member, whether by making a Capital Contribution, by admission in connection with a permitted Transfer, or otherwise, represents and warrants to the Company and the Managing Member, as of the date of its admission as a Member, that such Member is either (a) not a partnership, grantor trust, or a Subchapter S corporation for U.S. federal income tax purposes (e.g., an individual or a Subchapter C

corporation), or (b) is a partnership, grantor trust, or a Subchapter S corporation for U.S. federal income tax purposes, but (i) permitting the Company to satisfy the 100-partner limitation set forth in Treasury Regulations Section 1.7704-1(h)(1)(ii) is not a principal purpose of any beneficial owner of such Member in investing in the Company through such Member, (ii) such Member was formed for business purposes prior to or in connection with the investment by such Member in the Company or for estate planning purposes, and (iii) no beneficial owner of such Member has a redemption or similar right with respect to such Member that is intended to correlate to such Member's right to Redemption pursuant to Section 3.6.

Section 11.5 **Entire Agreement.** This Agreement, together with all Exhibits and Schedules hereto and all other agreements referenced therein and herein, including the Master Transaction Agreement, the TRA, and the Registration Rights Agreement, constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein and therein.

Section 11.6 **Rights of Members Independent.** The rights available to the Members under this Agreement and at Law shall be deemed to be several and not dependent on each other and each such right accordingly shall be construed as complete in itself and not by reference to any other such right. Any one or more or any combination of such rights may be exercised by a Member or the Company from time to time and no such exercise shall exhaust the rights or preclude another Member from exercising any one or more of such rights or combination thereof from time to time thereafter or simultaneously.

Section 11.7 **Governing Law.** This Agreement, the legal relations between the parties and any Action, whether contractual or non-contractual, instituted by any party with respect to matters arising under or growing out of or in connection with or in respect of this Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware applicable to Contracts made and performed in such State and without regard to conflicts of law doctrines, except to the extent that certain matters are preempted by federal Law or are governed as a matter of controlling Law by the Law of the jurisdiction of organization of the respective parties.

Section 11.8 **Jurisdiction and Venue.** The parties hereto hereby agree and consent to be subject to the jurisdiction of any federal court of the District of Delaware or the Delaware Court of Chancery over any action, suit or proceeding (a "**Legal Action**") arising out of or in connection with this Agreement. The parties hereto irrevocably waive the defense of an inconvenient forum to the maintenance of any such Legal Action. Each of the parties hereto further irrevocably consents to the service of process out of any of the aforementioned courts in any such Legal Action by the mailing of copies thereof by registered mail, postage prepaid, to such party at its address set forth in this Agreement, such service of process to be effective upon acknowledgment of receipt of such registered mail. Nothing in this Section 11.8 shall affect the right of any party hereto to serve legal process in any other manner permitted by law.

Section 11.9 **Headings.** The descriptive headings of the Articles, Sections and subsections of this Agreement are for convenience only and do not constitute a part of this Agreement.

Section 11.10 **Counterparts.** This Agreement and any amendment hereto or any other agreement (or document) delivered pursuant hereto may be executed in one or more counterparts and by different parties in separate counterparts. All of such counterparts shall constitute one and the same agreement (or other document) and shall become effective (unless otherwise provided therein) when one or more counterparts have been signed by each party and delivered to the other party.

Section 11.11 **Notices.** Any notice or other communication hereunder must be given in writing and (a) delivered in person, (b) transmitted by facsimile, by telecommunications mechanism or electronically, or (c) mailed by certified or registered mail, postage prepaid, receipt requested as follows:

If to the Company or the Managing Member, addressed to it at:

With copies (which shall not constitute notice) to:

or to such other address or to such other Person as either party shall have last designated by such notice to the other parties. Each such notice or other communication shall be effective (i) if given by telecommunication or electronically, when transmitted to the applicable number or electronic mail address so specified in (or pursuant to) this Section 11.11 and an appropriate answerback is received or, if transmitted after 4:00 p.m. local time on a Business Day in the jurisdiction to which such notice is sent or at any time on a day that is not a Business Day in the jurisdiction to which such notice is sent, then on the immediately following Business Day, (ii) if given by mail, on the first Business Day in the jurisdiction to which such notice is sent following the date 3 days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, on the Business Day when actually received at such address or, if not received on a Business Day, on the Business Day immediately following such actual receipt.

Section 11.12 **Representation By Counsel; Interpretation.** The parties acknowledge that each party to this Agreement has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of Law, or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived.

Section 11.13 **Severability.** If any provision of this Agreement is determined to be invalid, illegal or unenforceable by any Governmental Entity, the remaining provisions of this Agreement, to the extent permitted by Law shall remain in full force and effect; *provided* that the essential terms and conditions of this Agreement for all parties remain valid, binding and enforceable.

Section 11.14 **Expenses.** Except as otherwise provided in this Agreement, each party shall bear its own expenses in connection with the transactions contemplated by this Agreement.

Section 11.15 **Waiver of Jury Trial.** EACH OF THE COMPANY, THE MEMBERS, THE MANAGING MEMBER AND ANY INDEMNITEES SEEKING REMEDIES HEREUNDER HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE.

Section 11.16 **No Third Party Beneficiaries.** Except as expressly provided in Section 6.2 and Section 10.2(b), nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto and their respective successors and permitted assigns, any rights or remedies under this Agreement or otherwise create any third party beneficiary hereto.

[Signatures on Next Page]

IN WITNESS WHEREOF, each of the parties hereto has caused this Amended and Restated Limited Liability Company Agreement to be executed as of the date first above written.

COMPANY:

STRONGHOLD DIGITAL MINING HOLDINGS LLC, a
Delaware limited liability company

By: /s/ Gregory A. Beard

Name: Gregory A. Beard

Title: Authorized Person

SIGNATURE PAGE TO
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF
STRONGHOLD DIGITAL MINING HOLDINGS LLC

MEMBERS:

Q POWER LLC, a Delaware limited liability company

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

By: /s/ William Spence
Name: William Spence
Title: Member

STRONGHOLD DIGITAL MINING, INC., a Delaware corporation

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

SIGNATURE PAGE TO
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF
STRONGHOLD DIGITAL MINING HOLDINGS LLC

MANAGING MEMBER:

STRONGHOLD DIGITAL MINING, INC., a Delaware corporation

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

SIGNATURE PAGE TO
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF
STRONGHOLD DIGITAL MINING HOLDINGS LLC

EXHIBIT A

[Intentionally Omitted]

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this “**Agreement**”) is made and entered into as of April 1, 2021, by and among Stronghold Digital Mining, Inc., a Delaware corporation (the “**Company**”) and the investors identified on Schedule A hereto (each, including their respective successors and assigns, an “**Investor**” and collectively, the “**Investors**”).

WHEREAS, in connection with the Series A Preferred Stock Purchase Agreement by and among the parties hereto dated as of April 1, 2021 (the “**Purchase Agreement**”), the Company has agreed, upon the terms and subject to the conditions set forth in the Purchase Agreement, to issue and sell to each Investor shares of its Series A Redeemable Convertible Preferred Stock, \$0.0001 par value per share (the “**Series A Preferred Stock**”); and

WHEREAS, in accordance with the terms of the Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the “**Securities Act**”), and applicable state securities laws.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each of the Investors hereby agree as follows:

1. **Definitions.** Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement will have the respective meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms have the respective meanings set forth in this Section 1 and other terms are defined throughout this Agreement:

“**Business Day**” means a day other than Saturday, Sunday or any other day which commercial banks in New York, New York are authorized or required by law to close.

“**Commission**” means the United States Securities and Exchange Commission.

“**Effective Date**” means, as to a Registration Statement, the date on which such Registration Statement is first declared effective by the Commission.

“**Effectiveness Deadline**” means the 240th day following the Initial Closing.

“**Effectiveness Period**” means, as to any Registration Statement required to be filed pursuant to this Agreement, the period commencing on the Effective Date of such Registration Statement and ending on (a) the date that all of the Registrable Securities covered by such Registration Statement have been publicly sold by the Holders of the Registrable Securities included therein, or (b) such time as all of the Registrable Securities covered by such Registration Statement may be sold by the Holders without restriction pursuant to Rule 144 as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“Filing Deadline” means the 120th day following the Initial Closing.

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Holder” or **“Holders”** means the holder or holders, as the case may be, from time to time of Registrable Securities and, if other than an Investor, a Person to whom the rights hereunder have been properly assigned pursuant to Section 7 hereof.

“Investment Amount” means, with respect to each Investor, the Investment Amount indicated on Schedule A to the Purchase Agreement, which is also reflected on the Schedule of Investors attached hereto as Schedule A.

“New York Courts” means the state and federal courts sitting in the City of New York, Borough of Manhattan.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“Registrable Securities” means: (i) any shares of Common Stock issuable upon conversion of the Series A Preferred Stock issued to Investors pursuant to the Purchase Agreement; and (ii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event, or any price adjustment as a result of such stock splits, reverse stock splits or similar events with respect to any of the securities referenced in clause (i) above. Notwithstanding the foregoing, a security shall cease to be a Registrable Security for purposes of this Agreement from and after such time as the Holder of such security may resell such security without restriction under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company’s transfer agent and the affected Holders.

“Registration Statement” means any registration statement of the Company filed or confidentially submitted with the Commission under the Securities Act that covers the resale of Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

“Required Holders” means the Holders of a majority of the outstanding shares of Series A Preferred Stock or, if the Series A Preferred Stock has been converted into Common Stock, the Holders of a majority of the Registrable Securities.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Rule 415” means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Selling Holder Questionnaire” means the selling security holder notice and questionnaire attached as Annex B hereto.

“Trading Market” means any of the New York Stock Exchange, the NYSE American, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market, or any other national securities exchange on which the Common Stock is listed or quoted for trading on the date in question.

2. Registration.

(a) On or prior to the applicable Filing Deadline, the Company shall prepare and file or confidentially submit with the Commission a Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 (a **“Resale Shelf Registration Statement”**). The Resale Shelf Registration Statement shall be filed on Form S-1 (or on such other form appropriate for such purpose) and contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a “Plan of Distribution” in substantially the form attached hereto as Annex A. The Company shall cause the Resale Shelf Registration Statement to be declared effective under the Securities Act as soon as reasonably practicable but, in any event, no later than the Effectiveness Deadline, and shall use its reasonable best efforts to keep each such Resale Shelf Registration Statement continuously effective during its entire Effectiveness Period. By 5:00 p.m. (New York City time) on the Business Day immediately following the Effective Date of the Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 under the Securities Act the final prospectus to be used in connection with sales pursuant to such Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule).

(b) Promptly following any date on which the Company becomes eligible to use a registration statement on Form S-3 to register Registrable Securities for resale, the Company shall file a Registration Statement on Form S-3 covering all securities that are then deemed Registrable Securities (or a post-effective amendment on Form S-3 to the then effective Registration Statement) for an offering to be made on a continuous basis pursuant to Rule 415 (an “**S-3 Resale Shelf Registration Statement**”) and shall cause such S-3 Resale Shelf Registration Statement to be filed as soon as commercially reasonable and declared effective under the Securities Act as soon as reasonably possible thereafter. Such S-3 Resale Shelf Registration Statement shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such S-3 Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a “Plan of Distribution” in substantially the form attached hereto as Annex A. The Company shall use its commercially reasonable efforts to keep such S-3 Resale Shelf Registration Statement continuously effective under the Securities Act during the entire Effectiveness Period. By 5:00 p.m. (New York City time) on the Business Day immediately following the Effective Date of such S-3 Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 under the Securities Act the final prospectus to be used in connection with sales pursuant to such S-3 Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule).

(c) If: (i) the Resale Shelf Registration Statement is not filed on or prior to its Filing Deadline covering the Registrable Securities required under this Agreement to be included therein pursuant to Section 2(a), or (ii) the Resale Registration Statement is not declared effective by the Commission on or prior to the Effectiveness Deadline and the Registrable Securities are not listed on a Trading Market (any such failure or breach being referred to as an “**Event**,” and the date on which such Event occurs being referred to as “**Event Date**”), then in addition to any other rights the Investors may have hereunder or under applicable law, on each such Event Date PIK Dividends (as defined in the Company’s Certificate of Incorporation) shall accrue and be payable on the outstanding shares of Series A Preferred Stock in accordance with and subject to the terms and conditions of the Company’s Certificate of Incorporation, until the applicable Event is cured. Notwithstanding the foregoing, (i) if within 180 days of the Initial Closing, the Company enters into a binding definitive agreement or binding instrument relating to a Significant Transaction Event (a “**Definitive Instrument**”), then the Company shall have no obligation to pay any PIK Dividends accrued or payable through such date and any PIK Dividends that have accrued prior to such date shall be cancelled, and (ii) if the Company has entered into a Definitive Instrument within 180 days of the Initial Closing and has consummated the Significant Transaction Event within 300 days of the Initial Closing, then the Company shall have no obligation to pay any PIK Dividends accrued or payable through such date and any PIK Dividends accrued prior to such date shall be cancelled. A “**Significant Transaction Event**” means the date that the Company enters into a Definitive Instrument, as applicable, with a third party relating to a merger, share exchange, sale of all or substantially all of the assets or shares of the Company or other business combination, restructuring or change of control transaction, including any such transaction intended to result in the Company becoming subject to the reporting requirements of Section 13 of 15(d) of the Exchange Act (or becoming a voluntary filer under the Exchange Act), a business combination intended to increase the number of shareholders of the Company to facilitate listing on a Trading Market, a business combination with a special purpose acquisition company, or a business combination with a company that is listed on a Trading Market.

(d) Each Holder agrees to furnish to the Company a completed Questionnaire in the form attached to this Agreement as Annex B (a “**Selling Holder Questionnaire**”). The Company shall not be required to include the Registrable Securities of a Holder in any Registration Statement and shall not be required to pay any PIK Dividends under Section 2(c) and the Company’s Certificate of Incorporation to any Holder who fails to furnish to the Company a fully completed Selling Holder Questionnaire at least two Business Days prior to the Filing Deadline (subject to the requirements set forth in Section 3(a)).

3. Registration Procedures. In connection with the Company’s registration obligations hereunder:

(a) The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which the “Selling Stockholder” section thereof differs from the disclosure received from a Holder in its Selling Holder Questionnaire (as amended or supplemented). The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which it (i) characterizes any Holder as an underwriter, unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire, (ii) excludes a particular Holder due to such Holder refusing to be named as an underwriter, or (iii) reduces the number of Registrable Securities being registered on behalf of a Holder without such Holder’s express written authorization. The Company shall also ensure that each Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading.

(b) The Company shall (i) prepare and file with the Commission such amendments, including post-effective amendments, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to each Registration Statement or any amendment thereto, and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the Registration Statement(s) and the disposition of all Registrable Securities covered by each Registration Statement.

(c) The Company shall notify the Holders as promptly as reasonably possible (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; and (B) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (iv) of the occurrence of any event

or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Company shall use its commercially reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify the Holders of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(e) The Company shall promptly deliver to the Holders, without charge, as many copies of each Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as the Holders may reasonably request. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(f) Prior to any public offering of Registrable Securities, the Company shall register or qualify such Registrable Securities for offer and sale under the securities or Blue Sky laws of all jurisdictions within the United States as any Holder may request, to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statements; provided, however, in connection with any such registration or qualification, the Company shall not be required to (i) qualify to do business in any jurisdiction where the Company would not otherwise be required to qualify, (ii) subject itself to general taxation in any such jurisdiction, (iii) file a general consent to service of process in any jurisdiction, or (iv) make any change to the Company's articles of incorporation or bylaws.

(g) Except to the extent the Registrable Securities are eligible to be transferred in book-entry form through the facilities of the Depository Trust Company or the book-entry system of the Company's transfer agent, the Company shall cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement(s). Such book-entry securities or certificates, as applicable, shall be free, to the extent permitted by the Purchase Agreement and by applicable federal securities laws, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(h) As promptly as reasonably possible upon the occurrence of any event contemplated by Section 3(c)(iv), the Company shall prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) For so long as the Registrable Securities that have been registered under a Registration Statement remain Registrable Securities, the Company shall notify the Holders thereof in writing of the happening of any event, as promptly as reasonably practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information), and shall promptly prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission. The Company shall also notify the Holders of Registrable Securities that have been registered under a Registration Statement in writing as promptly as reasonably possible when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when the Registration Statement or any post-effective amendment relating to such Registrable Securities has become effective.

(j) If any Holder is required under applicable securities laws to be described in the Registration Statement as an underwriter, at the reasonable request of such Holder, the Company shall furnish to such Holder, on the date of the effectiveness of the Registration Statement and thereafter from time to time on such dates as a Holder may reasonably request: (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Holders, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance reasonably acceptable to such counsel and as is customarily given in an underwritten public offering, addressed to the Holders.

(k) Other than the information regarding a Holder provided by such Holder to the Company for inclusion in a Registration Statement, the Company shall hold in confidence and not make any disclosure of information concerning a Holder provided to the Company unless: (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning a Holder is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Holder and allow such Holder, at the Holder's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(l) The Company shall use its commercially reasonable efforts to cause all of the Registrable Securities covered by a Registration Statement to be listed on each national securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(l).

(m) The Company shall cooperate with the Holders who hold Registrable Securities being offered and, to the extent applicable, facilitate the timely preparation and delivery of certificates or book-entry securities (not bearing any restrictive legend to the extent permitted by the Purchase Agreement and the federal securities laws) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates or book-entry securities to be in such denominations or amounts, as the case may be, as the Holders may reasonably request and registered in such names as the Holders may request.

(n) If requested by a Holder and to the extent legally required for the Holder to offer and sell Registrable Securities, the Company shall as soon as practicable: (i) incorporate in a prospectus supplement or post-effective amendment such information as a Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement if reasonably requested by a Holder holding any Registrable Securities.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed or quoted for trading, (B) with respect to filings with FINRA by any underwriter's counsel for compensation review pursuant to FINRA Rule 5110, and (C) in compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by a Holder), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be

responsible for any broker or similar commissions incurred by any Holder or, except to the extent provided for in the Transaction Agreements, any legal fees or other cost of the Holders in connection with this Agreement.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, investment advisors, partners, members and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon any untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent that, such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an “**Indemnified Party**”), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the “**Indemnifying Party**”) in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party); provided, that, the Indemnifying Party shall pay for no more than two separate sets of counsel for all Indemnified Parties and such legal counsel shall be selected by the Required Holders who are named as parties in the same Proceeding. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in

connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), (i) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Reports Under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 or any other similar rule or regulation of the SEC that may at any time permit the Holders to sell Registrable Securities of the Company to the public without registration, the Company agrees, for so long as Registrable Securities are outstanding and held by the Holders, to:

- (a) make and keep public information available, as those terms are understood, defined and required in Rule 144;
- (b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and
- (c) furnish to each Holder so long as such Holder owns Registrable Securities, promptly upon request, such information as may be reasonably and customarily requested to permit the Holders to sell such securities pursuant to Rule 144 without registration.

7. Assignment of Registration Rights. The rights under this Agreement shall be automatically assignable by the Investors to any permitted transferee of all or any portion of such Investor's Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights and such transferee agrees to be bound by the terms of this Agreement, and a copy of such agreement is furnished to the Company within five (5) Business Days after such assignment; (ii) the Company is, within five (5) Business Days after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act or applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; and (v) such transfer shall have been made in accordance with the applicable requirements of the Purchase Agreement.

8. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder, of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(c) Discontinued Disposition. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c)(ii), (iii) or (iv), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(d) Piggy-Back Registrations. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any

entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each Holder written notice of such determination and, if within fifteen calendar days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such holder requests to be registered, subject to customary underwriter cutbacks applicable to all holders of registration rights and other customary conditions of, and documentation required by, the underwriters of such offering.

(e) Amendments and Waivers. Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Required Holders. Any amendment or waiver effected in accordance with this Section 8(e) shall be binding upon each Investor and the Company. No such amendment shall be effective to the extent that it applies to less than all of the Holders. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of certain Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of at least a majority of the Registrable Securities to which such waiver or consent relates.

(f) Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered if delivered in accordance with Section 7.6 of the Purchase Agreement.

(g) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement.

(h) Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile or email transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile or email signature were the original thereof.

(i) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, employees or agents) will be commenced in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees

not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of this Agreement, then the prevailing party in such Proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(j) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(k) Entire Agreement. This Agreement, the other Transaction Agreements (as defined in the Purchase Agreement) and the instruments referenced herein and therein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the other Transaction Agreements and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

(l) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(n) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder under this Agreement are several and not joint with the obligations of each other Holder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder under this Agreement. Nothing contained herein or in any Transaction Agreement, and no action taken by any Holder pursuant thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement or any other Transaction Agreement. Each Holder acknowledges that no other Holder will be acting as agent of such Holder in enforcing its rights under

this Agreement. Each Holder shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any Proceeding for such purpose. The Company acknowledges that each of the Holders has been provided with the same Registration Rights Agreement for the purpose of closing a transaction with multiple Holders and not because it was required or requested to do so by any Holder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

COMPANY:

STRONGHOLD DIGITAL MINING, INC.

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

INVESTORS:

The Investors executing the Signature Page in the form attached hereto as Annex C and delivering the same to the Company or its agents shall be deemed to have executed this Agreement and agreed to the terms hereof.

Annex A

Plan of Distribution

The Selling Stockholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of Common Stock on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. These sales may be at fixed or negotiated prices. The Selling Stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits Investors;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- through the writing of options on the shares;
- to cover short sales made after the date that this Registration Statement is declared effective by the Commission;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share; and
- a combination of any such methods of sale.

The selling stockholders may also sell shares under Rule 144 of the Securities Act of 1933, as amended (the “Securities Act”), if available, rather than under this prospectus. The selling stockholders shall have the sole and absolute discretion not to accept any purchase offer or make any sale of shares if it deems the purchase price to be unsatisfactory at any particular time.

The selling stockholders or their respective pledgees, donees, transferees or other successors in interest, may also sell the shares directly to market makers acting as principals and/or broker-dealers acting as agents for themselves or their customers. Such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal or both, which compensation as to a particular broker-dealer might be in excess of customary commissions. Market makers and block purchasers purchasing the shares will do so for their own account and at their own risk. It is possible that a selling stockholder will attempt to sell shares of common stock in block transactions to market makers or other purchasers at a price per share which may be below the then existing market price. We cannot assure that all or any of the

shares offered in this prospectus will be issued to, or sold by, the selling stockholders. The selling stockholders and any brokers, dealers or agents, upon effecting the sale of any of the shares offered in this prospectus, may be deemed to be “underwriters” as that term is defined under the Securities Act, the Exchange Act and the rules and regulations of such acts. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

We are required to pay all fees and expenses incident to the registration of the shares, including fees and disbursements of counsel to the selling stockholders, but excluding brokerage commissions or underwriter discounts.

The selling stockholders, alternatively, may sell all or any part of the shares offered in this prospectus through an underwriter. The selling stockholders have not entered into any agreement with a prospective underwriter and there is no assurance that any such agreement will be entered into.

The selling stockholders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling stockholder defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares. The selling stockholders and any other persons participating in the sale or distribution of the shares will be subject to applicable provisions of the Exchange Act, and the rules and regulations under such act, including, without limitation, Regulation M. These provisions may restrict certain activities of, and limit the timing of purchases and sales of any of the shares by, the selling stockholders or any other such person. In the event that any of the selling stockholders are deemed an affiliated purchaser or distribution participant within the meaning of Regulation M, then the selling stockholders will not be permitted to engage in short sales of common stock. Furthermore, under Regulation M, persons engaged in a distribution of securities are prohibited from simultaneously engaging in market making and certain other activities with respect to such securities for a specified period of time prior to the commencement of such distributions, subject to specified exceptions or exemptions. In addition, if a short sale is deemed to be a stabilizing activity, then the selling stockholders will not be permitted to engage in a short sale of our common stock. All of these limitations may affect the marketability of the shares.

If a selling stockholder notifies us that it has a material arrangement with a broker-dealer for the resale of the common stock, then we would be required to amend the registration statement of which this prospectus is a part, and file a prospectus supplement to describe the agreements between the selling stockholder and the broker-dealer.

Annex B

STRONGHOLD DIGITAL MINING, INC.

Selling Securityholder Notice and Questionnaire

[Intentionally Omitted]

Annex C

Registration Rights Agreement

Investor Counterpart Signature Page

[Intentionally Omitted]

Schedule A

SCHEDULE OF INVESTORS

[Intentionally Omitted]

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this “**Agreement**”) is made and entered into as of May 14, 2021, by and among Stronghold Digital Mining, Inc., a Delaware corporation (the “**Company**”), and the investors identified on Schedule A hereto (each, including their respective successors and assigns, an “**Investor**” and collectively, the “**Investors**”).

WHEREAS, in connection with the Series B Preferred Stock Purchase Agreement by and among the parties hereto dated as of May 14, 2021 (the “**Purchase Agreement**”), the Company has agreed, upon the terms and subject to the conditions set forth in the Purchase Agreement, to issue and sell to each Investor shares of its Series B Convertible Redeemable Preferred Stock, \$0.0001 par value per share (the “**Series B Preferred Stock**”);

WHEREAS, the Company has previously completed that certain offering of Series A Convertible Redeemable Preferred Stock, \$0.0001 par value per share (“**Series A Preferred Stock**”), which was completed on April 1, 2021 (the “**Initial Closing Date**”); and

WHEREAS, in accordance with the terms of the Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the “**Securities Act**”), and applicable state securities laws.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each of the Investors hereby agree as follows:

1. **Definitions.** Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement will have the respective meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms have the respective meanings set forth in this Section 1 and other terms are defined throughout this Agreement:

“**Business Day**” means a day other than Saturday, Sunday or any other day which commercial banks in New York, New York are authorized or required by law to close.

“**Commission**” means the United States Securities and Exchange Commission.

“**Effective Date**” means, as to a Registration Statement, the date on which such Registration Statement is first declared effective by the Commission.

“**Effectiveness Deadline**” means the 240th day following the Initial Closing Date.

“**Effectiveness Period**” means, as to any Registration Statement required to be filed pursuant to this Agreement, the period commencing on the Effective Date of such Registration Statement and ending on (a) the date that all of the Registrable Securities covered by such Registration Statement have been publicly sold by the Holders of the Registrable Securities included therein, or (b) such time as all of the Registrable Securities covered by such Registration Statement may be sold by the Holders without restriction pursuant to Rule 144 as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company’s transfer agent and the affected Holders.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Filing Deadline” means the 120th day following the Initial Closing Date.

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Holder” or **“Holders”** means the holder or holders, as the case may be, from time to time of Registrable Securities and, if other than an Investor, a Person to whom the rights hereunder have been properly assigned pursuant to Section 7 hereof.

“Investment Amount” means, with respect to each Investor, the Investment Amount indicated on Schedule A to the Purchase Agreement, which is also reflected on the Schedule of Investors attached hereto as Schedule A.

“New York Courts” means the state and federal courts sitting in the City of New York, Borough of Manhattan.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“Registrable Securities” means: (i) any shares of Common Stock issuable upon conversion of the Series B Preferred Stock issued to Investors pursuant to the Purchase Agreement; and (ii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event, or any price adjustment as a result of such stock splits, reverse stock splits or similar events with respect to any of the securities referenced in clause (i) above. Notwithstanding the foregoing, a security shall cease to be a Registrable Security for purposes of this Agreement from and after such time as the Holder of such security may resell such security without restriction under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company’s transfer agent and the affected Holders.

“Registration Statement” means any registration statement of the Company filed or confidentially submitted with the Commission under the Securities Act that covers the resale of Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

“Required Holders” means the Holders of a majority of the outstanding shares of Series B Preferred Stock or, if the Series B Preferred Stock has been converted into Common Stock, the Holders of a majority of the Registrable Securities.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Rule 415” means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Trading Market” means any of the New York Stock Exchange, the NYSE American, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market, or any other national securities exchange on which the Common Stock is listed or quoted for trading on the date in question.

2. Registration.

(a) On or prior to the applicable Filing Deadline, the Company shall prepare and file or confidentially submit with the Commission a Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 (a **“Resale Shelf Registration Statement”**). The Resale Shelf Registration Statement shall be filed on Form S-1 (or on such other form appropriate for such purpose) and contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a “Plan of Distribution” in substantially the form attached hereto as Annex A. The Company shall cause the Resale Shelf Registration Statement to be declared effective under the Securities Act as soon as reasonably practicable but, in any event, no later than the Effectiveness Deadline, and shall use its reasonable best efforts to keep each such Resale Shelf Registration Statement continuously effective during its entire Effectiveness Period. By 5:00 p.m. (New York City time) on the Business Day immediately following the Effective Date of the Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 under the Securities Act the final prospectus to be used in connection with sales pursuant to such Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule).

(b) Promptly following any date on which the Company becomes eligible to use a registration statement on Form S-3 to register Registrable Securities for resale, the Company shall file a Registration Statement on Form S-3 covering all securities that are then deemed Registrable Securities (or a post-effective amendment on Form S-3 to the then effective Registration Statement) for an offering to be made on a continuous basis pursuant to Rule 415 (an **“S-3 Resale Shelf**

Registration Statement”) and shall cause such S-3 Resale Shelf Registration Statement to be filed as soon as commercially reasonable and declared effective under the Securities Act as soon as reasonably possible thereafter. Such S-3 Resale Shelf Registration Statement shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such S-3 Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a “Plan of Distribution” in substantially the form attached hereto as Annex A. The Company shall use its commercially reasonable efforts to keep such S-3 Resale Shelf Registration Statement continuously effective under the Securities Act during the entire Effectiveness Period. By 5:00 p.m. (New York City time) on the Business Day immediately following the Effective Date of such S-3 Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 under the Securities Act the final prospectus to be used in connection with sales pursuant to such S-3 Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule).

(c) If: (i) the Resale Shelf Registration Statement is not filed on or prior to its Filing Deadline covering the Registrable Securities required under this Agreement to be included therein pursuant to Section 2(a), or (ii) the Resale Shelf Registration Statement is not declared effective by the Commission on or prior to the Effectiveness Deadline and the Registrable Securities are not listed on a Trading Market (any such failure or breach being referred to as an **“Event,”** and the date on which such Event occurs being referred to as **“Event Date”**), then in addition to any other rights the Investors may have hereunder or under applicable law, on each such Event Date PIK Dividends (as defined in the Company’s Certificate of Incorporation) shall accrue and be payable on the outstanding shares of Series B Preferred Stock in accordance with and subject to the terms and conditions of the Company’s Certificate of Incorporation, until the applicable Event is cured. Notwithstanding the foregoing, (i) if within 180 days of the Initial Closing Date, the Company enters into a binding definitive agreement or binding instrument relating to a Significant Transaction Event (a **“Definitive Instrument”**), then the Company shall have no obligation to pay any PIK Dividends accrued or payable through such date and any PIK Dividends that have accrued prior to such date shall be cancelled, and (ii) if the Company has entered into a Definitive Instrument within 180 days of the Initial Closing Date and has consummated the Significant Transaction Event within 300 days of the Initial Closing Date, then the Company shall have no obligation to pay any PIK Dividends accrued or payable through such date and any PIK Dividends accrued prior to such date shall be cancelled. A **“Significant Transaction Event”** means the date that the Company enters into a Definitive Instrument, as applicable, with a third party relating to a merger, share exchange, sale of all or substantially all of the assets or shares of the Company or other business combination, restructuring or change of control transaction, including any such transaction intended to result in the Company becoming subject to the reporting requirements of Section 13 of 15(d) of the Exchange Act (or becoming a voluntary filer under the Exchange Act), a business combination intended to increase the number of shareholders of the Company to facilitate listing on a Trading Market, a business combination with a special purpose acquisition company, or a business combination with a company that is listed on a Trading Market.

(d) Each Holder agrees to furnish to the Company a completed Questionnaire in the form attached to this Agreement as Annex B (a **“Selling Holder Questionnaire”**). The Company shall not be required to include the Registrable Securities of a Holder in any Registration Statement and shall not be required to pay any PIK Dividends under Section 2(c) and the

Company's Certificate of Incorporation to any Holder who fails to furnish to the Company a fully completed Selling Holder Questionnaire at least two Business Days prior to the Filing Deadline (subject to the requirements set forth in Section 3(a)).

3. Registration Procedures. In connection with the Company's registration obligations hereunder:

(a) The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which the "Selling Stockholders" section thereof differs from the disclosure received from a Holder in its Selling Holder Questionnaire (as amended or supplemented). The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which it (i) characterizes any Holder as an underwriter, unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire, (ii) excludes a particular Holder due to such Holder refusing to be named as an underwriter, or (iii) reduces the number of Registrable Securities being registered on behalf of a Holder without such Holder's express written authorization. The Company shall also ensure that each Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading.

(b) The Company shall (i) prepare and file with the Commission such amendments, including post-effective amendments, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to each Registration Statement or any amendment thereto, and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the Registration Statement(s) and the disposition of all Registrable Securities covered by each Registration Statement.

(c) The Company shall notify the Holders as promptly as reasonably possible (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; and (B) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (iv) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not

contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Company shall use its commercially reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify the Holders of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(e) The Company shall promptly deliver to the Holders, without charge, as many copies of each Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as the Holders may reasonably request. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(f) Prior to any public offering of Registrable Securities, the Company shall register or qualify such Registrable Securities for offer and sale under the securities or Blue Sky laws of all jurisdictions within the United States as any Holder may request, to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statements; provided, however, in connection with any such registration or qualification, the Company shall not be required to (i) qualify to do business in any jurisdiction where the Company would not otherwise be required to qualify, (ii) subject itself to general taxation in any such jurisdiction, (iii) file a general consent to service of process in any jurisdiction, or (iv) make any change to the Company's articles of incorporation or bylaws.

(g) Except to the extent the Registrable Securities are eligible to be transferred in book-entry form through the facilities of the Depository Trust Company or the book-entry system of the Company's transfer agent, the Company shall cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement(s). Such book-entry securities or certificates, as applicable, shall be free, to the extent permitted by the Purchase Agreement and by applicable federal securities laws, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(h) As promptly as reasonably possible upon the occurrence of any event contemplated by Section 3(c) (iv), the Company shall prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a

material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) For so long as the Registrable Securities that have been registered under a Registration Statement remain Registrable Securities, the Company shall notify the Holders thereof in writing of the happening of any event, as promptly as reasonably practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information), and shall promptly prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission. The Company shall also notify the Holders of Registrable Securities that have been registered under a Registration Statement in writing as promptly as reasonably possible when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when the Registration Statement or any post-effective amendment relating to such Registrable Securities has become effective.

(j) If any Holder is required under applicable securities laws to be described in the Registration Statement as an underwriter, at the reasonable request of such Holder, the Company shall furnish to such Holder, on the date of the effectiveness of the Registration Statement and thereafter from time to time on such dates as a Holder may reasonably request: (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Holders, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance reasonably acceptable to such counsel and as is customarily given in an underwritten public offering, addressed to the Holders.

(k) Other than the information regarding a Holder provided by such Holder to the Company for inclusion in a Registration Statement, the Company shall hold in confidence and not make any disclosure of information concerning a Holder provided to the Company unless: (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning a Holder is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Holder and allow such Holder, at the Holder's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(l) The Company shall use its commercially reasonable efforts to cause all of the Registrable Securities covered by a Registration Statement to be listed on each national securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(l).

(m) The Company shall cooperate with the Holders who hold Registrable Securities being offered and, to the extent applicable, facilitate the timely preparation and delivery of certificates or book-entry securities (not bearing any restrictive legend to the extent permitted by the Purchase Agreement and the federal securities laws) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates or book-entry securities to be in such denominations or amounts, as the case may be, as the Holders may reasonably request and registered in such names as the Holders may request.

(n) If requested by a Holder and to the extent legally required for the Holder to offer and sell Registrable Securities, the Company shall as soon as practicable: (i) incorporate in a prospectus supplement or post-effective amendment such information as a Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement if reasonably requested by a Holder holding any Registrable Securities.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed or quoted for trading, (B) with respect to filings with FINRA by any underwriter's counsel for compensation review pursuant to FINRA Rule 5110, and (C) in compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by a Holder), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions incurred by any Holder or, except to the extent provided for in the Transaction Agreements, any legal fees or other cost of the Holders in connection with this Agreement.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, investment advisors, partners, members and employees of each of them, each Person who

controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon any untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent that, such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "**Indemnified Party**"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be

finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party); provided, that, the Indemnifying Party shall pay for no more than two separate sets of counsel for all Indemnified Parties and such legal counsel shall be selected by the Required Holders who are named as parties in the same Proceeding. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten trading days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the

limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), (i) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Reports Under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 or any other similar rule or regulation of the SEC that may at any time permit the Holders to sell Registrable Securities of the Company to the public without registration, the Company agrees, for so long as Registrable Securities are outstanding and held by the Holders, to:

- (a) make and keep public information available, as those terms are understood, defined and required in Rule 144;
- (b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and
- (c) furnish to each Holder so long as such Holder owns Registrable Securities, promptly upon request, such information as may be reasonably and customarily requested to permit the Holders to sell such securities pursuant to Rule 144 without registration.

7. Assignment of Registration Rights. The rights under this Agreement shall be automatically assignable by the Investors to any permitted transferee of all or any portion of such Investor's Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights and such transferee agrees to be bound by the terms of this Agreement, and a copy of such agreement is furnished to the Company within five (5) Business Days after such assignment; (ii) the Company is, within five (5) Business Days after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the

transferee or assignee is restricted under the Securities Act or applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; and (v) such transfer shall have been made in accordance with the applicable requirements of the Purchase Agreement.

8. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder, of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(c) Discontinued Disposition. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c)(ii), (iii) or (iv), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(d) Piggy-Back Registrations. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each Holder written notice of such determination and, if within fifteen calendar days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such holder requests to be registered, subject to customary underwriter cutbacks applicable to all holders of registration rights, including holders of Series A Preferred Stock, and other customary conditions of, and documentation required by, the underwriters of such offering.

(e) Amendments and Waivers. Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either

retroactively or prospectively), only with the written consent of the Company and the Required Holders. Any amendment or waiver effected in accordance with this Section 8(e) shall be binding upon each Investor and the Company. No such amendment shall be effective to the extent that it applies to less than all of the Holders. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of certain Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of at least a majority of the Registrable Securities to which such waiver or consent relates.

(f) Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered if delivered in accordance with Section 7.6 of the Purchase Agreement.

(g) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement.

(h) Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile or email transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile or email signature were the original thereof.

(i) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, employees or agents) will be commenced in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of this Agreement, then the prevailing party

in such Proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(j) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(k) Entire Agreement. This Agreement, the other Transaction Agreements (as defined in the Purchase Agreement) and the instruments referenced herein and therein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the other Transaction Agreements and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

(l) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(n) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder under this Agreement are several and not joint with the obligations of each other Holder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder under this Agreement. Nothing contained herein or in any Transaction Agreement, and no action taken by any Holder pursuant thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement or any other Transaction Agreement. Each Holder acknowledges that no other Holder will be acting as agent of such Holder in enforcing its rights under this Agreement. Each Holder shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any Proceeding for such purpose. The Company acknowledges that each of the Holders has been provided with the same Registration Rights Agreement for the purpose of closing a transaction with multiple Holders and not because it was required or requested to do so by any Holder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

COMPANY:

STRONGHOLD DIGITAL MINING, INC.

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

INVESTORS:

The Investors executing the Signature Page in the form attached hereto as Annex C and delivering the same to the Company or its agents shall be deemed to have executed this Agreement and agreed to the terms hereof.

Annex A

Plan of Distribution

The selling stockholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of Common Stock on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. These sales may be at fixed or negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits Investors;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- through the writing of options on the shares;
- to cover short sales made after the date that this Registration Statement is declared effective by the Commission;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share; and
- a combination of any such methods of sale.

The selling stockholders may also sell shares under Rule 144 of the Securities Act of 1933, as amended (the “Securities Act”), if available, rather than under this prospectus. The selling stockholders shall have the sole and absolute discretion not to accept any purchase offer or make any sale of shares if it deems the purchase price to be unsatisfactory at any particular time.

The selling stockholders or their respective pledgees, donees, transferees or other successors in interest, may also sell the shares directly to market makers acting as principals and/or broker-dealers acting as agents for themselves or their customers. Such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal or both, which compensation as to a particular broker-dealer might be in excess of customary commissions. Market makers and block purchasers purchasing the shares will do so for their own account and at their own risk. It is possible that a selling stockholder will attempt to sell shares of common stock in block transactions to market makers or other purchasers at a price per share which may be below the then existing market price. We cannot assure that all or any of the shares offered in this prospectus will be issued to, or sold by, the selling stockholders. The selling stockholders and any brokers, dealers or agents, upon effecting the sale of any of the shares offered

in this prospectus, may be deemed to be “underwriters” as that term is defined under the Securities Act, the Exchange Act and the rules and regulations of such acts. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

We are required to pay all fees and expenses incident to the registration of the shares, including fees and disbursements of counsel to the selling stockholders, but excluding brokerage commissions or underwriter discounts.

The selling stockholders, alternatively, may sell all or any part of the shares offered in this prospectus through an underwriter. The selling stockholders have not entered into any agreement with a prospective underwriter and there is no assurance that any such agreement will be entered into.

The selling stockholders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling stockholder defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares. The selling stockholders and any other persons participating in the sale or distribution of the shares will be subject to applicable provisions of the Exchange Act, and the rules and regulations under such act, including, without limitation, Regulation M. These provisions may restrict certain activities of, and limit the timing of purchases and sales of any of the shares by, the selling stockholders or any other such person. In the event that any of the selling stockholders are deemed an affiliated purchaser or distribution participant within the meaning of Regulation M, then the selling stockholders will not be permitted to engage in short sales of common stock. Furthermore, under Regulation M, persons engaged in a distribution of securities are prohibited from simultaneously engaging in market making and certain other activities with respect to such securities for a specified period of time prior to the commencement of such distributions, subject to specified exceptions or exemptions. In addition, if a short sale is deemed to be a stabilizing activity, then the selling stockholders will not be permitted to engage in a short sale of our common stock. All of these limitations may affect the marketability of the shares.

If a selling stockholder notifies us that it has a material arrangement with a broker-dealer for the resale of the common stock, then we would be required to amend the registration statement of which this prospectus is a part, and file a prospectus supplement to describe the agreements between the selling stockholder and the broker-dealer.

Annex B

STRONGHOLD DIGITAL MINING, INC.

Selling Securityholder Notice and Questionnaire

[Intentionally Omitted]

Annex C

Registration Rights Agreement

Investor Counterpart Signature Page

[Intentionally Omitted]

Schedule A

SCHEDULE OF INVESTORS

[Intentionally Omitted]

**RIGHT OF FIRST REFUSAL
AND CO-SALE AGREEMENT**

THIS RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT (this “**Agreement**”), is made as of April 1, 2021 by and among Stronghold Digital Mining, Inc., a Delaware corporation (the “**Company**”), the Investors (as defined below) listed on Schedule A and the Key Holders (as defined below) listed on Schedule B.

WHEREAS, each Key Holder is the beneficial owner of shares of Capital Stock, or of options to purchase Common Stock;

WHEREAS, the Company and the Investors are parties to that certain Series A Preferred Stock Purchase Agreement, of even date herewith (the “**Purchase Agreement**”), pursuant to which the Investors have agreed to purchase shares of the Series A Preferred Stock of the Company, par value \$0.0001 per share (“**Series A Preferred Stock**”); and

WHEREAS, the Key Holders and the Company desire to further induce the Investors to purchase the Series A Preferred Stock;

NOW, THEREFORE, the Company, the Key Holders and the Investors agree as follows:

1. Definitions.

1.1 “**Affiliate**” means, with respect to any specified Investor or Key Holder, any other Person who (A) directly or indirectly, controls, is controlled by or is under common control with such Investor or such Key Holder, including, without limitation, any general partner, managing member, officer, director or trustee of such Investor or Key Holder, or (B) any venture capital fund, other investment fund or similar entity now or hereafter existing which is controlled by one (1) or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Investor or such Key Holder.

1.2 “**Board of Directors**” means the board of directors of the Company.

1.3 “**Capital Stock**” means (a) shares of Common Stock and Preferred Stock (whether now outstanding or hereafter issued in any context), (b) shares of Common Stock issued or issuable upon conversion of Preferred Stock, and (c) shares of Common Stock issued or issuable upon exercise or conversion, as applicable, of stock options, warrants or other convertible securities of the Company, in each case now owned or subsequently acquired by any Key Holder, any Investor, or their respective successors or permitted transferees or assigns. For purposes of the number of shares of Capital Stock held by an Investor or Key Holder (or any other calculation based thereon), all shares of Preferred Stock shall be deemed to have been converted into Common Stock at the then-applicable conversion ratio.

1.4 “**Certificate of Incorporation**” means the Company’s Certificate of Incorporation, as amended and/or restated from time to time.

1.5 “**Change of Control**” means a transaction or series of related transactions in which a Person, or a group of related Persons, acquires from stockholders of the Company shares representing more than fifty percent (50%) of the outstanding voting power of the Company.

1.6 “**Common Stock**” means shares of Common Stock of the Company, \$0.0001 par value per share.

1.7 “**Company Notice**” means written notice from the Company notifying the selling Key Holders and each Investor that the Company intends to exercise its Right of First Refusal as to some or all of the Transfer Stock with respect to any Proposed Key Holder Transfer.

1.8 “**Investor Notice**” means written notice from any Investor notifying the Company and the selling Key Holder(s) that such Investor intends to exercise its Secondary Refusal Right as to a portion of the Transfer Stock with respect to any Proposed Key Holder Transfer.

1.9 “**Investors**” means the persons named on Schedule A hereto, each Person to whom the rights of an Investor are assigned pursuant to Section 6.9, each Person who hereafter becomes a signatory to this Agreement pursuant to Section 6.11 and any one of them, as the context may require.

1.10 “**Key Holders**” means the persons named on Schedule B hereto, each Person to whom the rights of a Key Holder are assigned pursuant to Section 3.1, each Person who hereafter becomes a signatory to this Agreement pursuant to Section 6.9 or 6.17 and any one of them, as the context may require.

1.11 “**Person**” means any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Code), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.12 “**Preferred Stock**” means collectively, all shares of Series A Convertible Redeemable Preferred Stock.

1.13 “**Proposed Key Holder Transfer**” means any assignment, sale, offer to sell, pledge, mortgage, hypothecation, encumbrance, disposition of or any other like transfer or encumbering of any Transfer Stock (or any interest therein) proposed by any of the Key Holders.

1.14 “**Proposed Transfer Notice**” means written notice from a Key Holder setting forth the terms and conditions of a Proposed Key Holder Transfer.

1.15 “**Prospective Transferee**” means any Person to whom a Key Holder proposes to make a Proposed Key Holder Transfer.

1.16 “**Right of Co-Sale**” means the right, but not an obligation, of an Investor to participate in a Proposed Key Holder Transfer on the terms and conditions specified in the Proposed Transfer Notice.

1.17 “**Right of First Refusal**” means the right, but not an obligation, of the Company, or its permitted transferees or assigns, to purchase some or all of the Transfer Stock with respect to a Proposed Key Holder Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

1.18 “**Secondary Notice**” means written notice from the Company notifying the Investors and the selling Key Holder that the Company does not intend to exercise its Right of First Refusal as to all shares of any Transfer Stock with respect to a Proposed Key Holder Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

1.19 “**Secondary Refusal Right**” means the right, but not an obligation, of each Investor to purchase up to its pro rata portion (based upon the total number of shares of Capital Stock then held by all Investors) of any Transfer Stock not purchased pursuant to the Right of First Refusal, on the terms and conditions specified in the Proposed Transfer Notice.

1.20 “**Transfer Stock**” means shares of Capital Stock owned by a Key Holder, or issued to a Key Holder after the date hereof (including, without limitation, in connection with any stock split, stock dividend, recapitalization, reorganization, or the like), but does not include any shares of Preferred Stock or of Common Stock that are issued or issuable upon conversion of Preferred Stock.

1.21 “**Undersubscription Notice**” means written notice from an Investor notifying the Company and the selling Key Holder that such Investor intends to exercise its option to purchase all or any portion of the Transfer Stock not purchased pursuant to the Right of First Refusal or the Secondary Refusal Right.

2. Agreement Among the Company, the Investors and the Key Holders.

2.1 Right of First Refusal.

(a) Grant. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Company a Right of First Refusal to purchase all or any portion of Transfer Stock that such Key Holder may propose to transfer in a Proposed Key Holder Transfer, at the same price and on the same terms and conditions as those offered to the Prospective Transferee.

(b) Notice. Each Key Holder proposing to make a Proposed Key Holder Transfer must deliver a Proposed Transfer Notice to the Company and each Investor not later than forty-five (45) days prior to the consummation of such Proposed Key Holder Transfer. Such Proposed Transfer Notice shall contain the material terms and conditions (including price and form of consideration) of the Proposed Key Holder Transfer, the identity of the Prospective Transferee and the intended date of the Proposed Key Holder Transfer. To exercise its Right of First Refusal under this Section 2, the Company must deliver a Company Notice to the selling Key Holder and the Investors within fifteen (15) days after delivery of the Proposed Transfer Notice specifying the number of shares of Transfer Stock to be purchased by the Company. In the event of a conflict between this Agreement and the Company’s Bylaws containing a preexisting right of first refusal, the terms of the Bylaws will control and compliance with the Bylaws shall be deemed compliance with this Section 2.1(a) and (b) in full.

(c) Grant of Secondary Refusal Right to the Investors. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Investors a Secondary Refusal Right to purchase all or any portion of the Transfer Stock not purchased by the Company pursuant to the Right of First Refusal, as provided in this Section 2.1(c). If the Company does not provide the Company Notice exercising its Right of First Refusal with respect to all Transfer Stock subject to a Proposed Key Holder Transfer, the Company must deliver a Secondary Notice to the selling Key Holder and to each Investor to that effect no later than fifteen (15) days after the selling Key Holder delivers the Proposed Transfer Notice to the Company. To exercise its Secondary Refusal Right, an Investor must deliver an Investor Notice to the selling Key Holder and the Company within ten (10) days after the Company's deadline for its delivery of the Secondary Notice as provided in the preceding sentence.

(d) Undersubscription of Transfer Stock. If options to purchase have been exercised by the Company and the Investors pursuant to Sections 2.1(b) and (c) with respect to some but not all of the Transfer Stock by the end of the ten (10) day period specified in the last sentence of Section 2.1(c) (the "**Investor Notice Period**"), then the Company shall, within five (5) days after the expiration of the Investor Notice Period, send written notice (the "**Company Undersubscription Notice**") to those Investors who fully exercised their Secondary Refusal Right within the Investor Notice Period (the "**Exercising Investors**"). Each Exercising Investor shall, subject to the provisions of this Section 2.1(d), have an additional option to purchase all or any part of the balance of any such remaining unsubscribed shares of Transfer Stock on the terms and conditions set forth in the Proposed Transfer Notice. To exercise such option, an Exercising Investor must deliver an Undersubscription Notice to the selling Key Holder and the Company within ten (10) days after the expiration of the Investor Notice Period. In the event there are two (2) or more such Exercising Investors that choose to exercise the last-mentioned option for a total number of remaining shares in excess of the number available, the remaining shares available for purchase under this Section 2.1(d) shall be allocated to such Exercising Investors pro rata based on the number of shares of Transfer Stock such Exercising Investors have elected to purchase pursuant to the Secondary Refusal Right (without giving effect to any shares of Transfer Stock that any such Exercising Investor has elected to purchase pursuant to the Company Undersubscription Notice). If the options to purchase the remaining shares are exercised in full by the Exercising Investors, the Company shall immediately notify all of the Exercising Investors and the selling Key Holder of that fact.

(e) Forfeiture of Rights. Notwithstanding the foregoing, if the total number of shares of Transfer Stock that the Company and the Investors have agreed to purchase in the Company Notice, Investor Notices and Undersubscription Notices is less than the total number of shares of Transfer Stock, then the Company and the Investors shall be deemed to have forfeited any right to purchase such Transfer Stock, and the selling Key Holder shall be free to sell all, but not less than all, of the Transfer Stock to the Prospective Transferee on terms and conditions substantially similar to (and in no event more favorable than) the terms and conditions set forth in the Proposed Transfer Notice, it being understood and agreed that (i) any such sale or transfer shall be subject to the other terms and restrictions of this Agreement, including, without limitation, the terms and restrictions set forth in Sections 2.2 and 6.9(b); (ii) any future Proposed Key Holder Transfer shall remain subject to the terms and conditions of this Agreement, including this Section 2; and (iii) such sale shall be consummated within forty-five (45) days after receipt of the Proposed Transfer Notice by the Company and, if such sale is not consummated within such forty-five (45)

day period, such sale shall again become subject to the Right of First Refusal and Secondary Refusal Right on the terms set forth herein.

(f) Consideration; Closing. If the consideration proposed to be paid for the Transfer Stock is in property, services or other non-cash consideration, the fair market value of the consideration shall be as determined in good faith by the Board of Directors and as set forth in the Company Notice. If the Company or any Investor cannot for any reason pay for the Transfer Stock in the same form of non-cash consideration, the Company or such Investor may pay the cash value equivalent thereof, as determined in good faith by the Board of Directors and as set forth in the Company Notice. The closing of the purchase of Transfer Stock by the Company and the Investors shall take place, and all payments from the Company and the Investors shall have been delivered to the selling Key Holder, by the later of (i) the date specified in the Proposed Transfer Notice as the intended date of the Proposed Key Holder Transfer; and (ii) forty-five (45) days after delivery of the Proposed Transfer Notice.

2.2 Right of Co-Sale.

(a) Exercise of Right. If any Transfer Stock subject to a Proposed Key Holder Transfer is not purchased pursuant to Section 2.1 above and thereafter is to be sold to a Prospective Transferee, each respective Investor may elect to exercise its Right of Co-Sale and participate on a pro rata basis in the Proposed Key Holder Transfer as set forth in Section 2.2(b) below and, subject to Section 2.2(d), otherwise on the same terms and conditions specified in the Proposed Transfer Notice. Each Investor who desires to exercise its Right of Co-Sale (each, a “**Participating Investor**”) must give the selling Key Holder written notice to that effect within fifteen (15) days after the deadline for delivery of the Secondary Notice described above, and upon giving such notice such Participating Investor shall be deemed to have effectively exercised the Right of Co-Sale.

(b) Shares Includable. Each Participating Investor may include in the Proposed Key Holder Transfer all or any part of such Participating Investor’s Capital Stock equal to the product obtained by multiplying (i) the aggregate number of shares of Transfer Stock subject to the Proposed Key Holder Transfer (excluding shares purchased by the Company or the Participating Investors pursuant to the Right of First Refusal or the Secondary Refusal Right) by (ii) a fraction, the numerator of which is the number of shares of Capital Stock owned by such Participating Investor immediately before consummation of the Proposed Key Holder Transfer (including any shares that such Participating Investor has agreed to purchase pursuant to the Secondary Refusal Right) and the denominator of which is the total number of shares of Capital Stock owned, in the aggregate, by all Participating Investors immediately prior to the consummation of the Proposed Key Holder Transfer (including any shares that all Participating Investors have collectively agreed to purchase pursuant to the Secondary Refusal Right), plus the number of shares of Transfer Stock held by the selling Key Holder. To the extent one (1) or more of the Participating Investors exercise such right of participation in accordance with the terms and conditions set forth herein, the number of shares of Transfer Stock that the selling Key Holder may sell in the Proposed Key Holder Transfer shall be correspondingly reduced.

(c) Purchase and Sale Agreement. The Participating Investors and the selling Key Holder agree that the terms and conditions of any Proposed Key Holder Transfer in

accordance with this Section 2.2 will be memorialized in, and governed by, a written purchase and sale agreement with the Prospective Transferee (the “**Purchase and Sale Agreement**”) with customary terms and provisions for such a transaction, and the Participating Investors and the selling Key Holder further covenant and agree to enter into such Purchase and Sale Agreement as a condition precedent to any sale or other transfer in accordance with this Section 2.2.

(d) Allocation of Consideration.

(i) Subject to Section 2.2(d)(ii), the aggregate consideration payable to the Participating Investors and the selling Key Holder shall be allocated based on the number of shares of Capital Stock sold to the Prospective Transferee by each Participating Investor and the selling Key Holder as provided in Section 2.2(b), provided that if a Participating Investor wishes to sell Preferred Stock, the price set forth in the Proposed Transfer Notice shall be appropriately adjusted based on the conversion ratio of the Preferred Stock into Common Stock.

(ii) In the event that the Proposed Key Holder Transfer constitutes a Change of Control, the terms of the Purchase and Sale Agreement shall provide that the aggregate consideration from such transfer shall be allocated to the Participating Investors and the selling Key Holder in accordance with Sections 4.2(b)(i) and 4.2(b)(ii) of Article IV of the Certificate of Incorporation and, if applicable, the next sentence as if (A) such transfer were a Deemed Liquidation Event (as defined in the Certificate of Incorporation), and (B) the Capital Stock sold in accordance with the Purchase and Sale Agreement were the only Capital Stock outstanding. In the event that a portion of the aggregate consideration payable to the Participating Investor(s) and selling Key Holder is placed into escrow and/or is payable only upon satisfaction of contingencies, the Purchase and Sale Agreement shall provide that (x) the portion of such consideration that is not placed in escrow and is not subject to contingencies (the “**Initial Consideration**”) shall be allocated in accordance with Sections 4.2(b)(i) and 4.2(b)(ii) of Article IV of the Certificate of Incorporation as if the Initial Consideration were the only consideration payable in connection with such transfer, and (y) any additional consideration which becomes payable to the Participating Investor(s) and selling Key Holder upon release from escrow or satisfaction of such contingencies shall be allocated in accordance with Sections 4.2(b)(i) and 4.2(b)(ii) of Article IV of the Certificate of Incorporation after taking into account the previous payment of the Initial Consideration as part of the same transfer.

(e) Purchase by Selling Key Holder; Deliveries. Notwithstanding Section 2.2(c) above, if any Prospective Transferee(s) refuse(s) to purchase securities subject to the Right of Co-Sale from any Participating Investor or Investors or upon the failure to negotiate in good faith a Purchase and Sale Agreement satisfactory to the Participating Investors, no Key Holder may sell any Transfer Stock to such Prospective Transferee(s) unless and until, simultaneously with such sale, such Key Holder purchases all securities subject to the Right of Co-Sale from such Participating Investor or Investors on the same terms and conditions (including the proposed purchase price) as set forth in the Proposed Transfer Notice and as provided in Section 2.2(d)(i); provided, however, if such sale constitutes a Change of Control, the portion of the aggregate consideration paid by the selling Key Holder to such Participating Investor or Investors shall be made in accordance with the first sentence of Section 2.2(d)(ii). In connection with such purchase by the selling Key Holder, such Participating Investor or Investors shall deliver to the selling Key Holder any stock certificate or certificates, properly endorsed for transfer, representing

the Capital Stock being purchased by the selling Key Holder (or request that the Company effect such transfer in the name of the selling Key Holder). Any such shares transferred to the selling Key Holder will be transferred to the Prospective Transferee against payment therefor in consummation of the sale of the Transfer Stock pursuant to the terms and conditions specified in the Proposed Transfer Notice, and the selling Key Holder shall concurrently therewith remit or direct payment to each such Participating Investor the portion of the aggregate consideration to which each such Participating Investor is entitled by reason of its participation in such sale as provided in this Section 2.2(e).

(f) Additional Compliance. If any Proposed Key Holder Transfer is not consummated within sixty (60) days after receipt of the Proposed Transfer Notice by the Company, the Key Holders proposing the Proposed Key Holder Transfer may not sell any Transfer Stock unless they first comply in full with each provision of this Section 2. The exercise or election not to exercise any right by any Investor hereunder shall not adversely affect its right to participate in any other sales of Transfer Stock subject to this Section 2.2.

2.3 Effect of Failure to Comply.

(a) Transfer Void; Equitable Relief. Any Proposed Key Holder Transfer not made in compliance with the requirements of this Agreement shall be null and void ab initio, shall not be recorded on the books of the Company or its transfer agent and shall not be recognized by the Company. Each party hereto acknowledges and agrees that any breach of this Agreement would result in substantial harm to the other parties hereto for which monetary damages alone could not adequately compensate. Therefore, the parties hereto unconditionally and irrevocably agree that any non-breaching party hereto shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity (including, without limitation, seeking specific performance or the rescission of purchases, sales and other transfers of Transfer Stock not made in strict compliance with this Agreement).

(b) Violation of First Refusal Right. If any Key Holder becomes obligated to sell any Transfer Stock to the Company or any Investor under this Agreement and fails to deliver such Transfer Stock in accordance with the terms of this Agreement, the Company and/or such Investor may, at its option, in addition to all other remedies it may have, send to such Key Holder the purchase price for such Transfer Stock as is herein specified and transfer to the name of the Company or such Investor (or request that the Company effect such transfer in the name of an Investor) on the Company's books any certificates, instruments, or book entry representing the Transfer Stock to be sold.

(c) Violation of Co-Sale Right. If any Key Holder purports to sell any Transfer Stock in contravention of the Right of Co-Sale (a "**Prohibited Transfer**"), each Participating Investor who desires to exercise its Right of Co-Sale under Section 2.2 may, in addition to such remedies as may be available by law, in equity or hereunder, require such Key Holder to purchase from such Participating Investor the type and number of shares of Capital Stock that such Participating Investor would have been entitled to sell to the Prospective Transferee had the Prohibited Transfer been effected in compliance with the terms of Section 2.2. The sale will be made on the same terms, including, without limitation, as provided in Section 2.2(d)(i) and the first sentence of Section 2.2(d)(ii), as applicable, and subject to the same conditions as would have

applied had the Key Holder not made the Prohibited Transfer, except that the sale (including, without limitation, the delivery of the purchase price) must be made within ninety (90) days after the Participating Investor learns of the Prohibited Transfer, as opposed to the timeframe proscribed in Section 2.2. Such Key Holder shall also reimburse each Participating Investor for any and all reasonable and documented out-of-pocket fees and expenses, including reasonable legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the Participating Investor's rights under Section 2.2.

3. Exempt Transfers.

3.1 Exempted Transfers. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Sections 2.1 and 2.2 shall not apply (a) in the case of a Key Holder that is an entity, upon a transfer by such Key Holder to its stockholders, members, partners or other equity holders or Affiliates, (b) to a repurchase of Transfer Stock from a Key Holder by the Company at a price no greater than that originally paid by such Key Holder for such Transfer Stock and pursuant to an agreement containing vesting and/or repurchase provisions approved by a majority of the Board of Directors, (c) to a pledge of Transfer Stock that creates a mere security interest in the pledged Transfer Stock or (d) in the case of a Key Holder that is a natural person, upon a transfer of Transfer Stock by such Key Holder made for bona fide estate planning purposes, either during his or her lifetime or on death by will or intestacy to his or her spouse, including any life partner or similar statutorily-recognized domestic partner, child (natural or adopted), or any other direct lineal descendant of such Key Holder (or his or her spouse, including any life partner or similar statutorily-recognized domestic partner) (all of the foregoing collectively referred to as "family members"), or any other Person approved by the Board of Directors, or any custodian or trustee of any trust, partnership or limited liability company for the benefit of, or the ownership interests of which are owned wholly by such Key Holder or any such family members; (e) to any any transfer by a Key Holder of Transfer Stock, or any derivate thereof, to any employee of the Company, or (f) to the sale by the Key Holder of up to ten percent (10%) of the Transfer Stock held by such Key Holder as of the date that such Key Holder first became party to this Agreement; provided that in the case of clause(s) (a), (c), (d), (e) or (f), the Key Holder shall deliver prior written notice to the Investors of such pledge, gift or transfer and such shares of Transfer Stock shall at all times remain subject to the terms and restrictions set forth in this Agreement and such transferee shall, as a condition to such transfer, deliver a counterpart signature page to this Agreement as confirmation that such transferee shall be bound by all the terms and conditions of this Agreement as a Key Holder (but only with respect to the securities so transferred to the transferee), including the obligations of a Key Holder with respect to Proposed Key Holder Transfers of such Transfer Stock pursuant to Section 2.

3.2 Exempted Offerings. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Section 2 shall not apply to the sale of any Transfer Stock (a) to the public in an offering pursuant to an effective registration statement or qualified offering statement (i.e., Regulation A) under the Securities Act of 1933, as amended (a "**Public Offering**"); or (b) pursuant to a Deemed Liquidation Event (as defined in the Certificate of Incorporation).

4. Legend. Each certificate, instrument, or book entry representing shares of Transfer Stock held by the Key Holders or issued to any permitted transferee in connection with a transfer permitted by Section 3.1 hereof shall be notated with the following legend:

THE SALE, PLEDGE, HYPOTHECATION, OR TRANSFER OF THE SECURITIES REPRESENTED HEREBY IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE TERMS AND CONDITIONS OF A CERTAIN RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT BY AND AMONG THE STOCKHOLDER, THE CORPORATION AND CERTAIN OTHER HOLDERS OF STOCK OF THE CORPORATION. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.

Each Key Holder agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares noted with the legend referred to in this Section 4 above to enforce the provisions of this Agreement, and the Company agrees to promptly do so. The legend shall be removed upon termination of this Agreement at the request of the holder.

5. Lock-Up.

5.1 Agreement to Lock-Up. Each Key Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial public offering (the "IPO") and ending on the date specified by the Company and the managing underwriter (a) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Capital Stock held immediately prior to the effectiveness of the registration statement for the IPO; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Capital Stock, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Capital Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 5 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement or to the establishment of a trading plan pursuant to Rule 10b5-1, provided that such plan does not permit transfers during the restricted period, and shall only be applicable to the Key Holders if all officers, directors and holders of more than one percent (1%) of the outstanding Common Stock (after giving effect to the conversion into Common Stock of all outstanding Series A Preferred Stock) enter into similar agreements. The underwriters in connection with the IPO are intended third-party beneficiaries of this Section 5 and shall have the right, power and authority to enforce, amend or waive the provisions hereof as though they were a party hereto. Each Key Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the IPO that are consistent with this Section 5 or that are necessary to give further effect thereto.

5.2 Stop Transfer Instructions. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the shares of Capital Stock of each Key Holder (and transferees and assignees thereof) until the end of such restricted period.

6. Miscellaneous.

6.1 Term. This Agreement shall automatically terminate upon the earlier of (a) immediately prior to the consummation of the Company's IPO; (b) the consummation of a Deemed

Liquidation Event (as defined in the Certificate of Incorporation); or (c) the date that all of the outstanding Series A Preferred Stock is converted to Common Stock.

6.2 Stock Split. All references to numbers of shares in this Agreement shall be appropriately adjusted to reflect any stock dividend, split, combination or other recapitalization affecting the Capital Stock occurring after the date of this Agreement.

6.3 Ownership. Each Key Holder represents and warrants that such Key Holder is the sole legal and beneficial owner of the shares of Transfer Stock subject to this Agreement and that no other Person or entity has any interest in such shares (other than a community property interest as to which the holder thereof has acknowledged and agreed in writing to the restrictions and obligations hereunder).

6.4 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of New York State and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York or the Southern District Court of the State of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.5 Notices.

(a) All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail during normal business hours of the recipient, and if not sent during normal business hours, then

on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on Schedule A or Schedule B hereof, as the case may be, or to such email address or address as subsequently modified by written notice given in accordance with this Section 6.5. If notice is given to the Company, it shall be sent to 2151 Lisbon Road, Kennerdell, Pennsylvania 16374, Attention: Gregory A. Beard; and a copy (which copy shall not constitute notice) shall also be sent to Vinson & Elkins LLP, 901 East Byrd Street, Suite 1500, Richmond, VA 23219, dlebey@velaw.com, Attention: Daniel M. LeBey.

(b) Consent to Electronic Notice. Each Investor and Key Holder consents to the delivery of any stockholder notice pursuant to the Delaware General Corporation Law (the "DGCL"), as amended or superseded from time to time, by electronic transmission pursuant to Section 232 of the DGCL (or any successor thereto) at the electronic mail address set forth below such Investor's or Key Holder's name on the Schedules hereto, as updated from time to time by notice to the Company, or as on the books of the Company. To the extent that any notice given by means of electronic transmission is returned or undeliverable for any reason, the foregoing consent shall be deemed to have been revoked until a new or corrected electronic mail address has been provided, and such attempted electronic notice shall be ineffective and deemed to not have been given. Each Investor and Key Holder agrees to promptly notify the Company of any change in its electronic mail address, and that failure to do so shall not affect the foregoing.

6.6 Entire Agreement. This Agreement (including, the Exhibits and Schedules hereto) together with the other Transaction Agreements (as defined in the Purchase Agreement) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

6.7 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.8 Amendment; Waiver and Termination. This Agreement may be amended, modified or terminated (other than pursuant to Section 6.1 above) and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument executed by (a) the Company, (b) the Key Holders holding a majority of the shares of Transfer Stock then held by all of the Key Holders, and (c) the

holders of a majority of the shares of Common Stock issued or issuable upon conversion of the then outstanding shares of Preferred Stock held by the Investors (voting as a single separate class and on an as-converted basis). Any amendment, modification, termination or waiver so effected shall be binding upon the Company, the Investors, the Key Holders and all of their respective successors and permitted assigns whether or not such party, assignee or other shareholder entered into or approved such amendment, modification, termination or waiver. Notwithstanding the foregoing, (i) this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Investor or Key Holder without the written consent of such Investor or Key Holder unless such amendment, modification, termination or waiver applies to all Investors and Key Holders, respectively, in the same fashion, (ii) this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Investor without the written consent of such Investor, if such amendment, modification, termination or waiver would adversely affect the rights of such Investor in a manner disproportionate to any adverse effect such amendment, modification, termination or waiver would have on the rights of the other Investors under this Agreement, (iii) the consent of the Key Holders shall not be required for any amendment, modification, termination or waiver if such amendment, modification, termination or waiver does not apply to the Key Holders, and (iv) Schedule A hereto may be amended by the Company from time to time in accordance with the Purchase Agreement to add information regarding Additional Purchasers (as defined in the Purchase Agreement) without the consent of the other parties hereto. The Company shall give prompt written notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination or waiver. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one (1) or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

6.9 Assignment of Rights.

(a) The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) Any successor or permitted assignee of any Key Holder, including any Prospective Transferee who purchases shares of Transfer Stock in accordance with the terms hereof, shall deliver to the Company and the Investors, as a condition to any transfer or assignment, a counterpart signature page hereto pursuant to which such successor or permitted assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the predecessor or assignor of such successor or permitted assignee.

(c) The rights of the Investors hereunder are not assignable without the Company's written consent (which shall not be unreasonably withheld, delayed or conditioned), except (i) by an Investor to any Affiliate, or (ii) to an assignee or transferee who acquires at least [40,000] shares of Capital Stock (as adjusted for any stock combination, stock split, stock dividend, recapitalization or other similar transaction), it being acknowledged and agreed that any such

assignment, including an assignment contemplated by the preceding clauses (i) or (ii) shall be subject to and conditioned upon any such assignee's delivery to the Company and the other Investors of a counterpart signature page hereto pursuant to which such assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the assignor of such assignee.

(d) Except in connection with an assignment by the Company by operation of law to the acquirer of the Company, the rights and obligations of the Company hereunder may not be assigned under any circumstances.

6.10 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

6.11 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Series A Preferred Stock after the date hereof, any purchaser of such shares of Series A Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and thereafter shall be deemed an "Investor" for all purposes hereunder.

6.12 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

6.13 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.14 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.15 Aggregation of Stock. All shares of Capital Stock held or acquired by Affiliated entities or Persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated Persons may apportion such rights as among themselves in any manner they deem appropriate.

6.16 Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, each Investor shall be entitled to specific performance of the agreements and obligations of the Company and the Key Holders hereunder and to such other injunction or other equitable relief as may be granted by a court of competent jurisdiction.

6.17 Additional Key Holders. In the event that after the date of this Agreement, the Company issues shares of Common Stock, or options to purchase Common Stock, to any employee or consultant, which shares or options would collectively constitute with respect to such employee or consultant (taking into account all shares of Common Stock, options and other

purchase rights held by such employee or consultant) one percent (1%) or more of the Company's then outstanding Common Stock (treating for this purpose all shares of Common Stock issuable upon exercise of or conversion of outstanding options, warrants or convertible securities, as if exercised or converted), the Company shall, as a condition to such issuance, cause such employee or consultant to execute a counterpart signature page hereto as a Key Holder, and such person shall thereby be bound by, and subject to, all the terms and provisions of this Agreement applicable to a Key Holder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Right of First Refusal and Co-Sale Agreement as of the date first written above.

COMPANY:

STRONGHOLD DIGITAL MINING, INC.

By: /s/ Gregory A. Beard

Name: Gregory A. Beard

Title: Chief Executive Officer and President

[Additional Signature Pages Have Been Intentionally Omitted]

SCHEDULE A

INVESTORS

[Intentionally Omitted]

SCHEDULE B

KEY HOLDERS

Name and Address

Gregory Beard

William Spence

**RIGHT OF FIRST REFUSAL
AND CO-SALE AGREEMENT**

THIS RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT (this “**Agreement**”), is made as of May 14, 2021 by and among Stronghold Digital Mining, Inc., a Delaware corporation (the “**Company**”), the Investors (as defined below) listed on Schedule A and the Key Holders (as defined below) listed on Schedule B.

WHEREAS, each Key Holder is the beneficial owner of shares of Capital Stock, or of options to purchase Common Stock;

WHEREAS, the Company and the Investors are parties to that certain Series B Preferred Stock Purchase Agreement, of even date herewith (the “**Purchase Agreement**”), pursuant to which the Investors have agreed to purchase shares of the Series B Convertible Redeemable Preferred Stock of the Company, par value \$0.0001 per share (“**Series B Preferred Stock**”); and

WHEREAS, the Key Holders and the Company desire to further induce the Investors to purchase the Series B Preferred Stock;

NOW, THEREFORE, the Company, the Key Holders and the Investors agree as follows:

1. Definitions.

1.1 “**Affiliate**” means, with respect to any specified Investor or Key Holder, any other Person who (A) directly or indirectly, controls, is controlled by or is under common control with such Investor or such Key Holder, including, without limitation, any general partner, managing member, officer, director or trustee of such Investor or Key Holder, or (B) any venture capital fund, other investment fund or similar entity now or hereafter existing which is controlled by one (1) or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Investor or such Key Holder.

1.2 “**Board of Directors**” means the board of directors of the Company.

1.3 “**Capital Stock**” means (a) shares of Common Stock and Preferred Stock (whether now outstanding or hereafter issued in any context), (b) shares of Common Stock issued or issuable upon conversion of Preferred Stock, and (c) shares of Common Stock issued or issuable upon exercise or conversion, as applicable, of stock options, warrants or other convertible securities of the Company, in each case now owned or subsequently acquired by any Key Holder, any Investor, or their respective successors or permitted transferees or assigns. For purposes of the number of shares of Capital Stock held by an Investor or Key Holder (or any other calculation based thereon), all shares of Preferred Stock shall be deemed to have been converted into Common Stock at the then-applicable conversion ratio.

1.4 “**Series B Certificate of Designation**” means the Certificate of Designation of the Series B Convertible Redeemable Preferred Stock.

- 1.5 **“Certificate of Incorporation”** means the Company’s Certificate of Incorporation, as amended by that certain Series B Certificate of Designation, as may be amended and/or restated from time to time.
- 1.6 **“Change of Control”** means a transaction or series of related transactions in which a Person, or a group of related Persons, acquires from stockholders of the Company shares representing more than fifty percent (50%) of the outstanding voting power of the Company.
- 1.7 **“Common Stock”** means shares of Common Stock of the Company, \$0.0001 par value per share.
- 1.8 **“Company Notice”** means written notice from the Company notifying the selling Key Holders and each Investor that the Company intends to exercise its Right of First Refusal as to some or all of the Transfer Stock with respect to any Proposed Key Holder Transfer.
- 1.9 **“Investor Notice”** means written notice from any Investor notifying the Company and the selling Key Holder(s) that such Investor intends to exercise its Secondary Refusal Right as to a portion of the Transfer Stock with respect to any Proposed Key Holder Transfer.
- 1.10 **“Investors”** means the persons named on Schedule A hereto, each Person to whom the rights of an Investor are assigned pursuant to Section 6.9, each Person who hereafter becomes a signatory to this Agreement pursuant to Section 6.11 and any one of them, as the context may require.
- 1.11 **“Key Holders”** means the persons named on Schedule B hereto, each Person to whom the rights of a Key Holder are assigned pursuant to Section 3.1, each Person who hereafter becomes a signatory to this Agreement pursuant to Section 6.9 or 6.17 and any one of them, as the context may require.
- 1.12 **“Person”** means any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Code), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.
- 1.13 **“Preferred Stock”** means collectively, all shares of Series A Preferred Stock and Series B Preferred Stock.
- 1.14 **“Proposed Key Holder Transfer”** means any assignment, sale, offer to sell, pledge, mortgage, hypothecation, encumbrance, disposition of or any other like transfer or encumbering of any Transfer Stock (or any interest therein) proposed by any of the Key Holders.
- 1.15 **“Proposed Transfer Notice”** means written notice from a Key Holder setting forth the terms and conditions of a Proposed Key Holder Transfer.
- 1.16 **“Prospective Transferee”** means any Person to whom a Key Holder proposes to make a Proposed Key Holder Transfer.

1.17 “**Right of Co-Sale**” means the right, but not an obligation, of an Investor to participate in a Proposed Key Holder Transfer on the terms and conditions specified in the Proposed Transfer Notice.

1.18 “**Right of First Refusal**” means the right, but not an obligation, of the Company, or its permitted transferees or assigns, to purchase some or all of the Transfer Stock with respect to a Proposed Key Holder Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

1.19 “**Secondary Notice**” means written notice from the Company notifying the Investors and the selling Key Holder that the Company does not intend to exercise its Right of First Refusal as to all shares of any Transfer Stock with respect to a Proposed Key Holder Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

1.20 “**Secondary Refusal Right**” means the right, but not an obligation, of each Investor to purchase up to its pro rata portion (based upon the total number of shares of Capital Stock then held by all Investors) of any Transfer Stock not purchased pursuant to the Right of First Refusal, on the terms and conditions specified in the Proposed Transfer Notice.

1.21 “**Series A Preferred Stock**” means the Company’s Series A Convertible Redeemable Preferred Stock, par value \$0.0001 per share.

1.22 “**Transfer Stock**” means shares of Capital Stock owned by a Key Holder, or issued to a Key Holder after the date hereof (including, without limitation, in connection with any stock split, stock dividend, recapitalization, reorganization, or the like), but does not include any shares of Series B Preferred Stock or of Common Stock that are issued or issuable upon conversion of Series B Preferred Stock.

1.23 “**Undersubscription Notice**” means written notice from an Investor notifying the Company and the selling Key Holder that such Investor intends to exercise its option to purchase all or any portion of the Transfer Stock not purchased pursuant to the Right of First Refusal or the Secondary Refusal Right.

2. Agreement Among the Company, the Investors and the Key Holders.

2.1 Right of First Refusal.

(a) Grant. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Company a Right of First Refusal to purchase all or any portion of Transfer Stock that such Key Holder may propose to transfer in a Proposed Key Holder Transfer, at the same price and on the same terms and conditions as those offered to the Prospective Transferee.

(b) Notice. Each Key Holder proposing to make a Proposed Key Holder Transfer must deliver a Proposed Transfer Notice to the Company and each Investor not later than forty-five (45) days prior to the consummation of such Proposed Key Holder Transfer. Such Proposed Transfer Notice shall contain the material terms and conditions (including price and form of consideration) of the Proposed Key Holder Transfer, the identity of the Prospective Transferee

and the intended date of the Proposed Key Holder Transfer. To exercise its Right of First Refusal under this Section 2, the Company must deliver a Company Notice to the selling Key Holder and the Investors within fifteen (15) days after delivery of the Proposed Transfer Notice specifying the number of shares of Transfer Stock to be purchased by the Company. In the event of a conflict between this Agreement and the Company's Bylaws containing a preexisting right of first refusal, the terms of the Bylaws will control and compliance with the Bylaws shall be deemed compliance with this Section 2.1(a) and (b) in full.

(c) Grant of Secondary Refusal Right to the Investors. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Investors a Secondary Refusal Right to purchase all or any portion of the Transfer Stock not purchased by the Company pursuant to the Right of First Refusal, as provided in this Section 2.1(c). If the Company does not provide the Company Notice exercising its Right of First Refusal with respect to all Transfer Stock subject to a Proposed Key Holder Transfer, the Company must deliver a Secondary Notice to the selling Key Holder and to each Investor to that effect no later than fifteen (15) days after the selling Key Holder delivers the Proposed Transfer Notice to the Company. To exercise its Secondary Refusal Right, an Investor must deliver an Investor Notice to the selling Key Holder and the Company within ten (10) days after the Company's deadline for its delivery of the Secondary Notice as provided in the preceding sentence.

(d) Undersubscription of Transfer Stock. If options to purchase have been exercised by the Company and the Investors pursuant to Sections 2.1(b) and (c) with respect to some but not all of the Transfer Stock by the end of the ten (10) day period specified in the last sentence of Section 2.1(c) (the "**Investor Notice Period**"), then the Company shall, within five (5) days after the expiration of the Investor Notice Period, send written notice (the "**Company Undersubscription Notice**") to those Investors who fully exercised their Secondary Refusal Right within the Investor Notice Period (the "**Exercising Investors**"). Each Exercising Investor shall, subject to the provisions of this Section 2.1(d), have an additional option to purchase all or any part of the balance of any such remaining unsubscribed shares of Transfer Stock on the terms and conditions set forth in the Proposed Transfer Notice. To exercise such option, an Exercising Investor must deliver an Undersubscription Notice to the selling Key Holder and the Company within ten (10) days after the expiration of the Investor Notice Period. In the event there are two (2) or more such Exercising Investors that choose to exercise the last-mentioned option for a total number of remaining shares in excess of the number available, the remaining shares available for purchase under this Section 2.1(d) shall be allocated to such Exercising Investors pro rata based on the number of shares of Transfer Stock such Exercising Investors have elected to purchase pursuant to the Secondary Refusal Right (without giving effect to any shares of Transfer Stock that any such Exercising Investor has elected to purchase pursuant to the Company Undersubscription Notice). If the options to purchase the remaining shares are exercised in full by the Exercising Investors, the Company shall immediately notify all of the Exercising Investors and the selling Key Holder of that fact.

(e) Forfeiture of Rights. Notwithstanding the foregoing, if the total number of shares of Transfer Stock that the Company and the Investors have agreed to purchase in the Company Notice, Investor Notices and Undersubscription Notices is less than the total number of shares of Transfer Stock, then the Company and the Investors shall be deemed to have forfeited any right to purchase such Transfer Stock, and the selling Key Holder shall be free to sell

all, but not less than all, of the Transfer Stock to the Prospective Transferee on terms and conditions substantially similar to (and in no event more favorable than) the terms and conditions set forth in the Proposed Transfer Notice, it being understood and agreed that: (i) any such sale or transfer shall be subject to the other terms and restrictions of this Agreement, including, without limitation, the terms and restrictions set forth in Sections 2.2 and 6.9(b); (ii) any future Proposed Key Holder Transfer shall remain subject to the terms and conditions of this Agreement, including this Section 2; and (iii) such sale shall be consummated within forty-five (45) days after receipt of the Proposed Transfer Notice by the Company and, if such sale is not consummated within such forty-five (45) day period, such sale shall again become subject to the Right of First Refusal and Secondary Refusal Right on the terms set forth herein.

(f) Consideration; Closing. If the consideration proposed to be paid for the Transfer Stock is in property, services or other non-cash consideration, the fair market value of the consideration shall be as determined in good faith by the Board of Directors and as set forth in the Company Notice. If the Company or any Investor cannot for any reason pay for the Transfer Stock in the same form of non-cash consideration, the Company or such Investor may pay the cash value equivalent thereof, as determined in good faith by the Board of Directors and as set forth in the Company Notice. The closing of the purchase of Transfer Stock by the Company and the Investors shall take place, and all payments from the Company and the Investors shall have been delivered to the selling Key Holder, by the later of (i) the date specified in the Proposed Transfer Notice as the intended date of the Proposed Key Holder Transfer; and (ii) forty-five (45) days after delivery of the Proposed Transfer Notice.

2.2 Right of Co-Sale.

(a) Exercise of Right. If any Transfer Stock subject to a Proposed Key Holder Transfer is not purchased pursuant to Section 2.1 above and thereafter is to be sold to a Prospective Transferee, each respective Investor may elect to exercise its Right of Co-Sale and participate on a pro rata basis in the Proposed Key Holder Transfer as set forth in Section 2.2(b) below and, subject to Section 2.2(d), otherwise on the same terms and conditions specified in the Proposed Transfer Notice. Each Investor who desires to exercise its Right of Co-Sale (each, a “**Participating Investor**”) must give the selling Key Holder written notice to that effect within fifteen (15) days after the deadline for delivery of the Secondary Notice described above, and upon giving such notice such Participating Investor shall be deemed to have effectively exercised the Right of Co-Sale.

(b) Shares Includable. Each Participating Investor may include in the Proposed Key Holder Transfer all or any part of such Participating Investor’s Capital Stock equal to the product obtained by multiplying (i) the aggregate number of shares of Transfer Stock subject to the Proposed Key Holder Transfer (excluding shares purchased by the Company or the Participating Investors pursuant to the Right of First Refusal or the Secondary Refusal Right) by (ii) a fraction, the numerator of which is the number of shares of Capital Stock owned by such Participating Investor immediately before consummation of the Proposed Key Holder Transfer (including any shares that such Participating Investor has agreed to purchase pursuant to the Secondary Refusal Right) and the denominator of which is the total number of shares of Capital Stock owned, in the aggregate, by all Participating Investors immediately prior to the consummation of the Proposed Key Holder Transfer (including any shares that all Participating

Investors have collectively agreed to purchase pursuant to the Secondary Refusal Right), plus the number of shares of Transfer Stock held by the selling Key Holder. To the extent one (1) or more of the Participating Investors exercise such right of participation in accordance with the terms and conditions set forth herein, the number of shares of Transfer Stock that the selling Key Holder may sell in the Proposed Key Holder Transfer shall be correspondingly reduced.

(c) Purchase and Sale Agreement. The Participating Investors and the selling Key Holder agree that the terms and conditions of any Proposed Key Holder Transfer in accordance with this Section 2.2 will be memorialized in, and governed by, a written purchase and sale agreement with the Prospective Transferee (the “**Purchase and Sale Agreement**”) with customary terms and provisions for such a transaction, and the Participating Investors and the selling Key Holder further covenant and agree to enter into such Purchase and Sale Agreement as a condition precedent to any sale or other transfer in accordance with this Section 2.2.

(d) Allocation of Consideration.

(i) Subject to Section 2.2(d)(ii), the aggregate consideration payable to the Participating Investors and the selling Key Holder shall be allocated based on the number of shares of Capital Stock sold to the Prospective Transferee by each Participating Investor and the selling Key Holder as provided in Section 2.2(b), provided that if a Participating Investor wishes to sell Preferred Stock, the price set forth in the Proposed Transfer Notice shall be appropriately adjusted based on the conversion ratio of the Preferred Stock into Common Stock.

(ii) In the event that the Proposed Key Holder Transfer constitutes a Change of Control, the terms of the Purchase and Sale Agreement shall provide that the aggregate consideration from such transfer shall be allocated to the Participating Investors and the selling Key Holder in accordance with Sections 2(a) and 2(b) of the Series B Certificate of Designation and, if applicable, the next sentence as if (A) such transfer were a Deemed Liquidation Event (as defined in the Certificate of Incorporation), and (B) the Capital Stock sold in accordance with the Purchase and Sale Agreement were the only Capital Stock outstanding. In the event that a portion of the aggregate consideration payable to the Participating Investor(s) and selling Key Holder is placed into escrow and/or is payable only upon satisfaction of contingencies, the Purchase and Sale Agreement shall provide that (x) the portion of such consideration that is not placed in escrow and is not subject to contingencies (the “**Initial Consideration**”) shall be allocated in accordance with Sections 2(a) and 2(b) of the Series B Certificate of Designation as if the Initial Consideration were the only consideration payable in connection with such transfer, and (y) any additional consideration which becomes payable to the Participating Investor(s) and selling Key Holder upon release from escrow or satisfaction of such contingencies shall be allocated in accordance with Sections 2(a) and 2(b) of the Series B Certificate of Designation after taking into account the previous payment of the Initial Consideration as part of the same transfer.

(e) Purchase by Selling Key Holder; Deliveries. Notwithstanding Section 2.2(c) above, if any Prospective Transferee(s) refuse(s) to purchase securities subject to the Right of Co-Sale from any Participating Investor or Investors or upon the failure to negotiate in good faith a Purchase and Sale Agreement satisfactory to the Participating Investors, no Key Holder may sell any Transfer Stock to such Prospective Transferee(s) unless and until, simultaneously with such sale, such Key Holder purchases all securities subject to the Right of Co-

Sale from such Participating Investor or Investors on the same terms and conditions (including the proposed purchase price) as set forth in the Proposed Transfer Notice and as provided in Section 2.2(d)(i); provided, however, if such sale constitutes a Change of Control, the portion of the aggregate consideration paid by the selling Key Holder to such Participating Investor or Investors shall be made in accordance with the first sentence of Section 2.2(d)(ii). In connection with such purchase by the selling Key Holder, such Participating Investor or Investors shall deliver to the selling Key Holder any stock certificate or certificates, properly endorsed for transfer, representing the Capital Stock being purchased by the selling Key Holder (or request that the Company effect such transfer in the name of the selling Key Holder). Any such shares transferred to the selling Key Holder will be transferred to the Prospective Transferee against payment therefor in consummation of the sale of the Transfer Stock pursuant to the terms and conditions specified in the Proposed Transfer Notice, and the selling Key Holder shall concurrently therewith remit or direct payment to each such Participating Investor the portion of the aggregate consideration to which each such Participating Investor is entitled by reason of its participation in such sale as provided in this Section 2.2(e).

(f) Additional Compliance. If any Proposed Key Holder Transfer is not consummated within sixty (60) days after receipt of the Proposed Transfer Notice by the Company, the Key Holders proposing the Proposed Key Holder Transfer may not sell any Transfer Stock unless they first comply in full with each provision of this Section 2. The exercise or election not to exercise any right by any Investor hereunder shall not adversely affect its right to participate in any other sales of Transfer Stock subject to this Section 2.2.

2.3 Effect of Failure to Comply.

(a) Transfer Void; Equitable Relief. Any Proposed Key Holder Transfer not made in compliance with the requirements of this Agreement shall be null and void ab initio, shall not be recorded on the books of the Company or its transfer agent and shall not be recognized by the Company. Each party hereto acknowledges and agrees that any breach of this Agreement would result in substantial harm to the other parties hereto for which monetary damages alone could not adequately compensate. Therefore, the parties hereto unconditionally and irrevocably agree that any non-breaching party hereto shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity (including, without limitation, seeking specific performance or the rescission of purchases, sales and other transfers of Transfer Stock not made in strict compliance with this Agreement).

(b) Violation of First Refusal Right. If any Key Holder becomes obligated to sell any Transfer Stock to the Company or any Investor under this Agreement and fails to deliver such Transfer Stock in accordance with the terms of this Agreement, the Company and/or such Investor may, at its option, in addition to all other remedies it may have, send to such Key Holder the purchase price for such Transfer Stock as is herein specified and transfer to the name of the Company or such Investor (or request that the Company effect such transfer in the name of an Investor) on the Company's books any certificates, instruments, or book entry representing the Transfer Stock to be sold.

(c) Violation of Co-Sale Right. If any Key Holder purports to sell any Transfer Stock in contravention of the Right of Co-Sale (a “**Prohibited Transfer**”), each Participating Investor who desires to exercise its Right of Co-Sale under Section 2.2 may, in addition to such remedies as may be available by law, in equity or hereunder, require such Key Holder to purchase from such Participating Investor the type and number of shares of Capital Stock that such Participating Investor would have been entitled to sell to the Prospective Transferee had the Prohibited Transfer been effected in compliance with the terms of Section 2.2. The sale will be made on the same terms, including, without limitation, as provided in Section 2.2(d)(i) and the first sentence of Section 2.2(d)(ii), as applicable, and subject to the same conditions as would have applied had the Key Holder not made the Prohibited Transfer, except that the sale (including, without limitation, the delivery of the purchase price) must be made within ninety (90) days after the Participating Investor learns of the Prohibited Transfer, as opposed to the timeframe proscribed in Section 2.2. Such Key Holder shall also reimburse each Participating Investor for any and all reasonable and documented out-of-pocket fees and expenses, including reasonable legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the Participating Investor’s rights under Section 2.2.

3. Exempt Transfers.

3.1 Exempted Transfers. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Sections 2.1 and 2.2 shall not apply (a) in the case of a Key Holder that is an entity, upon a transfer by such Key Holder to its stockholders, members, partners or other equity holders or Affiliates, (b) to a repurchase of Transfer Stock from a Key Holder by the Company at a price no greater than that originally paid by such Key Holder for such Transfer Stock and pursuant to an agreement containing vesting and/or repurchase provisions approved by a majority of the Board of Directors, (c) to a pledge of Transfer Stock that creates a mere security interest in the pledged Transfer Stock or (d) in the case of a Key Holder that is a natural person, upon a transfer of Transfer Stock by such Key Holder made for bona fide estate planning purposes, either during his or her lifetime or on death by will or intestacy to his or her spouse, including any life partner or similar statutorily-recognized domestic partner, child (natural or adopted), or any other direct lineal descendant of such Key Holder (or his or her spouse, including any life partner or similar statutorily-recognized domestic partner) (all of the foregoing collectively referred to as “family members”), or any other Person approved by the Board of Directors, or any custodian or trustee of any trust, partnership or limited liability company for the benefit of, or the ownership interests of which are owned wholly by such Key Holder or any such family members; (e) to any transfer by a Key Holder of Transfer Stock, or any derivate thereof, to any employee of the Company, or (f) to the sale by the Key Holder of up to ten percent (10%) of the Transfer Stock held by such Key Holder as of the date that such Key Holder first became party to this Agreement; provided that in the case of clause(s) (a), (c), (d), (e) or (f), the Key Holder shall deliver prior written notice to the Investors of such pledge, gift or transfer and such shares of Transfer Stock shall at all times remain subject to the terms and restrictions set forth in this Agreement and such transferee shall, as a condition to such transfer, deliver a counterpart signature page to this Agreement as confirmation that such transferee shall be bound by all the terms and conditions of this Agreement as a Key Holder (but only with respect to the securities so transferred to the transferee), including the obligations of a Key Holder with respect to Proposed Key Holder Transfers of such Transfer Stock pursuant to Section 2.

3.2 Exempted Offerings. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Section 2 shall not apply to the sale of any Transfer Stock (a) to the public in an offering pursuant to an effective registration statement or qualified offering statement (i.e., Regulation A) under the Securities Act of 1933, as amended (a “**Public Offering**”); or (b) pursuant to a Deemed Liquidation Event (as defined in the Certificate of Incorporation).

4. Legend. Each certificate, instrument, or book entry representing shares of Transfer Stock held by the Key Holders or issued to any permitted transferee in connection with a transfer permitted by Section 3.1 hereof shall be notated with the following legend:

THE SALE, PLEDGE, HYPOTHECATION, OR TRANSFER OF THE SECURITIES REPRESENTED HEREBY IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE TERMS AND CONDITIONS OF A CERTAIN RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT BY AND AMONG THE STOCKHOLDER, THE CORPORATION AND CERTAIN OTHER HOLDERS OF STOCK OF THE CORPORATION. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.

Each Key Holder agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares notated with the legend referred to in this Section 4 above to enforce the provisions of this Agreement, and the Company agrees to promptly do so. The legend shall be removed upon termination of this Agreement at the request of the holder.

5. Lock-Up.

5.1 Agreement to Lock-Up. Each Key Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company’s initial public offering (the “**IPO**”) and ending on the date specified by the Company and the managing underwriter (a) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Capital Stock held immediately prior to the effectiveness of the registration statement for the IPO; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Capital Stock, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Capital Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 5 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement or to the establishment of a trading plan pursuant to Rule 10b5-1, provided that such plan does not permit transfers during the restricted period, and shall only be applicable to the Key Holders if all officers, directors and holders of more than one percent (1%) of the outstanding Common Stock (after giving effect to the conversion into Common Stock of all outstanding Series A Preferred Stock) enter into similar agreements. The underwriters in connection with the IPO are intended third-party beneficiaries of this Section 5 and shall have the right, power and authority to enforce, amend or waive the provisions hereof as though they were a party hereto. Each Key Holder further

agrees to execute such agreements as may be reasonably requested by the underwriters in the IPO that are consistent with this Section 5 or that are necessary to give further effect thereto.

5.2 Stop Transfer Instructions. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the shares of Capital Stock of each Key Holder (and transferees and assignees thereof) until the end of such restricted period.

6. Miscellaneous.

6.1 Term. This Agreement shall automatically terminate upon the earlier of (a) immediately prior to the consummation of the Company's IPO; (b) the consummation of a Deemed Liquidation Event (as defined in the Certificate of Incorporation); or (c) the date that all of the outstanding Series B Preferred Stock is converted to Common Stock.

6.2 Stock Split. All references to numbers of shares in this Agreement shall be appropriately adjusted to reflect any stock dividend, split, combination or other recapitalization affecting the Capital Stock occurring after the date of this Agreement.

6.3 Ownership. Each Key Holder represents and warrants that such Key Holder is the sole legal and beneficial owner of the shares of Transfer Stock subject to this Agreement and that no other Person or entity has any interest in such shares (other than a community property interest as to which the holder thereof has acknowledged and agreed in writing to the restrictions and obligations hereunder).

6.4 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of New York State and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York or the Southern District Court of the State of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO

ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.5 Notices.

(a) All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on Schedule A or Schedule B hereof, as the case may be, or to such email address or address as subsequently modified by written notice given in accordance with this Section 6.5. If notice is given to the Company, it shall be sent to 2151 Lisbon Road, Kennerdell, Pennsylvania 16374, Attention: Gregory A. Beard; and a copy (which copy shall not constitute notice) shall also be sent to Vinson & Elkins LLP, 901 East Byrd Street, Suite 1500, Richmond, VA 23219, dlebey@velaw.com, Attention: Daniel M. LeBey.

(b) Consent to Electronic Notice. Each Investor and Key Holder consents to the delivery of any stockholder notice pursuant to the Delaware General Corporation Law (the "DGCL"), as amended or superseded from time to time, by electronic transmission pursuant to Section 232 of the DGCL (or any successor thereto) at the electronic mail address set forth below such Investor's or Key Holder's name on the Schedules hereto, as updated from time to time by notice to the Company, or as on the books of the Company. To the extent that any notice given by means of electronic transmission is returned or undeliverable for any reason, the foregoing consent shall be deemed to have been revoked until a new or corrected electronic mail address has been provided, and such attempted electronic notice shall be ineffective and deemed to not have been given. Each Investor and Key Holder agrees to promptly notify the Company of any change in its electronic mail address, and that failure to do so shall not affect the foregoing.

6.6 Entire Agreement. This Agreement (including, the Exhibits and Schedules hereto) together with the other Transaction Agreements (as defined in the Purchase Agreement) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

6.7 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or

character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.8 Amendment; Waiver and Termination. This Agreement may be amended, modified or terminated (other than pursuant to Section 6.1 above) and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument executed by (a) the Company, (b) the Key Holders holding a majority of the shares of Transfer Stock then held by all of the Key Holders, and (c) the holders of a majority of the shares of Common Stock issued or issuable upon conversion of the then outstanding shares of Series B Preferred Stock held by the Investors (voting as a single separate class and on an as-converted basis). Any amendment, modification, termination or waiver so effected shall be binding upon the Company, the Investors, the Key Holders and all of their respective successors and permitted assigns whether or not such party, assignee or other shareholder entered into or approved such amendment, modification, termination or waiver. Notwithstanding the foregoing, (i) this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Investor or Key Holder without the written consent of such Investor or Key Holder unless such amendment, modification, termination or waiver applies to all Investors and Key Holders, respectively, in the same fashion, (ii) this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Investor without the written consent of such Investor, if such amendment, modification, termination or waiver would adversely affect the rights of such Investor in a manner disproportionate to any adverse effect such amendment, modification, termination or waiver would have on the rights of the other Investors under this Agreement, (iii) the consent of the Key Holders shall not be required for any amendment, modification, termination or waiver if such amendment, modification, termination or waiver does not apply to the Key Holders, and (iv) Schedule A hereto may be amended by the Company from time to time in accordance with the Purchase Agreement to add information regarding Additional Purchasers (as defined in the Purchase Agreement) without the consent of the other parties hereto. The Company shall give prompt written notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination or waiver. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one (1) or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

6.9 Assignment of Rights.

(a) The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) Any successor or permitted assignee of any Key Holder, including any Prospective Transferee who purchases shares of Transfer Stock in accordance with the terms hereof, shall deliver to the Company and the Investors, as a condition to any transfer or assignment, a counterpart signature page hereto pursuant to which such successor or permitted assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the predecessor or assignor of such successor or permitted assignee.

(c) The rights of the Investors hereunder are not assignable without the Company's written consent (which shall not be unreasonably withheld, delayed or conditioned), except (i) by an Investor to any Affiliate, or (ii) to an assignee or transferee who acquires at least 40,000 shares of Capital Stock (as adjusted for any stock combination, stock split, stock dividend, recapitalization or other similar transaction), it being acknowledged and agreed that any such assignment, including an assignment contemplated by the preceding clauses (i) or (ii) shall be subject to and conditioned upon any such assignee's delivery to the Company and the other Investors of a counterpart signature page hereto pursuant to which such assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the assignor of such assignee.

(d) Except in connection with an assignment by the Company by operation of law to the acquirer of the Company, the rights and obligations of the Company hereunder may not be assigned under any circumstances.

6.10 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

6.11 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Series B Preferred Stock after the date hereof, any purchaser of such shares of Series B Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and thereafter shall be deemed an "Investor" for all purposes hereunder.

6.12 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

6.13 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.14 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.15 Aggregation of Stock. All shares of Capital Stock held or acquired by Affiliated entities or Persons shall be aggregated together for the purpose of determining the

availability of any rights under this Agreement and such Affiliated Persons may apportion such rights as among themselves in any manner they deem appropriate.

6.16 Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, each Investor shall be entitled to specific performance of the agreements and obligations of the Company and the Key Holders hereunder and to such other injunction or other equitable relief as may be granted by a court of competent jurisdiction.

6.17 Additional Key Holders. In the event that after the date of this Agreement, the Company issues shares of Common Stock, or options to purchase Common Stock, to any employee or consultant, which shares or options would collectively constitute with respect to such employee or consultant (taking into account all shares of Common Stock, options and other purchase rights held by such employee or consultant) one percent (1%) or more of the Company's then outstanding Common Stock (treating for this purpose all shares of Common Stock issuable upon exercise of or conversion of outstanding options, warrants or convertible securities, as if exercised or converted), the Company shall, as a condition to such issuance, cause such employee or consultant to execute a counterpart signature page hereto as a Key Holder, and such person shall thereby be bound by, and subject to, all the terms and provisions of this Agreement applicable to a Key Holder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Right of First Refusal and Co-Sale Agreement as of the date first written above.

COMPANY:

STRONGHOLD DIGITAL MINING, INC.

By: /s/ Gregory A. Beard

Name: Gregory A. Beard

Title: Chief Executive Officer and President

[Additional Signature Pages Have Been Intentionally Omitted]

SCHEDULE A

INVESTORS

[Intentionally Omitted]

SCHEDULE B

KEY HOLDERS

Name and Address

Gregory Beard

William Spence

SERIES A PREFERRED STOCK PURCHASE AGREEMENT

THIS SERIES A PREFERRED STOCK PURCHASE AGREEMENT (this “**Agreement**”), is made as of the 1st day of April, 2021 by and among Stronghold Digital Mining, Inc., a Delaware corporation (the “**Company**”) and the investors listed on Exhibit A attached to this Agreement (each a “**Purchaser**” and together the “**Purchasers**”).

RECITALS

A. B. Riley Securities, Inc. is acting as placement agent (the “**Placement Agent**”) in connection with the Company’s offering of shares of its Series A Preferred Stock (as defined below).

B. The Purchasers wish to purchase from the Company, and the Company wishes to sell and issue to the Purchasers, upon the terms and conditions stated in this Agreement up to 3,400,000 shares of Series A Preferred Stock at a price of \$25.00 per Share (as defined below) for maximum gross proceeds of up to \$85,000,000 (the “**Maximum Amount**”).

C. The Company and the Purchasers are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act (as defined below) and Rule 506(b) of Regulation D promulgated thereunder.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual terms, conditions and other agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree to the sale and purchase of the Shares as set forth herein.

1. Purchase and Sale of Preferred Stock.

1.1 Sale and Issuance of Preferred Stock.

(a) The Certificate of Incorporation of the Company immediately prior to the Initial Closing shall be as set forth on Exhibit B to this Agreement (the “**Certificate of Incorporation**”). The Bylaws of the Company immediately prior to the Initial Closing shall be as set forth on Exhibit C to this Agreement (the “**Bylaws**” and, together with the Certificate of incorporation, the “**Company Organizational Documents**”).

(b) Subject to the terms and conditions of this Agreement, each Purchaser agrees to purchase at the Closing and the Company agrees to sell and issue to each Purchaser at the Closing that number of shares of Series A Redeemable Convertible Preferred Stock, \$0.0001 par value per share (the “**Series A Preferred Stock**”), set forth opposite each Purchaser’s name on Exhibit A, at a purchase price of \$25.00 per share (the “**Purchase Price**”). The shares of Series A Preferred Stock issued to the Purchasers pursuant to this Agreement (including any shares issued at the Initial Closing and any Additional Shares, as defined below) shall be referred to in this Agreement as the “**Shares**.”

1.2 Closing; Delivery.

(a) The initial purchase and sale of the Shares shall take place remotely via the exchange of documents and signatures on such date and at such time as the Company and the Placement

Agent mutually agree, orally or in writing (which time and place are designated as the “**Initial Closing**”). In the event there is more than one closing, the term “**Closing**” shall apply to each such closing unless otherwise specified.

(b) At each Closing, the Company or its transfer agent shall deliver to each Purchaser the Shares being purchased by such Purchaser at such Closing against payment of the purchase price therefor at or prior to the Closing by wire transfer to the Company’s corporate bank account utilizing the wire instructions separately provided to the Purchaser in writing by the Company or the Placement Agent. Unless a Purchaser requests a Series A Preferred Stock Certificate, the Shares will be delivered to such Purchaser in book-entry form through the book-entry system of the Company’s transfer agent and registrar.

1.3 Sale of Additional Shares of Preferred Stock.(a) After the Initial Closing, the Company may sell, on the same terms and conditions as those contained in this Agreement, additional Shares until the gross proceeds of all Shares sold at the Initial Closing and all subsequent Closings is equal to the Maximum Amount (the “**Additional Shares**”), to one or more purchasers (the “**Additional Purchasers**”), provided that (i) such subsequent sale is consummated prior to sixty (60) days after the Initial Closing and (ii) each Additional Purchaser becomes a party to the Transaction Agreements (as defined below), by executing and delivering a counterpart signature page to each of the Transaction Agreements. Exhibit A to this Agreement shall be updated to reflect the number of Additional Shares purchased at each such Closing and the parties purchasing such Additional Shares.

1.4 Use of Proceeds. The Company will use the proceeds from the sale of the Shares as set forth in the Investor Presentation (as defined below).

1.5 Defined Terms Used in this Agreement. In addition to the terms defined elsewhere in this Agreement , the following terms used in this Agreement shall be construed to have the meanings set forth or referenced below.

(a) “**Affiliate**” means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including, without limitation, any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Person.

(b) “**Code**” means the Internal Revenue Code of 1986, as amended.

(c) “**Company Intellectual Property**” means all patents, patent applications, registered and unregistered trademarks, trademark applications, registered and unregistered service marks, service mark applications, tradenames, copyrights, trade secrets, domain names, mask works, information and proprietary rights and processes, similar or other intellectual property rights, subject matter of any of the foregoing, tangible embodiments of any of the foregoing, licenses in, to and under any of the foregoing, and any and all such cases that are as are necessary to the Company in the conduct of the Company’s business as now conducted and as presently proposed to be conducted.

(d) “**Data Room**” means the password protected data room established by the Company for the benefit of the Purchasers in order to facilitate the Purchasers’ due diligence investigation of the Company and containing the Disclosure Package, the Reorganization Plan, the Company Organizational Documents, the Tax Receivable Agreement, the Right of First Refusal and Co-Sale Rights

Agreement, and certain other material agreements, documents and information relating to the Company and its business and assets.

- (e) **“Disclosure Package”** means the Investor Presentation, the Legal Disclosure Supplement, this Agreement and the Exhibits and Disclosure Schedule attached hereto, and the other agreements, documents and information included in the Data Room.
- (f) **“Investor Presentation”** means the confidential presentation dated as of March 2021 that has been made available to each of the Purchasers as set forth in the Data Room.
- (g) **“Key Employee”** means Gregory Beard, William Spence, Ricardo Larroude and RJ Schaffer.
- (h) **“Knowledge,”** including the phrase **“to the Company’s knowledge,”** shall mean the actual knowledge, after reasonable investigation, of Gregory Beard and Ricardo Larroude.
- (i) **“Legal Disclosure Supplement”** means the disclosure document labeled as “Legal Disclosure Supplement” that has been made available to each of the Purchasers as set forth in the Data Room.
- (j) **“Master Transaction Agreement”** means that certain Master Transaction Agreement dated as of the date of the Initial Closing relating to the transactions contemplated under the Reorganization Plan.
- (k) **“Material Adverse Effect”** means a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property, prospects or results of operations of the Company or OpCo.
- (l) **“OpCo”** means Stronghold Digital Mining Holdings, LLC, a Delaware limited liability company.
- (m) **“Olympus Buyout”** means the acquisition of all of Aspen Scrubgrass Participant, LLC’s equity interests in and to Scrubgrass Generating, L.P., as more particularly described in Section 1.03 of the Master Transaction Agreement.
- (n) **“OpCo LLCA”** means the limited liability company agreement of OpCo to be entered into by the parties thereto as part of the Reorganization Plan in the form attached to the Legal Disclosure Supplement set forth in the Data Room.
- (o) **“Person”** means any individual, corporation, partnership, trust, limited liability company, association or other entity.
- (p) **“Purchaser”** means each of the Purchasers who is initially a party to this Agreement and any Additional Purchaser who becomes a party to this Agreement at a subsequent Closing under Subsection 1.2(b).
- (q) **“Registration Rights Agreement”** means the agreement among the Company and the Purchasers dated as of the date of the Initial Closing, in the form of Exhibit E attached to this Agreement.

(r) **“Reorganization Plan”** means the series of transactions illustrated on Exhibit G attached to this Agreement.

(s) **“Right of First Refusal and Co-Sale Agreement”** means the agreement among the Company, the Purchasers, and certain other stockholders of the Company, dated as of the date of the Initial Closing, in the form of Exhibit F attached to this Agreement.

(t) **“Securities Act”** means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(u) **“Shares”** means the shares of Series A Preferred Stock issued at the Initial Closing and any Additional Shares issued at a subsequent Closing under Subsection 1.3.

(v) **“Subsidiary”** means any Person with respect to which a specified Person owns a majority of the common stock or other equity securities or otherwise has the power to vote or direct the voting of sufficient securities to elect a majority of the directors or other governing body, any limited partnership with respect to which any Person serves as the general partner with the power and authority to manage the day-to-day business and affairs of the limited partnership, or any limited liability company with respect to which any Person serves as the managing member with the power and authority to manage the day-to-day business and affairs of the limited liability company.

(w) **“Tax Receivable Agreement”** means the Tax Receivable Agreement to be entered into by the parties thereto as part of the Reorganization Plan in the form attached to the Legal Disclosure Supplement set forth in the Data Room.

(x) **“Transaction Agreements”** means this Agreement, the Registration Rights Agreement, and the Right of First Refusal and Co-Sale Agreement

2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Placement Agent and each Purchaser that the following representations are true and complete as of the date of the Initial Closing, except as otherwise indicated. The Disclosure Schedule attached as Exhibit D is arranged in sections corresponding to the numbered and lettered sections and subsections contained in this Section 2, and the disclosures in any section or subsection of the Disclosure Schedule shall be deemed part of the representation and warranty that such section or subsection corresponds to and shall qualify other sections and subsections in this Section 2 to the extent it is readily apparent from a reading of the disclosure that such disclosure is applicable to such other sections and subsections.

For purposes of these representations and warranties (other than those in Subsections 2.1, 2.2, 2.3, 2.4, 2.5, and 2.6), the term the **“Company”** shall include OpCo and any other Subsidiaries of the Company and OpCo upon completion of the Reorganization Transactions, unless otherwise noted herein.

2.1 Organization, Good Standing, Corporate Power and Qualification.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted and as presently proposed to be conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect.

(b) Each Subsidiary is a limited liability company or limited partnership duly formed, validly existing and in good standing under the laws of its state of formed and has all requisite limited liability company power and authority to carry on its business as now conducted and as presently proposed to be conducted. Each Subsidiary is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect.

2.2 Capitalization.

(a) The authorized capital of the Company consists, immediately prior to the Initial Closing, of:

(i) 238,000,000 shares of Class A common stock, \$0.0001 par value per share (the “**Class A Common Stock**”), none of which are issued and outstanding immediately prior to the Initial Closing.

(ii) 12,000,000 shares of Class V common stock, \$0.0001 par value per share (the “**Class V Common Stock**” and, together with the Class A Common Stock, the “**Common Stock**”), none of which are issued and outstanding immediately prior to the Initial Closing.

(iii) 50,000,000 shares of Preferred Stock, of which 5,000,000 shares have been designated Series A Preferred Stock, none of which are issued and outstanding immediately prior to the Initial Closing. The rights, privileges and preferences of the Preferred Stock are as stated in the Certificate of Incorporation and as provided by the Delaware General Corporation Law.

(iv) 238,000,000 Class A Units of OpCo, 9,400,000 of which are issued and outstanding immediately prior to the Initial Closing

(v) 50,000,000 Preferred Units of OpCo, none of which are issued and outstanding immediately prior to the Initial Closing.

(b) The Company has reserved 1,300,000 shares of Class A Common Stock for issuance to officers, directors, employees and consultants of the Company pursuant to stock option grants under an equity incentive plan that the Company expects to adopt during the first quarter of this year (the “**Stock Plan**”). Of such reserved shares of Class A Common Stock, no shares have been issued and all shares of Class A Common Stock remain available for issuance to officers, directors, employees and consultants pursuant to the Stock Plan once adopted.

(c) Except for (A) the conversion privileges of the Shares to be issued under this Agreement, (B) the rights provided in the Registration Rights Agreement, (C) the conversion privileges of the Class A Units of OpCo which, along with the accompanying Class V Common Stock, may be converted into Class A Common Stock, and (D) the securities and rights described in Subsection 2.2(a)(ii) of this Agreement, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal or similar rights) or agreements, orally or in writing, to purchase or acquire from the Company any shares of Common Stock or Series A Preferred Stock, or any securities convertible into or exchangeable for shares of Common Stock or Series A Preferred Stock.

(d) Except as set forth in the Certificate of Incorporation, the Company has no obligation (contingent or otherwise) to purchase or redeem any of its capital stock.

(e) The Company has obtained valid waivers of any rights by other parties to purchase any of the Shares covered by this Agreement.

2.3 Subsidiaries. Section 2.3(a) of the Disclosure Schedule sets forth for each Subsidiary of the Company and OpCo immediately after completion of the offering and sale of the Shares pursuant to this Agreement and the other transactions contemplated under the Master Transaction Agreement as reflected in the Reorganization Plan (i) its name and jurisdiction of incorporation or formation, (ii) the number of shares of authorized capital stock or other equity securities of each class of its capital stock or equity securities, (iii) the number of issued and outstanding shares of each class of its capital stock or equity securities, the names of the holders thereof, and the number of shares or other units held by each such holder, and (iv) the number of shares of its capital stock or other equity securities held in treasury. All of the issued and outstanding equity securities of OpCo and of each Subsidiary of OpCo have been duly authorized and, upon issuance pursuant to the transactions contemplated under the Master Transaction Agreement as reflected in the Reorganization Plan, will be validly issued, fully paid, and nonassessable securities. Upon completion of the transactions contemplated under the Master Transaction Agreement as reflected in the Reorganization Plan, except as disclosed in Section 2.3(b) of the Disclosure Schedule, OpCo will directly or indirectly own all of the outstanding shares or other units of equity securities of each Subsidiary of OpCo, free and clear of any restrictions on transfer (other than restrictions under the Securities Act and state securities laws), taxes, security interests, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. With the exception of the Olympus Buyout, there are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require any of the Company and its Subsidiaries to sell, transfer, or otherwise dispose of any capital stock of any of its Subsidiaries or that could require any Subsidiary of the Company to issue, sell, or otherwise cause to become outstanding any of its own capital stock. There are no outstanding stock appreciation, phantom stock, profit participation, or similar rights with respect to any Subsidiary of the Company. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of any capital stock of any Subsidiary of the Company. None of the Company or its Subsidiaries controls directly or indirectly or has any direct or indirect equity participation in any corporation, partnership, trust, or other business association which is not a Subsidiary of the Company.

2.4 Authorization.

(a) All corporate action required to be taken by the Company's Board of Directors and stockholders in order to authorize the Company to enter into the Transaction Agreements, and to issue the Shares at the Closing and the Class A Common Stock issuable upon conversion of the Shares, has been taken or will be taken prior to the Closing. All action on the part of the officers of the Company necessary for the execution and delivery of the Transaction Agreements, the performance of all obligations of the Company under the Transaction Agreements to be performed as of the Closing, and the issuance and delivery of the Shares has been taken or will be taken prior to the Closing. The Transaction Agreements, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, or (iii) to the extent the indemnification provisions contained in the Registration Rights Agreement and the Indemnification Agreement may be limited by applicable federal or state securities laws.

(b) All limited liability company action required to be taken by OpCo and its members and managing member in order to authorize OpCo to execute, deliver and perform its agreements under the Master Transaction Agreement have been taken prior to the Initial Closing

2.5 Valid Issuance of Shares. The Shares, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Transaction Agreements, applicable state and federal securities laws and liens or encumbrances created by or imposed by a Purchaser. Assuming the accuracy of the representations of the Purchasers in Section 3 of this Agreement, the Shares will be issued in compliance with all applicable federal and state securities laws. The Class A Common Stock issuable upon conversion of the Shares has been duly reserved for issuance, and upon issuance in accordance with the terms of the Certificate of Incorporation, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Transaction Agreements, applicable federal and state securities laws and liens or encumbrances created by or imposed by a Purchaser. Based in part upon the representations of the Purchasers in Section 3 of this Agreement, the Class A Common Stock issuable upon conversion of the Shares will be issued in compliance with all applicable federal and state securities laws.

2.6 Governmental Consents and Filings. Assuming the accuracy of the representations made by the Purchasers in Section 3 of this Agreement, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority is required on the part of the Company in connection with the consummation of the transactions contemplated by this Agreement, except for filings pursuant to Regulation D of the Securities Act, and applicable state securities laws, which have been made or will be made in a timely manner.

2.7 Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation pending or, to the Company's knowledge, currently threatened in writing (i) against the Company or any officer, director or Key Employee of the Company arising out of their employment or board relationship with the Company; (ii) that questions the validity of the Transaction Agreements or the right of the Company to enter into them, or to consummate the transactions contemplated by the Transaction Agreements; or (iii) against the Company or any officer, director or Key Employee of the Company that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. Neither the Company nor, to the Company's knowledge, any of its officers, directors or Key Employees is a party or is named as subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

2.8 Intellectual Property. The Company owns or possesses or can acquire on commercially reasonable terms sufficient legal rights to all Company Intellectual Property without any known conflict with, or infringement of, the rights of others, including prior employees or consultants, with which any of them may be affiliated now or may have been affiliated in the past. The Company Intellectual Property is adequate to enable the Company to operate its business. To the Company's knowledge, no product or service marketed or sold (or proposed to be marketed or sold) by the Company violates or will violate any license or infringes or will infringe any intellectual property rights of any other party. The Company has obtained and possesses valid licenses to use all of the software programs present on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with the Company's business, except where the failure to do so would not have a Material Adverse Effect. Other than with respect to commercially available software products under standard end-user object code license agreements, there are no outstanding options, licenses, agreements, claims, encumbrances or shared ownership interests of any kind relating to the Company Intellectual Property, nor is the Company bound by or a party to any options, licenses or

agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other Person. The Company has not received any communications alleging that the Company has violated, or by conducting its business, would violate any of the patents, trademarks, service marks, tradenames, copyrights, trade secrets, mask works or other proprietary rights or processes of any other Person.

2.9 Compliance with Other Instruments. The Company is not in violation of or in default under (i) of any provisions of the Company Organizational Documents, (ii) any instrument, judgment, order, writ or decree applicable to the Company, (iii) under any note, indenture or mortgage applicable to the Company, or (iv) under any lease, agreement, contract or purchase order to which it is a party or by which it is bound where such violation or default would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect., or (v) to its knowledge, of any provision of federal or state statute, rule or regulation applicable to the Company where such violation would have a Material Adverse Effect. The execution, delivery and performance of the Transaction Agreements and the consummation of the transactions contemplated by the Transaction Agreements or the Reorganization Plan will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (i) a material default under any such provision, instrument, judgment, order, writ, decree, contract or agreement applicable to the Company or any Subsidiary; or (ii) an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company or any Subsidiary or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to the Company or any Subsidiary.

2.10 Agreements; Actions.

(a) Except for the Transaction Agreements or as described in the Disclosure Package, there are no agreements, understandings, instruments, contracts or proposed transactions to which the Company is a party or by which it is bound that involve (i) obligations (contingent or otherwise) of, or payments to, the Company in excess of \$250,000, (ii) the license of any patent, copyright, trademark, trade secret or other proprietary right to or from the Company, (iii) the grant of rights to manufacture, produce, assemble, license, market, or sell its products to any other Person that limit the Company's exclusive right to develop, manufacture, assemble, distribute, market or sell its products, or (iv) indemnification by the Company with respect to infringements of proprietary rights.

(b) The Company has not (i) declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of its capital stock, (ii) incurred any indebtedness for money borrowed or incurred any other liabilities individually in excess of \$250,000 or in excess of \$1,000,000 in the aggregate, (iii) made any loans or advances to any Person, other than ordinary advances for travel expenses, or (iv) sold, exchanged or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business. For the purposes of (a) and (b) of this Subsection 2.10, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same Person (including Persons the Company has reason to believe are affiliated with each other) shall be aggregated for the purpose of meeting the individual minimum dollar amounts of such subsection.

(c) The Company is not a guarantor or indemnitor of any indebtedness of any other Person.

2.11 Certain Transactions.

(a) Other than (i) standard employee benefits generally made available to all employees, (ii) standard director and officer indemnification agreements approved by the Board of

Directors, and (iii) the purchase of shares of the Company's capital stock and the issuance of options to purchase shares of the Company's Class A Common Stock, in each instance, approved in the written minutes or actions taken by written consent of the Board of Directors (previously made available to the Purchasers in the Data Room or as described in the Disclosure Package), there are no agreements, understandings or proposed transactions between the Company and any of its officers, directors, consultants or Key Employees, or any Affiliate thereof.

(b) The Company is not indebted, directly or indirectly, to any of its directors, officers or employees or to their respective spouses or children or to any Affiliate of any of the foregoing, other than in connection with expenses or advances of expenses incurred in the ordinary course of business or employee relocation expenses and for other customary employee benefits made generally available to all employees or as described in the Disclosure Package. None of the Company's directors, officers or employees, or any members of their immediate families, or any Affiliate of the foregoing are, directly or indirectly, indebted to the Company or, to the Company's knowledge, have any (i) material commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationship with any of the Company's customers, suppliers, service providers, joint venture partners, licensees and competitors, (ii) direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company has a business relationship, or any firm or corporation which competes with the Company except that directors, officers, employees or stockholders of the Company may own stock in (but not exceeding two percent (2%) of the outstanding capital stock of) publicly traded companies that may compete with the Company; or (iii) financial interest in any material contract with the Company.

2.12 Rights of Registration and Voting Rights. Except as provided in the Registration Rights Agreement, the Company is not under any obligation to register under the Securities Act any of its currently outstanding securities or any securities issuable upon exercise or conversion of its or any of its Subsidiaries' currently outstanding securities. To the Company's knowledge, no stockholder of the Company has entered into any agreements with respect to the voting of capital stock of the Company that is not described in the Disclosure Package.

2.13 Property. The Company and the Subsidiaries own, lease or otherwise have a valid right to use, all real property that is material to its business, good and marketable title in fee simple to all real property owned by them that is material to its business and good and marketable title in all personal property owned by them that is material to its business, in each case free and clear of all encumbrances and liens, except for encumbrances and liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and encumbrances and liens for the payment of federal, state or other taxes, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases of which the Company and the Subsidiaries are in compliance, except as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

2.14 [Reserved].

2.15 Changes. To the Company's knowledge, since September 30, 2020 there have been no events or circumstances of any kind which, in all such cases, individually and in the aggregate, have had or could reasonably be expected to result in a Material Adverse Effect.

2.16 Employee Matters.

(a) To the Company's knowledge, none of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject

to any judgment, decree or order of any court or administrative agency, that would materially interfere with such employee's ability to promote the interest of the Company or that would conflict with the Company's business. Neither the execution or delivery of the Transaction Agreements, nor the carrying on of the Company's business by the employees of the Company, nor the conduct of the Company's business as now conducted and as presently proposed to be conducted, will, to the Company's knowledge, conflict with or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any contract, covenant or instrument under which any such employee is now obligated.

(b) To the Company's knowledge, no Key Employee intends to terminate employment with the Company or is otherwise likely to become unavailable to continue as a Key Employee. The Company does not have a present intention to terminate the employment of any of the foregoing. The employment of each employee of the Company is terminable at the will of the Company. Except as set forth in Subsection 2.16(b) of the Disclosure Schedule or as required by law, upon termination of the employment of any such employees, no severance or other payments will become due. Except as set forth in Subsection 2.16(b) of the Disclosure Schedule, the Company has no policy, practice, plan or program of paying severance pay or any form of severance compensation in connection with the termination of employment services.

(c) Subsection 2.16(c) of the Disclosure Schedule sets forth each employee benefit plan maintained, established or sponsored by the Company, or which the Company participates in or contributes to, which is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Company has made all required contributions and has no liability to any such employee benefit plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and has complied in all material respects with all applicable laws for any such employee benefit plan.

(d) The Company has not made any representations regarding equity incentives to any officer, employee, director or consultant that are inconsistent with the share amounts and terms set forth in the minutes of meetings of (or actions taken by unanimous written consent by) the Company's Board of Directors.

(e) The Company is not bound by or subject to (and none of its assets or properties is bound by or subject to) any written or oral, express or implied, contract, commitment or arrangement with any labor union, and no labor union has requested or, to the knowledge of the Company, has sought to represent any of the employees, representatives or agents of the Company. There is no strike or other labor dispute involving the Company pending, or to the Company's knowledge, threatened, which could have a Material Adverse Effect, nor is the Company aware of any labor organization activity involving its employees.

2.17 Tax Returns and Payments. To the Knowledge of the Company, there are no federal, state, county, local or foreign taxes due and payable by the Company which have not been timely paid. To the Knowledge of the Company, there are no accrued and unpaid federal, state, county, local or foreign taxes of the Company which are due, whether or not assessed or disputed. There have been no examinations or audits of any tax returns or reports by any applicable federal, state, local or foreign governmental agency. To the Knowledge of the Company, the Company has duly and timely filed all federal, state, county, local and foreign tax returns required to have been filed by it and there are in effect no waivers of applicable statutes of limitations with respect to taxes for any year.

2.18 Insurance. The Company has in full force and effect insurance policies concerning such casualties as would be reasonable and customary for companies like the Company with extended

coverage, sufficient in amount (subject to reasonable deductions) to allow it to replace any of its properties that might be damaged or destroyed.

2.19 Permits. The Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business, the lack of which could reasonably be expected to have a Material Adverse Effect. The Company is not in default in any material respect under any of such franchises, permits, licenses or other similar authority.

2.20 IT Systems. (i) To the knowledge of the Company, there has been no security breach or other compromise of any Company's information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, "IT Systems and Data") which, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect and (ii) the Company has not been notified of, and has no knowledge of any event or condition that would reasonably be expected to result in, any security breach or other compromise to their IT Systems and Data which, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

2.21 Corporate Documents. The Certificate of Incorporation and Bylaws of the Company are in the form provided to the Purchasers. The Company provided to the Placement Agent all resolutions and actions by written consent without a meeting taken by the managers of OpCo and its investors for at least the last two years and accurately reflects in all material respects all actions by the directors (and any committee of directors) and stockholders with respect to all transactions referred to in such minutes.

2.22 Environmental and Safety Laws. Except as could not reasonably be expected to have a Material Adverse Effect (a) the Company is and has been in compliance with all Environmental Laws; (b) there has been no release or to the Company's knowledge threatened release of any pollutant, contaminant or toxic or hazardous material, substance or waste or petroleum or any fraction thereof (each a "**Hazardous Substance**"), on, upon, into or from any site currently or heretofore owned, leased or otherwise used by the Company; (c) there have been no Hazardous Substances generated by the Company that have been disposed of or come to rest at any site that has been included in any published U.S. federal, state or local "superfund" site list or any other similar list of hazardous or toxic waste sites published by any governmental authority in the United States; and (d) to the Company's knowledge, there are no underground storage tanks located on, no polychlorinated biphenyls ("**PCBs**") or PCB-containing equipment used or stored on, and no hazardous waste as defined by the Resource Conservation and Recovery Act, as amended, stored on, any site owned or operated by the Company, except for the storage of hazardous waste in compliance with Environmental Laws. For purposes of this Subsection 2.22, "**Environmental Laws**" means any law, regulation, or other applicable requirement relating to (a) releases or threatened releases of any Hazardous Substance; (b) pollution or protection of employee health or safety, public health or the environment; or (c) the manufacture, handling, transport, use, treatment, storage, or disposal of Hazardous Substances.

2.23 Disclosure. The Company has made available to the Purchasers all the information reasonably available to the Company that the Purchasers have requested in connection with their investigation of the Company and their investment decision regarding the Shares. No representation or warranty of the Company contained in this Agreement, as qualified by the Disclosure Schedule, and no certificate furnished or to be furnished to Purchasers at the Closing contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in the light of the circumstances under which they were made.

3. Representations and Warranties of the Purchasers. Each Purchaser hereby represents and warrants to the Company, severally and not jointly, that:

3.1 Authorization. The Purchaser has full power and authority to enter into the Transaction Agreements. The Transaction Agreements to which the Purchaser is a party, when executed and delivered by the Purchaser, will constitute valid and legally binding obligations of the Purchaser, enforceable in accordance with their terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, or (b) to the extent the indemnification provisions contained in the Registration Rights Agreement may be limited by applicable federal or state securities laws.

3.2 NO TAX REPRESENTATIONS. PURCHASER REPRESENTS AND WARRANTS THAT IT IS NOT RELYING UPON ANY ADVICE OR ANY INFORMATION OR MATERIAL FURNISHED BY THE COMPANY OR ITS REPRESENTATIVES, WHETHER ORAL OR WRITTEN, EXPRESSED OR IMPLIED, OF ANY NATURE WHATSOEVER, REGARDING ANY TAX MATTERS.

3.3 No Reliance. Purchaser understands that none of the Company, or its owners, officers, members, managers, employees or affiliates, legal counsel, or advisors represent Purchaser in any way in connection with the purchase of the Shares and the entering into any of the Transaction Agreements. Purchaser also understands that legal counsel to the Company and its affiliates does not represent, and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing, Purchaser.

3.4 Purchase Entirely for Own Account. This Agreement is made with the Purchaser in reliance upon the Purchaser's representation to the Company, which by the Purchaser's execution of this Agreement, the Purchaser hereby confirms, that the Shares to be acquired by the Purchaser will be acquired for investment for the Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Purchaser further represents that the Purchaser does not presently have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Shares. The Purchaser has not been formed for the specific purpose of acquiring the Shares.

3.5 Disclosure of Information; Risk of Loss. The Purchaser has had an opportunity to discuss the Company's business, management, financial affairs and the terms and conditions of the offering of the Shares with the Company's management and has had an opportunity to review the Company's facilities and to obtain any additional information deemed necessary to verify the accuracy of the information contained in the Disclosure Package or otherwise presented to Purchaser by the Company. Purchaser has been furnished with all materials and information requested by either Purchaser or others representing Purchaser, including any information requested to verify any information furnished to Purchaser. Purchaser can bear and is willing to accept the economic risk of losing its entire investment in the Shares. Purchaser is a sophisticated institutional investor with experience investing in speculative illiquid investment securities and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Shares.

3.6 Restricted Securities. The Purchaser understands that the Shares have not 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 the Purchaser's representations as expressed herein. The Purchaser understands that the Shares are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Purchaser must hold the Shares indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Purchaser acknowledges that the Company has no obligation to register or qualify the Shares, or the Class A Common Stock into which it may be converted, for resale except as set forth in the Registration Rights Agreement. The Purchaser further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Shares, and on requirements relating to the Company which are outside of the Purchaser's control, and which the Company is under no obligation and may not be able to satisfy.

3.7 No Public Market. The Purchaser understands that no public market now exists for the Shares, and that except as otherwise set forth in this Agreement or any other Transaction Agreement, the Company has made no assurances that a public market will ever exist for the Shares.

3.8 Legends. The Purchaser understands that the Shares and any securities issued in respect of or exchange for the Shares, may be notated with one or all of the following legends:

"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."

(a) Any legend set forth in, or required by, the other Transaction Agreements.

(b) Any legend required by the securities laws of any state to the extent such laws are applicable to the Shares represented by the certificate, instrument, or book entry so legended.

3.9 Accredited Investor(a) . The Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

3.10 Foreign Investors. If the Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Code), the Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Shares, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Shares. The Purchaser's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of the Purchaser's jurisdiction.

3.11 Risk Factors. The Purchaser understands that such Purchaser's investment in the Shares being purchased by the Purchaser from the Company involves a high degree of risk. The Purchaser 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 Shares being purchased by the Purchaser from the Company. The Purchaser warrants that such Purchaser is able to bear the complete loss of such

Purchaser's investment in the Shares being purchased by the Purchaser from the Company. The Purchaser represents and warrants that it has read and understands the risk factors relating to the Company set forth in the Legal Disclosure Supplement under the heading "RISK FACTORS."

3.12 Exculpation Among Purchasers. The Purchaser acknowledges that it is not relying upon any Person, other than the Company and its officers and directors, in making its investment or decision to invest in the Company.

3.13 Residence. If the Purchaser is an individual, then the Purchaser resides in the state or province identified in the address of the Purchaser set forth on Exhibit A; if the Purchaser is a partnership, corporation, limited liability company or other entity, then the office or offices of the Purchaser in which its principal place of business is identified in the address or addresses of the Purchaser set forth on Exhibit A.

3.14 Not an Electric Utility Company or Holding Company. The Purchaser, individually or on a coordinated basis with other Purchasers, does not, directly or indirectly, own, operate or control, and is not Affiliated with, an Electric Utility Company or a Holding Company. The Purchaser does not, directly or indirectly, own, operate or control and is not Affiliated with, a person or entity making sales of electric energy for resale. Capitalized terms used, but not otherwise defined, in this Section 3.12 have the meanings ascribed to them in the Public Utility Holding Company Act of 2005, 42 U.S.C. section 15801 (Definitions).

4. Conditions to the Purchasers' Obligations at Closing. The obligations of each Purchaser to purchase Shares at the Initial Closing or any subsequent Closing are subject to the fulfillment, on or before such Closing, of each of the following conditions, unless otherwise waived by the Placement Agent:

4.1 Representations and Warranties. The representations and warranties of the Company contained in Section 2 shall be true and correct in all respects as of such Closing.

4.2 Performance. The Company shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Company on or before such Closing.

4.3 Compliance Certificate. The President or Chief Financial Officer of the Company shall deliver to the Purchasers at such Closing a certificate certifying that the conditions specified in Subsections 4.1 and 4.2 have been fulfilled.

4.4 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Shares pursuant to this Agreement shall be obtained and effective as of such Closing.

4.5 Registration Rights Agreement. The Company and each Purchaser shall have executed and delivered the Registration Rights Agreement.

4.6 Right of First Refusal and Co-Sale Agreement. The Company and each Purchaser shall have executed and delivered the Right of First Refusal and Co-Sale Agreement.

4.7 Secretary's Certificate. The Secretary of the Company shall have delivered to the Purchasers at the Closing a certificate certifying (i) the Certificate of Incorporation of the Company, (ii) the

Bylaws of the Company, and (iii) resolutions of the Board of Directors of the Company approving the Transaction Agreements and the transactions contemplated under the Transaction Agreements.

4.8 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to each Purchaser, and each Purchaser (or its counsel) shall have received all such counterpart original and certified or other copies of such documents as reasonably requested. Such documents may include good standing certificates.

4.9 Preemptive Rights. The Company shall have fully satisfied (including with respect to rights of timely notification) or obtained enforceable waivers in respect of any preemptive or similar rights directly or indirectly affecting any of its securities.

5. Conditions of the Company's Obligations at Closing. The obligations of the Company to sell Shares to the Purchasers at the Initial Closing or any subsequent Closing are subject to the fulfillment, on or before the Closing, of each of the following conditions, unless otherwise waived:

5.1 Representations and Warranties. The representations and warranties of each Purchaser contained in Section 3 shall be true and correct in all respects as of such Closing.

5.2 Performance. The Purchasers shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before such Closing.

5.3 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Shares pursuant to this Agreement shall be obtained and effective as of the Closing.

5.4 Registration Rights Agreement. Each Purchaser shall have executed and delivered the Registration Rights Agreement.

5.5 Right of First Refusal and Co-Sale Agreement. Each Purchaser and the other stockholders of the Company named as parties thereto shall have executed and delivered the Right of First Refusal and Co-Sale Agreement.

6. Additional Agreements.

6.1 Master Transaction Agreement. The Company agrees to take all steps necessary to complete the transactions contemplated by the Master Transaction Agreement within 48 hours after the Initial Closing. If the transactions contemplated by the Master Transaction Agreement are not completed in accordance with the terms and conditions thereof within 48 hours after the Initial Closing, this Agreement shall be terminated, the purchase and sale of the Shares pursuant hereto shall be reversed, and the Purchase Price paid by each Purchaser shall be promptly refunded in full. Other than the obligation to pay such refund, the Company, OpCo and their respective Affiliates shall have no other liability or obligation to the Purchasers in the event of a termination of this Agreement pursuant to this Section 6.1.

6.2 Right to Participate in Future Equity Securities Issuances.

(a) Subject to the terms and conditions of this Section 6.2 and applicable securities laws, if the Company proposes to offer or sell any New Securities (as defined below), the Company shall first offer such New Securities to each of the Purchasers in the manner described below.

(b) The Company shall give notice (the “**Offer Notice**”) to each Purchaser stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms upon which it proposes to offer such New Securities.

(c) By notification to the Company within ten (10) days after the Offer Notice is given, a Purchaser may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the shares of Class A Common Stock of the Company issuable upon conversion of the Series A Preferred Stock held by such Purchaser bears to the total shares of Class A Common Stock of the Company then outstanding (assuming full conversion and/or exercise, as applicable, of all outstanding securities of the Company that are convertible into, or exercisable or exchangeable for, shares of Class A Common Stock of the Company). The closing of any sale pursuant to this Section 6.1 shall occur within the later of sixty (60) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 6.2(d).

(d) If a Purchaser does not notify the Company of its intent to purchase New Securities referred to in the Offer Notice, the Company may, during the one hundred and twenty (120) day period following the expiration of the periods provided in Subsection 6.2(c), offer and sell the New Securities (including that portion subject to this right of first offer) to any person or persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within sixty (60) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to Purchasers in accordance with this Section 6.2.

(e) The rights granted to the Purchaser in this Section 6.2 shall not be applicable to the issuance of Exempted Securities (as defined in the Certificate of Incorporation).

(f) The rights granted to the Purchaser in this Section 6.2 shall terminate upon (i) the conversion of the Series A Preferred Stock, or (ii) the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first.

(g) For purposes of this Agreement, “**New Securities**” means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities other than the issuance of Exempted Securities.

6.3 Information Rights.

(a) Delivery of Financial Statements. The Company shall deliver to each Purchaser provided that the Board of Directors has not reasonably determined that such Purchaser is a competitor of the Company:

(i) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company (i) a balance sheet as of the end of such

year, (ii) statements of income and of cash flows for such year, and (iii) a statement of stockholders' equity as of the end of such year, all such financial statements audited and certified by independent public accountants of regionally or nationally recognized standing selected by the Company; and

(ii) as soon as practicable, but in any event within sixty (60) days after the end of each quarter of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of stockholders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP).

(b) Quarterly Conference Call. The Company shall arrange and hold a conference call to discuss the Company's financial and business performance with the Purchasers and appropriate members of the Company's management team following the conclusion of each fiscal quarter.

(c) The covenants set forth in Section 6.3 shall terminate and be of no further force or effect (i) upon the conversion of the Series A Preferred Stock, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first.

6.4 "Market Stand-off" Agreement. Each Purchaser agrees that such Purchaser shall not sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Common Stock (or other securities) of the Company held by such Purchaser (other than those included in the registration) during the one hundred eighty (180) day period following the effective date of an underwritten public offering of the Company's Class A Common Stock registered under the Securities Act (or such longer period as the underwriters or the Company shall request in order to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation), provided that all officers and directors of the Company are bound by and have entered into similar agreements. Each Purchaser agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the Purchaser's obligations under this Section 6.4 or that are necessary to give further effect to this Section 6.4. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, each Purchaser shall provide, within 10 days of such request, such information as may be required by law or regulation as reasonably determined by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section 6.4 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a transaction on Form S-4 or similar forms that may be promulgated in the future.

7. Miscellaneous.

7.1 Survival of Warranties. Unless otherwise set forth in this Agreement, the representations and warranties of the Company and the Purchasers contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing for a period of one year and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of the Purchasers or the Company.

7.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Except for the

Placement Agent, who is an intended third-party beneficiary of this Agreement and except as otherwise expressly provided in this Agreement, nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

7.3 Governing Law. This Agreement shall be governed by the internal law of the State of New York, without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York.

7.4 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

7.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

7.6 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt, or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on the signature page or Exhibit A, or to such e-mail address, facsimile number or address as subsequently modified by written notice given in accordance with this Subsection 7.6. A notice by electronic mail must include a prominent legend that the communication is an important notice regarding the parties. If notice is given to the Company, a copy, which shall not constitute notice, shall also be sent to Vinson & Elkins LLP, 901 East Byrd Street, Suite 1500, Richmond, VA 23219, dlebey@velaw.com, Attention: Daniel M. LeBey.

7.7 Compensation of the Placement Agent. Each Purchaser acknowledges that it is fully aware that the Placement Agent and each soliciting dealer appointed by the Placement Agent will receive from the Company, in consideration of their respective services as placement agent or soliciting dealer in respect of the offer and sale of the Shares contemplated hereby a commission of seven percent (7%) of the gross proceeds raised by the Company from the sale of Shares at each Closing, payable in cash. In addition, each Purchaser acknowledges that it is aware that the Placement Agent will receive from the Company payment of certain expenses including, but not limited to, legal fees and expenses incurred in connection with the offering of the Shares contemplated hereby. In addition, officers, directors, registered representatives or other affiliates of the Placement Agent may purchase Series A Preferred Stock under this Agreement on the same terms as other Purchasers hereunder.

7.8 No Finder's Fees. Except for commissions and other consideration payable to the Placement Agent and soliciting dealers as described in Section 7.7, each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. Each Purchaser agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of this transaction (and the costs and expenses of defending against such liability or asserted liability) for which each Purchaser or any of its officers, employees or representatives is responsible.

7.9 Fees and Expenses. Each party shall be responsible for its own fees and expenses incurred in connection with the entry into this Agreement and the Transaction Agreements

7.10 Attorneys' Fees. If any action at law or in equity (including, arbitration) is necessary to enforce or interpret the terms of any of the Transaction Agreements, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

7.11 Amendments and Waivers. Except as set forth in Subsection 1.3(a) of this Agreement, any term of this Agreement may be amended, terminated or waived only with the written consent of the Company and the holders of at least a majority of the then-outstanding Shares. Any amendment or waiver effected in accordance with this Subsection 7.11 shall be binding upon the Purchasers and each transferee of the Shares (or the Class A Common Stock issuable upon conversion thereof), each future holder of all such securities, and the Company.

7.12 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

7.13 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

7.14 Entire Agreement. This Agreement (including the Exhibits hereto), the Certificate of Incorporation and the other Transaction Agreements constitute the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

7.15 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York State or the United States District Court for the Southern District of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION AGREEMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-

ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

[Signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Series A Preferred Stock Purchase Agreement as of the date first written above.

COMPANY:

STRONGHOLD DIGITAL MINING, INC.

By: /s/ Gregory A. Beard

Name: Gregory A. Beard
(print)

Title: Chief Executive Officer and President

Address: 2151 Lisbon Road
Kennerdell, PA 16473

[Additional Signature Pages Have Been Intentionally Omitted]

EXHIBIT A

SCHEDULE OF PURCHASERS

[Intentionally Omitted]

EXHIBIT A

CERTIFICATE OF INCORPORATION

[Intentionally Omitted]

EXHIBIT A

BYLAWS

[Intentionally Omitted]

EXHIBIT A

DISCLOSURE SCHEDULE

[Intentionally Omitted]

EXHIBIT E

FORM OF REGISTRATION RIGHTS AGREEMENT

[Intentionally Omitted]

EXHIBIT F

FORM OF RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT

[Intentionally Omitted]

EXHIBIT G

REORGANIZATION PLAN

[Intentionally Omitted]

SERIES B PREFERRED STOCK PURCHASE AGREEMENT

THIS SERIES B PREFERRED STOCK PURCHASE AGREEMENT (this “**Agreement**”), is made as of the 14th day of May, 2021 by and among Stronghold Digital Mining, Inc., a Delaware corporation (the “**Company**”) and the investors listed on Exhibit A attached to this Agreement (each a “**Purchaser**” and together the “**Purchasers**”).

RECITALS

A. B. Riley Securities, Inc. is acting as placement agent (the “**Placement Agent**”) in connection with the Company’s offering of shares of its Series B Preferred Stock (as defined below).

B. The Purchasers wish to purchase from the Company, and the Company wishes to sell and issue to the Purchasers, upon the terms and conditions stated in this Agreement up to 630,915 shares of Series B Preferred Stock at a price of \$31.70 per Share (as defined below) for maximum gross proceeds of up to \$20,000,005.50 (the “**Maximum Amount**”).

C. The Company and the Purchasers are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act (as defined below) and Rule 506(b) of Regulation D promulgated thereunder.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual terms, conditions and other agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree to the sale and purchase of the Shares as set forth herein.

1. Purchase and Sale of Preferred Stock.

1.1 Sale and Issuance of Preferred Stock.

(a) The Certificate of Incorporation of the Company immediately prior to the Initial Closing shall be as set forth on Exhibit B to this Agreement (the “**Certificate of Incorporation**”). The Bylaws of the Company immediately prior to the Initial Closing shall be as set forth on Exhibit C to this Agreement (the “**Bylaws**” and, together with the Certificate of incorporation, the “**Company Organizational Documents**”).

(b) Subject to the terms and conditions of this Agreement, each Purchaser agrees to purchase at the Closing and the Company agrees to sell and issue to each Purchaser at the Closing that number of shares of Series B Convertible Redeemable Preferred Stock, \$0.0001 par value per share (the “**Series B Preferred Stock**”), set forth opposite each Purchaser’s name on Exhibit A, at a purchase price of \$31.70 per share (the “**Purchase Price**”). The shares of Series B Preferred Stock issued to the Purchasers pursuant to this Agreement (including any shares issued at the Initial Closing and any Additional Shares, as defined below) shall be referred to in this Agreement as the “**Shares**.”

1.2 Closing; Delivery.

(a) The initial purchase and sale of the Shares shall take place remotely via the exchange of documents and signatures on such date and at such time as the Company and the Placement Agent mutually agree, orally or in writing (which time and place are designated as the “**Initial Closing**”). In the event there is more than one closing, the term “**Closing**” shall apply to each such closing unless otherwise specified.

(b) At each Closing, the Company or its transfer agent shall deliver to each Purchaser the Shares being purchased by such Purchaser at such Closing against payment of the purchase price therefor at or prior to the Closing by wire transfer to the Company’s corporate bank account utilizing the wire instructions separately provided to the Purchaser in writing by the Company or the Placement Agent. Unless a Purchaser requests a Series B Preferred Stock Certificate, the Shares will be delivered to such Purchaser in book-entry form through the book-entry system of the Company’s transfer agent and registrar.

1.3 Sale of Additional Shares of Preferred Stock.(a) After the Initial Closing, the Company may sell, on the same terms and conditions as those contained in this Agreement, additional Shares until the gross proceeds of all Shares sold at the Initial Closing and all subsequent Closings is equal to the Maximum Amount (the “**Additional Shares**”), to one or more purchasers (the “**Additional Purchasers**”), provided that (i) such subsequent sale is consummated prior to sixty (60) days after the Initial Closing and (ii) each Additional Purchaser becomes a party to the Transaction Agreements (as defined below), by executing and delivering a counterpart signature page to each of the Transaction Agreements. Exhibit A to this Agreement shall be updated to reflect the number of Additional Shares purchased at each such Closing and the parties purchasing such Additional Shares.

1.4 Use of Proceeds. The Company will use the proceeds from the sale of the Shares as set forth in the Investor Presentation (as defined below).

1.5 Defined Terms Used in this Agreement. In addition to the terms defined elsewhere in this Agreement, the following terms used in this Agreement shall be construed to have the meanings set forth or referenced below.

(a) “**Affiliate**” means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including, without limitation, any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Person.

(b) “**Code**” means the Internal Revenue Code of 1986, as amended.

(c) “**Company Intellectual Property**” means all patents, patent applications, registered and unregistered trademarks, trademark applications, registered and unregistered service marks, service mark applications, tradenames, copyrights, trade secrets, domain names, mask works, information and proprietary rights and processes, similar or other intellectual property rights, subject matter of any of the foregoing, tangible embodiments of any of the foregoing, licenses in, to and under any of the foregoing, and any and all such cases that are as are necessary to the Company in the conduct of the Company’s business as now conducted and as presently proposed to be conducted.

- (d) **“Data Room”** means the password protected data room established by the Company for the benefit of the Purchasers in order to facilitate the Purchasers’ due diligence investigation of the Company and containing the Disclosure Package, the Company Organizational Documents, the Tax Receivable Agreement, the Right of First Refusal and Co-Sale Agreement, and certain other material agreements, documents and information relating to the Company and its business and assets.
- (e) **“Disclosure Package”** means the Investor Presentation, the Legal Disclosure Supplement, the Private Offering Structure Plan, this Agreement and the Exhibits and Disclosure Schedule attached hereto, and the other agreements, documents and information included in the Data Room.
- (f) **“Investor Presentation”** means the confidential presentation dated as of April 2021 that has been made available to each of the Purchasers as set forth in the Data Room.
- (g) **“Key Employee”** means Gregory Beard, William Spence, Ricardo Larroude and RJ Schaffer.
- (h) **“Knowledge,”** including the phrase **“to the Company’s knowledge,”** shall mean the actual knowledge, after reasonable investigation, of Gregory Beard and Ricardo Larroude.
- (i) **“Legal Disclosure Supplement”** means the disclosure document labeled as “Legal Disclosure Supplement” that has been made available to each of the Purchasers as set forth in the Data Room.
- (j) **“Material Adverse Effect”** means a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property, prospects or results of operations of the Company or OpCo.
- (k) **“OpCo”** means Stronghold Digital Mining Holdings, LLC, a Delaware limited liability company.
- (l) **“Person”** means any individual, corporation, partnership, trust, limited liability company, association or other entity.
- (m) **“Private Offering Structure Plan”** means the document labeled as “Private Offering Structure Plan” that has been made available to each of the Purchasers as set forth in the Data Room.
- (n) **“Purchaser”** means each of the Purchasers who is initially a party to this Agreement and any Additional Purchaser who becomes a party to this Agreement at a subsequent Closing under Subsection 1.2(b).
- (o) **“Registration Rights Agreement”** means the agreement among the Company and the Purchasers dated as of the date of the Initial Closing, in the form of Exhibit E attached to this Agreement.
- (p) **“Right of First Refusal and Co-Sale Agreement”** means the agreement among the Company, the Purchasers, and certain other stockholders of the Company, dated as of the date of the Initial Closing, in the form of Exhibit F attached to this Agreement.
- (q) **“Securities Act”** means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(r) “**Series A Preferred Stock**” means the Company’s Series A Convertible Redeemable Preferred Stock, \$0.0001 par value per share.

(s) “**Series A Preferred Units**” means the units designated as the Series A Preferred Units of OpCo.

(t) “**Series B Preferred Units**” means the units designated as the Series B Preferred Units of OpCo.

(u) “**Series A Registration Rights Agreements**” means (i) the Registration Rights Agreement dated April 1, 2021 by and among the Company and the investors in the Company’s Series A Preferred Stock identified on Schedule A thereto and (ii) the Registration Rights Agreement dated April 1, 2021 by and between the Company and the Placement Agent.

(v) “**Shares**” means the shares of Series B Preferred Stock issued at the Initial Closing and any Additional Shares issued at a subsequent Closing under Subsection 1.3.

(w) “**Subsidiary**” means any Person with respect to which a specified Person owns a majority of the common stock or other equity securities or otherwise has the power to vote or direct the voting of sufficient securities to elect a majority of the directors or other governing body, any limited partnership with respect to which any Person serves as the general partner with the power and authority to manage the day-to-day business and affairs of the limited partnership, or any limited liability company with respect to which any Person serves as the managing member with the power and authority to manage the day-to-day business and affairs of the limited liability company.

(x) “**Tax Receivable Agreement**” means the Tax Receivable Agreement dated April 1, 2021 by and among the Company, Gregory A. Beard, as Agent, and Q Power LLC, as TRA Holder.

(y) “**Transaction Agreements**” means this Agreement, the Registration Rights Agreement, and the Right of First Refusal and Co-Sale Agreement.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Placement Agent and each Purchaser that the following representations are true and complete as of the date of the Initial Closing, except as otherwise indicated. The Disclosure Schedule attached as Exhibit D is arranged in sections corresponding to the numbered and lettered sections and subsections contained in this Section 2, and the disclosures in any section or subsection of the Disclosure Schedule shall be deemed part of the representation and warranty that such section or subsection corresponds to and shall qualify other sections and subsections in this Section 2 to the extent it is readily apparent from a reading of the disclosure that such disclosure is applicable to such other sections and subsections.

For purposes of these representations and warranties (other than those in Subsections 2.1, 2.2, 2.3, 2.4, 2.5, and 2.6), the term the “**Company**” shall include OpCo and any other Subsidiaries of the Company, unless otherwise noted herein.

2.1 Organization, Good Standing, Corporate Power and Qualification.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted and as presently proposed to be conducted. The Company is duly qualified

to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect.

(b) Each Subsidiary is a limited liability company or limited partnership duly formed, validly existing and in good standing under the laws of its state of formation and has all requisite limited liability company power and authority to carry on its business as now conducted and as presently proposed to be conducted. Each Subsidiary is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect.

2.2 Capitalization.

(a) The authorized capital of the Company consists, immediately prior to the Initial Closing, of:

(i) 238,000,000 shares of Class A common stock, \$0.0001 par value per share (the “**Class A Common Stock**”), 5,000 of which are issued and outstanding immediately prior to the Initial Closing.

(ii) 12,000,000 shares of Class V common stock, \$0.0001 par value per share (the “**Class V Common Stock**” and, together with the Class A Common Stock, the “**Common Stock**”), 9,395,000 of which are issued and outstanding immediately prior to the Initial Closing.

(iii) 50,000,000 shares of Preferred Stock, of which 5,000,000 shares have been designated Series A Preferred Stock and 2,000,000 have been designated Series B Preferred Stock, 3,600,000 and none, respectively, of which are issued and outstanding immediately prior to the Initial Closing. The rights, privileges and preferences of the Preferred Stock are as stated in the Certificate of Incorporation and as provided by the Delaware General Corporation Law.

(iv) 238,000,000 Class A Units of OpCo, 9,400,000 of which are issued and outstanding immediately prior to the Initial Closing

(v) 50,000,000 Preferred Units of OpCo, of which 3,600,000 units have been designated Series A Preferred Units, 3,600,000 of which are issued and outstanding immediately prior to the Initial Closing.

(b) The Company has reserved 1,300,000 shares of Class A Common Stock for issuance to officers, directors, employees and consultants of the Company pursuant to stock option grants under the equity incentive plan that the Company adopted on April 28, 2021 (the “**Stock Plan**”). Of such reserved shares of Class A Common Stock, no shares have been issued and all shares of Class A Common Stock remain available for issuance to officers, directors, employees and consultants pursuant to the Stock Plan once adopted.

(c) The Company has reserved 34,000 shares of Series A Preferred Stock (and the corresponding shares of Class A Common Stock into which such shares are convertible) for issuance pursuant to that certain Series A Preferred Stock Warrant dated April 1, 2021 held by the Placement Agent.

(d) Except for (A) the conversion privileges of the Shares to be issued under this Agreement, (B) the rights provided in the Series A Registration Rights Agreements, (C) the rights provided in the Registration Rights Agreement, (D) the conversion privileges of the Class A Units of OpCo

which, along with the accompanying Class V Common Stock, may be converted into Class A Common Stock, and (E) the securities and rights described in Subsections 2.2(a), 2.2(b) and 2.2(c) of this Agreement, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal or similar rights) or agreements, orally or in writing, to purchase or acquire from the Company any shares of Common Stock, Series A Preferred Stock or Series B Preferred Stock, or any securities convertible into or exchangeable for shares of Common Stock, Series A Preferred Stock or Series B Preferred Stock.

(e) Except as set forth in the Certificate of Incorporation, the Company has no obligation (contingent or otherwise) to purchase or redeem any of its capital stock.

(f) The Company has obtained valid waivers of any rights by other parties to purchase any of the Shares covered by this Agreement.

2.3 Subsidiaries. Section 2.3(a) of the Disclosure Schedule sets forth for each Subsidiary of the Company and OpCo immediately after completion of the offering and sale of the Shares pursuant to this Agreement (i) its name and jurisdiction of incorporation or formation, (ii) the number of shares of authorized capital stock or other equity securities of each class of its capital stock or equity securities, (iii) the number of issued and outstanding shares of each class of its capital stock or equity securities, the names of the holders thereof, and the number of shares or other units held by each such holder, and (iv) the number of shares of its capital stock or other equity securities held in treasury. All of the issued and outstanding equity securities of OpCo and of each Subsidiary of OpCo have been duly authorized and are validly issued, fully paid, and nonassessable securities. Except as disclosed in Section 2.3(b) of the Disclosure Schedule, OpCo will directly or indirectly own all of the outstanding shares or other units of equity securities of each Subsidiary of OpCo, free and clear of any restrictions on transfer (other than restrictions under the Securities Act and state securities laws), taxes, security interests, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require any of the Company and its Subsidiaries to sell, transfer, or otherwise dispose of any capital stock of any of its Subsidiaries or that could require any Subsidiary of the Company to issue, sell, or otherwise cause to become outstanding any of its own capital stock. There are no outstanding stock appreciation, phantom stock, profit participation, or similar rights with respect to any Subsidiary of the Company. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of any capital stock of any Subsidiary of the Company. None of the Company or its Subsidiaries controls directly or indirectly or has any direct or indirect equity participation in any corporation, partnership, trust, or other business association which is not a Subsidiary of the Company.

2.4 Authorization. All corporate action required to be taken by the Company's Board of Directors and stockholders in order to authorize the Company to enter into the Transaction Agreements, and to issue the Shares at the Closing and the Class A Common Stock issuable upon conversion of the Shares, has been taken or will be taken prior to the Closing. All action on the part of the officers of the Company necessary for the execution and delivery of the Transaction Agreements, the performance of all obligations of the Company under the Transaction Agreements to be performed as of the Closing, and the issuance and delivery of the Shares has been taken or will be taken prior to the Closing. The Transaction Agreements, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, or (iii) to the extent the indemnification provisions contained in the Registration Rights Agreement may be limited by applicable federal or state securities laws.

2.5 Valid Issuance of Shares. The Shares, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Transaction Agreements, applicable state and federal securities laws and liens or encumbrances created by or imposed by a Purchaser. Assuming the accuracy of the representations of the Purchasers in Section 3 of this Agreement, the Shares will be issued in compliance with all applicable federal and state securities laws. The Class A Common Stock issuable upon conversion of the Shares has been duly reserved for issuance, and upon issuance in accordance with the terms of the Certificate of Incorporation, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Transaction Agreements, applicable federal and state securities laws and liens or encumbrances created by or imposed by a Purchaser. Based in part upon the representations of the Purchasers in Section 3 of this Agreement, the Class A Common Stock issuable upon conversion of the Shares will be issued in compliance with all applicable federal and state securities laws.

2.6 Governmental Consents and Filings. Assuming the accuracy of the representations made by the Purchasers in Section 3 of this Agreement, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority is required on the part of the Company in connection with the consummation of the transactions contemplated by this Agreement, except for filings pursuant to Regulation D of the Securities Act, and applicable state securities laws, which have been made or will be made in a timely manner.

2.7 Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation pending or, to the Company's knowledge, currently threatened in writing (i) against the Company or any officer, director or Key Employee of the Company arising out of their employment or board relationship with the Company; (ii) that questions the validity of the Transaction Agreements or the right of the Company to enter into them, or to consummate the transactions contemplated by the Transaction Agreements; or (iii) against the Company or any officer, director or Key Employee of the Company that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. Neither the Company nor, to the Company's knowledge, any of its officers, directors or Key Employees is a party or is named as subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

2.8 Intellectual Property. The Company owns or possesses or can acquire on commercially reasonable terms sufficient legal rights to all Company Intellectual Property without any known conflict with, or infringement of, the rights of others, including prior employees or consultants, with which any of them may be affiliated now or may have been affiliated in the past. The Company Intellectual Property is adequate to enable the Company to operate its business. To the Company's knowledge, no product or service marketed or sold (or proposed to be marketed or sold) by the Company violates or will violate any license or infringes or will infringe any intellectual property rights of any other party. The Company has obtained and possesses valid licenses to use all of the software programs present on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with the Company's business, except where the failure to do so would not have a Material Adverse Effect. Other than with respect to commercially available software products under standard end-user object code license agreements, there are no outstanding options, licenses, agreements, claims, encumbrances or shared ownership interests of any kind relating to the Company Intellectual Property, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other Person. The Company has not received any communications alleging that the Company has violated, or by conducting its business,

would violate any of the patents, trademarks, service marks, tradenames, copyrights, trade secrets, mask works or other proprietary rights or processes of any other Person.

2.9 Compliance with Other Instruments. The Company is not in violation of or in default under (i) of any provisions of the Company Organizational Documents, (ii) any instrument, judgment, order, writ or decree applicable to the Company, (iii) under any note, indenture or mortgage applicable to the Company, or (iv) under any lease, agreement, contract or purchase order to which it is a party or by which it is bound where such violation or default would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, or (v) to its knowledge, of any provision of federal or state statute, rule or regulation applicable to the Company where such violation would have a Material Adverse Effect. The execution, delivery and performance of the Transaction Agreements and the consummation of the transactions contemplated by the Transaction Agreements will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (i) a material default under any such provision, instrument, judgment, order, writ, decree, contract or agreement applicable to the Company or any Subsidiary; or (ii) an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company or any Subsidiary or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to the Company or any Subsidiary.

2.10 Agreements; Actions.

(a) Except for the Transaction Agreements or as described in the Disclosure Package, there are no agreements, understandings, instruments, contracts or proposed transactions to which the Company is a party or by which it is bound that involve (i) obligations (contingent or otherwise) of, or payments to, the Company in excess of \$250,000, (ii) the license of any patent, copyright, trademark, trade secret or other proprietary right to or from the Company, (iii) the grant of rights to manufacture, produce, assemble, license, market, or sell its products to any other Person that limit the Company's exclusive right to develop, manufacture, assemble, distribute, market or sell its products, or (iv) indemnification by the Company with respect to infringements of proprietary rights.

(b) The Company has not (i) declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of its capital stock, (ii) incurred any indebtedness for money borrowed or incurred any other liabilities individually in excess of \$250,000 or in excess of \$1,000,000 in the aggregate, (iii) made any loans or advances to any Person, other than ordinary advances for travel expenses, or (iv) sold, exchanged or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business. For the purposes of (a) and (b) of this Subsection 2.10, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same Person (including Persons the Company has reason to believe are affiliated with each other) shall be aggregated for the purpose of meeting the individual minimum dollar amounts of such subsection.

(c) The Company is not a guarantor or indemnitor of any indebtedness of any other Person.

2.11 Certain Transactions.

(a) Other than (i) standard employee benefits generally made available to all employees, (ii) standard director and officer indemnification agreements approved by the Board of Directors, and (iii) the purchase of shares of the Company's capital stock and the issuance of options to purchase shares of the Company's Class A Common Stock, in each instance, approved in the written minutes or actions taken by written consent of the Board of Directors (previously made available to the

Purchasers in the Data Room or as described in the Disclosure Package), there are no agreements, understandings or proposed transactions between the Company and any of its officers, directors, consultants or Key Employees, or any Affiliate thereof.

(b) The Company is not indebted, directly or indirectly, to any of its directors, officers or employees or to their respective spouses or children or to any Affiliate of any of the foregoing, other than in connection with expenses or advances of expenses incurred in the ordinary course of business or employee relocation expenses and for other customary employee benefits made generally available to all employees or as described in the Disclosure Package. None of the Company's directors, officers or employees, or any members of their immediate families, or any Affiliate of the foregoing are, directly or indirectly, indebted to the Company or, to the Company's knowledge, have any (i) material commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationship with any of the Company's customers, suppliers, service providers, joint venture partners, licensees and competitors, (ii) direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company has a business relationship, or any firm or corporation which competes with the Company except that directors, officers, employees or stockholders of the Company may own stock in (but not exceeding two percent (2%) of the outstanding capital stock of) publicly traded companies that may compete with the Company; or (iii) financial interest in any material contract with the Company.

2.12 Rights of Registration and Voting Rights. Except as provided in the Series A Registration Rights Agreements and the Registration Rights Agreement, the Company is not under any obligation to register under the Securities Act any of its currently outstanding securities or any securities issuable upon exercise or conversion of its or any of its Subsidiaries' currently outstanding securities. To the Company's knowledge, no stockholder of the Company has entered into any agreements with respect to the voting of capital stock of the Company that is not described in the Disclosure Package.

2.13 Property. The Company and the Subsidiaries own, lease or otherwise have a valid right to use, all real property that is material to its business, good and marketable title in fee simple to all real property owned by them that is material to its business and good and marketable title in all personal property owned by them that is material to its business, in each case free and clear of all encumbrances and liens, except for encumbrances and liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and encumbrances and liens for the payment of federal, state or other taxes, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases of which the Company and the Subsidiaries are in compliance, except as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

2.14 [Reserved].

2.15 Changes. To the Company's knowledge, since September 30, 2020 there have been no events or circumstances of any kind which, in all such cases, individually and in the aggregate, have had or could reasonably be expected to result in a Material Adverse Effect.

2.16 Employee Matters.

(a) To the Company's knowledge, none of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would materially interfere with such employee's ability to promote the interest of the Company or that would conflict with the Company's business. Neither the execution or delivery of the Transaction Agreements, nor the carrying on of the

Company's business by the employees of the Company, nor the conduct of the Company's business as now conducted and as presently proposed to be conducted, will, to the Company's knowledge, conflict with or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any contract, covenant or instrument under which any such employee is now obligated.

(b) To the Company's knowledge, no Key Employee intends to terminate employment with the Company or is otherwise likely to become unavailable to continue as a Key Employee. The Company does not have a present intention to terminate the employment of any of the foregoing. The employment of each employee of the Company is terminable at the will of the Company. Except as set forth in Subsection 2.16(b) of the Disclosure Schedule or as required by law, upon termination of the employment of any such employees, no severance or other payments will become due. Except as set forth in Subsection 2.16(b) of the Disclosure Schedule, the Company has no policy, practice, plan or program of paying severance pay or any form of severance compensation in connection with the termination of employment services.

(c) Subsection 2.16(c) of the Disclosure Schedule sets forth each employee benefit plan maintained, established or sponsored by the Company, or which the Company participates in or contributes to, which is subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"). The Company has made all required contributions and has no liability to any such employee benefit plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and has complied in all material respects with all applicable laws for any such employee benefit plan.

(d) The Company has not made any representations regarding equity incentives to any officer, employee, director or consultant that are inconsistent with the share amounts and terms set forth in the minutes of meetings of (or actions taken by unanimous written consent by) the Company's Board of Directors.

(e) The Company is not bound by or subject to (and none of its assets or properties is bound by or subject to) any written or oral, express or implied, contract, commitment or arrangement with any labor union, and no labor union has requested or, to the knowledge of the Company, has sought to represent any of the employees, representatives or agents of the Company. There is no strike or other labor dispute involving the Company pending, or to the Company's knowledge, threatened, which could have a Material Adverse Effect, nor is the Company aware of any labor organization activity involving its employees.

2.17 Tax Returns and Payments. To the Knowledge of the Company, there are no federal, state, county, local or foreign taxes due and payable by the Company which have not been timely paid. To the Knowledge of the Company, there are no accrued and unpaid federal, state, county, local or foreign taxes of the Company which are due, whether or not assessed or disputed. There have been no examinations or audits of any tax returns or reports by any applicable federal, state, local or foreign governmental agency. To the Knowledge of the Company, the Company has duly and timely filed all federal, state, county, local and foreign tax returns required to have been filed by it and there are in effect no waivers of applicable statutes of limitations with respect to taxes for any year.

2.18 Insurance. The Company has in full force and effect insurance policies concerning such casualties as would be reasonable and customary for companies like the Company with extended coverage, sufficient in amount (subject to reasonable deductions) to allow it to replace any of its properties that might be damaged or destroyed.

2.19 Permits. The Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business, the lack of which could reasonably be expected to have a Material Adverse Effect. The Company is not in default in any material respect under any of such franchises, permits, licenses or other similar authority.

2.20 IT Systems. (i) To the knowledge of the Company, there has been no security breach or other compromise of any Company's information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, "**IT Systems and Data**") which, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect and (ii) the Company has not been notified of, and has no knowledge of any event or condition that would reasonably be expected to result in, any security breach or other compromise to their IT Systems and Data which, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

2.21 Corporate Documents. The Certificate of Incorporation and Bylaws of the Company are in the form provided to the Purchasers. The Company provided to the Placement Agent all resolutions and actions by written consent without a meeting taken by the managers of OpCo and its investors for at least the last two years and accurately reflects in all material respects all actions by the directors (and any committee of directors) and stockholders with respect to all transactions referred to in such minutes.

2.22 Environmental and Safety Laws. Except as could not reasonably be expected to have a Material Adverse Effect (a) the Company is and has been in compliance with all Environmental Laws; (b) there has been no release or to the Company's knowledge threatened release of any pollutant, contaminant or toxic or hazardous material, substance or waste or petroleum or any fraction thereof (each a "**Hazardous Substance**"), on, upon, into or from any site currently or heretofore owned, leased or otherwise used by the Company; (c) there have been no Hazardous Substances generated by the Company that have been disposed of or come to rest at any site that has been included in any published U.S. federal, state or local "superfund" site list or any other similar list of hazardous or toxic waste sites published by any governmental authority in the United States; and (d) to the Company's knowledge, there are no underground storage tanks located on, no polychlorinated biphenyls ("**PCBs**") or PCB-containing equipment used or stored on, and no hazardous waste as defined by the Resource Conservation and Recovery Act, as amended, stored on, any site owned or operated by the Company, except for the storage of hazardous waste in compliance with Environmental Laws. For purposes of this Subsection 2.22, "**Environmental Laws**" means any law, regulation, or other applicable requirement relating to (a) releases or threatened releases of any Hazardous Substance; (b) pollution or protection of employee health or safety, public health or the environment; or (c) the manufacture, handling, transport, use, treatment, storage, or disposal of Hazardous Substances.

2.23 Disclosure. The Company has made available to the Purchasers all the information reasonably available to the Company that the Purchasers have requested in connection with their investigation of the Company and their investment decision regarding the Shares. No representation or warranty of the Company contained in this Agreement, as qualified by the Disclosure Schedule, and no certificate furnished or to be furnished to Purchasers at the Closing contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in the light of the circumstances under which they were made.

3. Representations and Warranties of the Purchasers. Each Purchaser hereby represents and warrants to the Company, severally and not jointly, that:

3.1 Authorization. The Purchaser has full power and authority to enter into the Transaction Agreements. The Transaction Agreements to which the Purchaser is a party, when executed and delivered by the Purchaser, will constitute valid and legally binding obligations of the Purchaser, enforceable in accordance with their terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, or (b) to the extent the indemnification provisions contained in the Registration Rights Agreement may be limited by applicable federal or state securities laws.

3.2 NO TAX REPRESENTATIONS. PURCHASER REPRESENTS AND WARRANTS THAT IT IS NOT RELYING UPON ANY ADVICE OR ANY INFORMATION OR MATERIAL FURNISHED BY THE COMPANY OR ITS REPRESENTATIVES, WHETHER ORAL OR WRITTEN, EXPRESSED OR IMPLIED, OF ANY NATURE WHATSOEVER, REGARDING ANY TAX MATTERS.

3.3 No Reliance. Purchaser understands that none of the Company, or its owners, officers, members, managers, employees or affiliates, legal counsel, or advisors represent Purchaser in any way in connection with the purchase of the Shares and the entering into any of the Transaction Agreements. Purchaser also understands that legal counsel to the Company and its affiliates does not represent, and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing, Purchaser.

3.4 Purchase Entirely for Own Account. This Agreement is made with the Purchaser in reliance upon the Purchaser's representation to the Company, which by the Purchaser's execution of this Agreement, the Purchaser hereby confirms, that the Shares to be acquired by the Purchaser will be acquired for investment for the Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Purchaser further represents that the Purchaser does not presently have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Shares. The Purchaser has not been formed for the specific purpose of acquiring the Shares.

3.5 Disclosure of Information; Risk of Loss. The Purchaser has had an opportunity to discuss the Company's business, management, financial affairs and the terms and conditions of the offering of the Shares with the Company's management and has had an opportunity to review the Company's facilities and to obtain any additional information deemed necessary to verify the accuracy of the information contained in the Disclosure Package or otherwise presented to Purchaser by the Company. Purchaser has been furnished with all materials and information requested by either Purchaser or others representing Purchaser, including any information requested to verify any information furnished to Purchaser. Purchaser can bear and is willing to accept the economic risk of losing its entire investment in the Shares. Purchaser is a sophisticated institutional investor with experience investing in speculative illiquid investment securities and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Shares.

3.6 Restricted Securities. The Purchaser understands that the Shares have not 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 the Purchaser's representations as expressed herein. The Purchaser understands that the Shares are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Purchaser must hold the Shares indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Purchaser acknowledges that the Company has no obligation to register or qualify the Shares, or the Class A Common Stock into which it may be converted, for resale except as set forth in the Registration Rights Agreement. The Purchaser further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Shares, and on requirements relating to the Company which are outside of the Purchaser's control, and which the Company is under no obligation and may not be able to satisfy.

3.7 No Public Market. The Purchaser understands that no public market now exists for the Shares, and that except as otherwise set forth in this Agreement or any other Transaction Agreement, the Company has made no assurances that a public market will ever exist for the Shares.

3.8 Legends. The Purchaser understands that the Shares and any securities issued in respect of or exchange for the Shares, may be notated with one or all of the following legends:

"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."

(a) Any legend set forth in, or required by, the other Transaction Agreements.

(b) Any legend required by the securities laws of any state to the extent such laws are applicable to the Shares represented by the certificate, instrument, or book entry so legended.

3.9 Accredited Investor(a) . The Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

3.10 Foreign Investors. If the Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Code), the Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Shares, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Shares. The Purchaser's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of the Purchaser's jurisdiction.

3.11 Risk Factors. The Purchaser understands that such Purchaser's investment in the Shares being purchased by the Purchaser from the Company involves a high degree of risk. The Purchaser 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 Shares being purchased by the Purchaser from the Company. The Purchaser warrants that such Purchaser is able to bear the complete loss of such

Purchaser's investment in the Shares being purchased by the Purchaser from the Company. The Purchaser represents and warrants that it has read and understands the risk factors relating to the Company set forth in the Legal Disclosure Supplement under the heading "RISK FACTORS."

3.12 Exculpation Among Purchasers. The Purchaser acknowledges that it is not relying upon any Person, other than the Company and its officers and directors, in making its investment or decision to invest in the Company.

3.13 Residence. If the Purchaser is an individual, then the Purchaser resides in the state or province identified in the address of the Purchaser set forth on Exhibit A; if the Purchaser is a partnership, corporation, limited liability company or other entity, then the office or offices of the Purchaser in which its principal place of business is identified in the address or addresses of the Purchaser set forth on Exhibit A.

3.14 Not an Electric Utility Company or Holding Company. The Purchaser, individually or on a coordinated basis with other Purchasers, does not, directly or indirectly, own, operate or control, and is not Affiliated with, an Electric Utility Company or a Holding Company. The Purchaser does not, directly or indirectly, own, operate or control and is not Affiliated with, a person or entity making sales of electric energy for resale. Capitalized terms used, but not otherwise defined, in this Section 3.14 have the meanings ascribed to them in the Public Utility Holding Company Act of 2005, 42 U.S.C. section 15801 (Definitions).

4. Conditions to the Purchasers' Obligations at Closing. The obligations of each Purchaser to purchase Shares at the Initial Closing or any subsequent Closing are subject to the fulfillment, on or before such Closing, of each of the following conditions, unless otherwise waived by the Placement Agent:

4.1 Representations and Warranties. The representations and warranties of the Company contained in Section 2 shall be true and correct in all respects as of such Closing.

4.2 Performance. The Company shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Company on or before such Closing.

4.3 Compliance Certificate. The President or Chief Financial Officer of the Company shall deliver to the Purchasers at such Closing a certificate certifying that the conditions specified in Subsections 4.1 and 4.2 have been fulfilled.

4.4 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Shares pursuant to this Agreement shall be obtained and effective as of such Closing.

4.5 Registration Rights Agreement. The Company and each Purchaser shall have executed and delivered the Registration Rights Agreement.

4.6 Right of First Refusal and Co-Sale Agreement. The Company and each Purchaser shall have executed and delivered the Right of First Refusal and Co-Sale Agreement.

4.7 Secretary's Certificate. The Secretary of the Company shall have delivered to the Purchasers at the Closing a certificate certifying (i) the Certificate of Incorporation of the Company, (ii) the

Bylaws of the Company, and (iii) resolutions of the Board of Directors of the Company approving the Transaction Agreements and the transactions contemplated under the Transaction Agreements.

4.8 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to each Purchaser, and each Purchaser (or its counsel) shall have received all such counterpart original and certified or other copies of such documents as reasonably requested. Such documents may include good standing certificates.

4.9 Preemptive Rights. The Company shall have fully satisfied (including with respect to rights of timely notification) or obtained enforceable waivers in respect of any preemptive or similar rights directly or indirectly affecting any of its securities.

5. Conditions of the Company's Obligations at Closing. The obligations of the Company to sell Shares to the Purchasers at the Initial Closing or any subsequent Closing are subject to the fulfillment, on or before the Closing, of each of the following conditions, unless otherwise waived:

5.1 Representations and Warranties. The representations and warranties of each Purchaser contained in Section 3 shall be true and correct in all respects as of such Closing.

5.2 Performance. The Purchasers shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before such Closing.

5.3 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Shares pursuant to this Agreement shall be obtained and effective as of the Closing.

5.4 Registration Rights Agreement. Each Purchaser shall have executed and delivered the Registration Rights Agreement.

5.5 Right of First Refusal and Co-Sale Agreement. Each Purchaser and the other stockholders of the Company named as parties thereto shall have executed and delivered the Right of First Refusal and Co-Sale Agreement

6. Additional Agreements.

6.1 [Reserved].

6.2 Right to Participate in Future Equity Securities Issuances.

(a) Subject to the terms and conditions of this Section 6.2 and applicable securities laws, if the Company proposes to offer or sell any New Securities (as defined below), the Company shall first offer such New Securities to each of the Purchasers in the manner described below.

(b) The Company shall give notice (the "**Offer Notice**") to each Purchaser stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms upon which it proposes to offer such New Securities.

(c) By notification to the Company within ten (10) days after the Offer Notice is given, a Purchaser may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the shares of Class A Common Stock of the Company issuable upon conversion of the Series B Preferred Stock held by such Purchaser bears to the total shares of Class A Common Stock of the Company then outstanding (assuming full conversion and/or exercise, as applicable, of all outstanding securities of the Company that are convertible into, or exercisable or exchangeable for, shares of Class A Common Stock of the Company). The closing of any sale pursuant to this Section 6.2 shall occur within the later of sixty (60) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 6.2(d).

(d) If a Purchaser does not notify the Company of its intent to purchase New Securities referred to in the Offer Notice, the Company may, during the one hundred and twenty (120) day period following the expiration of the periods provided in Subsection 6.2(c), offer and sell the New Securities (including that portion subject to this right of first offer) to any person or persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within sixty (60) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to Purchasers in accordance with this Section 6.2.

(e) The rights granted to the Purchaser in this Section 6.2 shall not be applicable to the issuance of Exempted Securities (as defined in the Certificate of Incorporation).

(f) The rights granted to the Purchaser in this Section 6.2 shall terminate upon (i) the conversion of the Series B Preferred Stock, or (ii) the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first.

(g) For purposes of this Agreement, “**New Securities**” means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities other than the issuance of Exempted Securities.

6.3 Information Rights.

(a) Delivery of Financial Statements. The Company shall deliver to each Purchaser provided that the Board of Directors has not reasonably determined that such Purchaser is a competitor of the Company:

(i) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and (iii) a statement of stockholders’ equity as of the end of such year, all such financial statements audited and certified by independent public accountants of regionally or nationally recognized standing selected by the Company; and

(ii) as soon as practicable, but in any event within sixty (60) days after the end of each quarter of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of stockholders’ equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP).

(b) Quarterly Conference Call. The Company shall arrange and hold a conference call to discuss the Company's financial and business performance with the Purchasers and appropriate members of the Company's management team following the conclusion of each fiscal quarter.

(c) The covenants set forth in Section 6.3 shall terminate and be of no further force or effect (i) upon the conversion of the Series B Preferred Stock, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation, whichever event occurs first

6.4 "Market Stand-off" Agreement. Each Purchaser agrees that such Purchaser shall not sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Common Stock (or other securities) of the Company held by such Purchaser (other than those included in the registration) during the one hundred eighty (180) day period following the effective date of an underwritten public offering of the Company's Class A Common Stock registered under the Securities Act (or such longer period as the underwriters or the Company shall request in order to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation), provided that all officers and directors of the Company are bound by and have entered into similar agreements. Each Purchaser agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the Purchaser's obligations under this Section 6.4 or that are necessary to give further effect to this Section 6.4. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, each Purchaser shall provide, within 10 days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section 6.4 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a transaction on Form S-4 or similar forms that may be promulgated in the future.

7. Miscellaneous.

7.1 Survival of Warranties. Unless otherwise set forth in this Agreement, the representations and warranties of the Company and the Purchasers contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing for a period of one year and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of the Purchasers or the Company.

7.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Except for the Placement Agent, who is an intended third-party beneficiary of this Agreement and except as otherwise expressly provided in this Agreement, nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

7.3 Governing Law. This Agreement shall be governed by the internal law of the State of New York, without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York.

7.4 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

7.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

7.6 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt, or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on the signature page or Exhibit A, or to such e-mail address, facsimile number or address as subsequently modified by written notice given in accordance with this Subsection 7.6. A notice by electronic mail must include a prominent legend that the communication is an important notice regarding the parties. If notice is given to the Company, a copy, which shall not constitute notice, shall also be sent to Vinson & Elkins LLP, 901 East Byrd Street, Suite 1500, Richmond, VA 23219, dlebey@velaw.com, Attention: Daniel M. LeBey.

7.7 Compensation of the Placement Agent. Each Purchaser acknowledges that it is fully aware that the Placement Agent and each soliciting dealer appointed by the Placement Agent will receive from the Company, in consideration of their respective services as placement agent or soliciting dealer in respect of the offer and sale of the Shares contemplated hereby a commission of seven percent (7%) of the gross proceeds raised by the Company from the sale of Shares at each Closing, payable in cash. In addition, each Purchaser acknowledges that it is aware that the Placement Agent will receive from the Company payment of certain expenses including, but not limited to, legal fees and expenses incurred in connection with the offering of the Shares contemplated hereby. In addition, officers, directors, registered representatives or other affiliates of the Placement Agent may purchase Series B Preferred Stock under this Agreement on the same terms as other Purchasers hereunder.

7.8 No Finder's Fees. Except for commissions and other consideration payable to the Placement Agent and soliciting dealers as described in Section 7.7, each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. Each Purchaser agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of this transaction (and the costs and expenses of defending against such liability or asserted liability) for which each Purchaser or any of its officers, employees or representatives is responsible.

7.9 Fees and Expenses. Each party shall be responsible for its own fees and expenses incurred in connection with the entry into this Agreement and the Transaction Agreements.

7.10 Attorneys' Fees. If any action at law or in equity (including, arbitration) is necessary to enforce or interpret the terms of any of the Transaction Agreements, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

7.11 Amendments and Waivers. Except as set forth in Subsection 1.3(a) of this Agreement, any term of this Agreement may be amended, terminated or waived only with the written consent of the Company and the holders of at least a majority of the then-outstanding Shares. Any amendment or waiver effected in accordance with this Subsection 7.11 shall be binding upon the Purchasers and each transferee of the Shares (or the Class A Common Stock issuable upon conversion thereof), each future holder of all such securities, and the Company.

7.12 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

7.13 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

7.14 Entire Agreement. This Agreement (including the Exhibits hereto), the Certificate of Incorporation and the other Transaction Agreements constitute the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

7.15 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York State or the United States District Court for the Southern District of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION AGREEMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS

LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

[Signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Series B Preferred Stock Purchase Agreement as of the date first written above.

COMPANY

STRONGHOLD DIGITAL MINING, INC

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

Address: 2151 Lisbon Road
Kennerdell, PA 16374

[Additional Signature Pages Have Been Intentionally Omitted]

EXHIBIT A

SCHEDULE OF PURCHASERS

[Intentionally Omitted]

EXHIBIT B

CERTIFICATE OF INCORPORATION

[Intentionally Omitted]

EXHIBIT C

BYLAWS

[Intentionally Omitted]

EXHIBIT D

DISCLOSURE SCHEDULE

[Intentionally Omitted]

EXHIBIT E

FORM OF REGISTRATION RIGHTS AGREEMENT

[Intentionally Omitted]

EXHIBIT F

FORM OF RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT

[Intentionally Omitted]

THE SECURITY REPRESENTED BY THIS CERTIFICATE WAS ORIGINALLY ISSUED ON JUNE 30, 2021, 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: June 30, 2021
(the “Date of Issuance”)

Certificate No. W-1

FOR VALUE RECEIVED, Stronghold Digital Mining, Inc., a Delaware corporation (the “Company”), hereby grants to WhiteHawk Finance LLC, a Delaware limited liability company, 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 \$0.01 (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.

For income tax purposes, the value of this Warrant on the date hereof is \$1,999,396.00.

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 (10th) 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”):

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

(b) this Warrant;

(c) 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

(d) 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)(d), 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 surrendering this Warrant to the Company, together with a written notice to the Company that such holder is exchanging this Warrant (or a portion thereof) for an aggregate number of shares of Common Stock specified in the notice, 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 notice (and such withheld shares shall no longer be issuable under this Warrant).

(iii) The Company shall deliver to the Purchaser, no later than five (5) Business Days after any Exercise Time, shares of Common Stock issued upon the applicable exercise of this Warrant (“Warrant Exercise Shares”). Unless the Exercise Period has expired or all of the purchase rights represented hereby have been exercised, the Company shall, in the case of each Exercise Time, prepare a new Warrant, substantially identical hereto, representing the rights formerly represented by this Warrant which have not expired or been exercised and shall, within such five (5) Business Day period, deliver such new Warrant to the Person designated for such delivery in the Exercise Agreement.

(iv) Notwithstanding the five (5) Business Day 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, including a parent formed in a so-called "Up-C" transaction, 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) Upon any exercise of this Warrant, the Company may require customary investment representations from the Purchaser to the extent necessary to assure that the issuance of the Common Stock hereunder shall not require registration or qualification under the Act, or the rules and regulations promulgated thereunder, or any other applicable securities Laws (including as to the Purchaser's investment intent and as to its status as an "accredited investor" (as defined in Regulation D promulgated under the Act)).

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 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, 2B, 2C 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 Requisite Holders), 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. Anti-Dilution Adjustments.

(i) Additional Warrants. If at any during the Exercise Period, the Company issues or sells, or, pursuant to Section 2B(ii), is deemed to have issued or sold, any share of Common Stock for a consideration per share (the "Per Share Issue Price") less than the Base Share Value (subject to equitable adjustments to reflect stock splits, stock combinations, stock dividends, recapitalizations or other similar transactions), then immediately upon such issuance or sale or deemed issuance or sale (a "Triggering Issuance"), the Company shall issue to the Registered Holder additional Warrants to acquire a number of shares Common Stock equal to the product of (i) the Base Ownership Proportion, (ii) the number of shares of Common Stock issued or issuable pursuant to such Triggering Issuance and (iii) a fraction (A) the numerator of which is the aggregate number of shares of Common Stock then purchasable under the Warrants and Warrant Exercise Shares then held by such Registered Holder, and (B) the denominator of which is the aggregate number of shares of Common Stock for which Warrants theretofore have been issued by the Company (whether or not then exercised). Any such additional Warrants shall be in substantially the same form as this Warrant.

(ii) Deemed Issuance or Sale; Determination of Per Share Issue Price. For purposes Section 2B(i), the following shall be applicable to determining the "Per Share Issue Price" of deemed issuances of Common Stock:

(a) Issuance of Rights or Options. If the Company in any manner grants or sells any rights or options to subscribe for or purchase Common Stock or Convertible Securities (any such rights or options, "Options"), then such share or shares of Common Stock shall be deemed to have been issued and sold by the Company at such time for the Per Share Issue Price. For purposes of this paragraph, "Per Share Issue Price" for the Common Stock issuable upon the exercise of any such Option, or upon conversion or exchange of any Convertible Security issuable upon exercise of such Option, shall be equal to the sum of the lowest amounts of consideration (if any) received or to be received by the Company with respect to any one share of Common Stock upon the granting or sale of the Option, upon exercise of the Option and upon conversion or exchange of the Convertible Security. No further issuance of Warrants shall be made upon the actual issue of such Common Stock or of such Convertible Security upon the exercise of such Options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Security.

(b) Issuance of Convertible Securities. If the Company in any manner issues or sells any securities directly or indirectly convertible into or exchangeable for Common Stock (any such securities, "Convertible Securities"), then such share or

shares of Common Stock shall be deemed to have been issued and sold by the Company at such time for the Per Share Issue Price. For purposes of this paragraph, “Per Share Issue Price” for the Common Stock issuable upon conversion or exchange of any Convertible Security shall be equal to the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one share of Common Stock upon the issuance of the Convertible Security and upon the conversion or exchange of such Convertible Security. No further issuance of Warrants shall be made upon the actual issue of such Common Stock upon conversion or exchange of any Convertible Security, and if any such issue or sale of such Convertible Security is made upon exercise of any Options with respect to which Warrants had been or are to be issued pursuant to Section 2B(ii)(a), no further issuance of Warrants shall be made by reason of such issue or sale.

(c) Change in Option Price or Conversion Rate. If the purchase price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock changes at any time so as to reduce the Per Share Issue Price for the Common Stock issuable with respect thereto, the Company shall immediately issue to the Registered Holder a number of additional Warrants that, taken together with any Warrants previously issued pursuant to this Section 2B with respect to the initial issuance or sale or deemed issuance or sale of such Options or Convertible Securities, equals the number of Warrants which would have been issued at the time of such initial issuance or sale or deemed issuance or sale had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or changed conversion rate, as the case may be, at the time initially issued or sold or deemed to have been issued or sold. If the terms of any Option or Convertible Security which was outstanding as of the Date of Issuance are changed in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such change for purposes of this Section 2B.

(d) Calculation of Consideration Received. If any Common Stock, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received in connection therewith shall be deemed to be the amount received by the Company therefor. In case any Common Stock, Options or Convertible Securities are issued or sold for any consideration other than cash, the amount of the consideration other than cash received by the Company shall be the fair value of such consideration, except where such consideration consists of securities, in which case the amount of consideration received by the Company shall be the Market Price thereof as of the date of receipt. In case any Common Stock, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Stock, Options and/or Convertible Securities, as the case may be. The fair value of any such consideration, other than cash or securities, shall be reasonably determined in good faith by the Board of Directors of the Company (the “Company Board”) at the time of such issuance or sale or deemed issuance

or sale; provided that, if the Requisite Holders in good faith dispute such determination, fair value shall be determined by an appraiser jointly selected by the Company and the Requisite Holders. The Company and the Requisite Holders 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 holders of the Warrants, 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%) less 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 the Requisite Holders, then such fees and expenses shall be paid by the Requisite Holders; provided, further, that each holder of Warrants agrees that it shall reimburse, upon demand, the Requisite Holders for such holder's proportional share of such fees and expenses based on the number of Warrants held by such holder.

(e) Integrated Transactions. In case any Common Stock, Options or Convertible Securities are issued in connection with the issue or sale of other securities of the Company, including the incurrence of any indebtedness by the Company or any of its Subsidiaries, together comprising one integrated transaction in which no specific consideration is allocated to such Common Stock, Options or Convertible Securities by the parties thereto, the Company Board shall reasonably determine in good faith the consideration to be allocated to such Common Stock, Options or Convertible Securities for purposes hereof; provided that, if the Company Board fails to make such determination at the time of such issuance or sale, such Common Stock, Options or Convertible Securities shall be deemed to have been issued without consideration.

(f) Record Date. If the Company takes a record of the holders of any securities of the Company for the purpose of entitling them (x) to receive a dividend or other distribution payable in Common Stock, Options or in Convertible Securities or (y) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

2C. Notwithstanding anything contained herein to the contrary, there shall be no adjustment to the number of shares of Common Stock obtainable upon exercise of any 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.

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) at least ten (10) Business Days prior to the date on which the Company consummates a Triggering Issuance, setting forth in reasonable detail the terms and conditions of such Triggering Issuance (including the Per Share Issue Price of Common Stock with respect thereto) and the estimated number of additional Warrants to be issued pursuant to Section 2B;

(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.

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, 2B, 2C 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 holder of this Warrant may be entitled either to such an adjustment or to the issuance of additional rights or securities, as is more favorable to the holder, as determined by the Requisite Holders, 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:

“Affiliate” has the meaning set forth in Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

“Base Ownership Proportion” means a fraction (A) the numerator of which is the Warrant Share Number, and (B) the denominator of which is the total number of shares of Common Stock outstanding as of the Date of Issuance expressed on a fully-diluted basis.

“Base Share Value” means the quotient of \$425,000,000 divided by the total number of shares of Common Stock outstanding as of the Date of Issuance expressed on a fully-diluted basis.

“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, the Republic of the Marshall Islands, any other country or any U.S. or non-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) days consisting of the day as of which “Market Price” is being determined and the ten (10) consecutive Business Days prior to such day; provided that, if such security is listed on any U.S. securities exchange or quoted in a U.S. over-

the-counter market the term “Business Day” as used in this sentence means Business Days on which such exchange or market, as applicable, is open for trading. 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 Requisite Holders in good faith dispute 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 Requisite Holders. The Company and the Requisite Holders 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 holders of the Warrants, 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 the Requisite Holders, then such fees and expenses shall be paid by the Requisite Holders; provided, further, that each holder of Warrants agrees that it shall reimburse, upon demand, the Requisite Holders for such holder’s proportional share of such fees and expenses based on the number of Warrants held by such 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.

“Requisite Holders” means Registered Holders of Warrants representing a majority of the Common Stock obtainable upon exercise of all Warrants then outstanding.

“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.

“Warrant Share Number” means the quotient of \$2,000,000 divided by the Base Share Value.

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 Stronghold Digital Mining Equipment, LLC, 2151 Lisbon Road, Kennerdell, PA 16374 to the attention of Ricardo Larroude, and (y) the Registered Holder, at WhiteHawk Finance LLC, 11601 Wilshire Boulevard, Suite 1250, Los Angeles, CA 90025 to the attention of Brad Huge, with copies (which shall not constitute notice) to Kramer Levin Naftalis & Frankel LLP at 1177 6th Ave, New York, NY 10036 to the attention of Sanjay Thapar and Terrence Shen. 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 (3rd) 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 (1st) 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. Remedies. 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 Requisite Holders and, with the prior written consent of the Requisite Holders, the holder of this Warrant, 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.

Section 13. 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 Requisite Holders.

Section 14. 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.

* * * * *

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

[Signature Page – Warrant]

ACKNOWLEDGED AND AGREED:

WHITEHAWK FINANCE LLC

By: /s/ Robert A. Louzan
Name: Robert A. Louzan
Title: Authorized Signatory

[Signature Page – Warrant]

ASSIGNMENT

[Intentionally Omitted]

EXERCISE AGREEMENT

[Intentionally Omitted]

STRONGHOLD DIGITAL MINING, INC.

2151 Lisbon Road
Kennerdell, Pennsylvania 16374

July 12, 2021

Gregory A. Beard

Dear Greg:

On behalf of Stronghold Digital Mining, Inc., a Delaware corporation (the "Company"), I am pleased to extend this offer of employment as Chief Executive Officer of the Company. Your effective start date was January 1, 2021.

You will be paid an annualized base salary of \$600,000, less applicable taxes and other withholdings, in accordance with the Company's payroll practices in effect from time to time. You will also be eligible to participate in those benefit plans and programs that the Company makes available to its similarly situated employees from time to time, subject to the terms and conditions of the applicable plans and programs as in effect from time to time.

Your employment with the Company is not for a specific term and is terminable at-will. This means that either you or the Company may terminate the employment relationship at any time, with or without notice, and for any reason not prohibited by applicable law. You will, of course, be expected to comply with all of the Company's policies and procedures in effect from time to time.

In signing below, you expressly represent that you are under no restriction with any current or former employer or other third party, including restrictions with respect to non-competition, non-solicitation, confidentiality, or any other restrictive covenant, that would prevent you from accepting employment with the Company or from performing any services on the Company's behalf. In addition, you promise that you will not provide the Company with any confidential, proprietary or legally protected information belonging to any current or former employer or other third party and in no circumstances will you use or disclose such information in the course of your employment with the Company. If you have any questions about the ownership of particular documents or other information, you should discuss such questions with your current or former employer(s) before removing or copying the documents or information.

Your employment is subject to your entry into, and agreement to abide by the terms of, the enclosed Confidentiality, Intellectual Property, Arbitration and Non-Solicitation Agreement. In addition, please note that federal law requires that you provide the Company with documents establishing your identity and right to work in the United States within three (3) business days of your employment start date.

Greg, we look forward to having you join the Company and the valuable contributions we expect you to make to its development and success. To accept this offer, please sign and date the acceptance below and return it to me.

Sincerely,

Stronghold Digital Mining, Inc.

/s/ William Spence

William Spence
Authorized Person

AGREED AND ACCEPTED:

/s/ Gregory A. Beard

Gregory A. Beard

July 12, 2021

DATE

**CONFIDENTIALITY, INTELLECTUAL PROPERTY, ARBITRATION
AND NON-SOLICITATION AGREEMENT**

As a condition of employment with Stronghold Digital Mining, Inc., a Delaware corporation (the “Company”), Gregory A. Beard (“Employee”) and the Company hereby agree to the terms of this Confidentiality, Intellectual Property, Arbitration and Non-Solicitation Agreement (this “Agreement”), dated effective as of January 1, 2021.

1. **Confidentiality.**

(a) In the course of Employee’s employment with the Company and the performance of Employee’s duties on behalf of the Company Group, Employee will be provided with, and will have access to, Confidential Information (as defined below). No other right or license, whether express or implied, in or with respect to the Confidential Information is granted to Employee hereunder. In consideration of Employee’s receipt and access to such Confidential Information, and as a condition of Employee’s employment with the Company, Employee agrees to the terms of this Agreement.

(b) Both during the term of Employee’s employment with the Company and thereafter, except as expressly permitted in writing by an authorized representative of the Company, Employee shall not disclose any Confidential Information to any person or entity and shall not use any Confidential Information except for the benefit of the Company and its direct and indirect subsidiaries and affiliates as may exist from time to time (collectively, the Company and its direct and indirect subsidiaries and affiliates are referred to as the “**Company Group**”). Employee shall follow all Company policies and protocols regarding the security of all documents and other materials containing Confidential Information (regardless of the medium on which such Confidential Information is stored). The covenants Employee makes in this Section 1(b) shall apply to all Confidential Information, whether now known or later to become known to Employee during the period that Employee is employed by or affiliated with the Company or any other member of the Company Group.

(c) Notwithstanding any provision of Section 1(b) to the contrary, Employee may make the following disclosures and uses of Confidential Information:

(i) disclosures to other employees of the Company Group who have a need to know Confidential Information in connection with the businesses of the Company Group;

(ii) disclosures to a person or entity that has (A) been retained by a member of the Company Group to provide services to one or more members of the Company Group and (B) agreed in writing to abide by the terms of a confidentiality agreement; or

(iii) disclosures for the purpose of complying with any applicable laws or regulatory requirements or that Employee is legally compelled to make by deposition, interrogatory, request for documents, subpoena, civil investigative demand, order of a court of competent jurisdiction, or similar process, or otherwise by law.

(d) Upon Employee’s ceasing to be employed by the Company and at any other time upon request of the Company, Employee shall promptly deliver to the Company all documents (including electronically stored information) and all copies thereof and all other materials of any nature containing or pertaining to all Confidential Information and any other Company Group property (including any Company Group-issued computer, mobile device or other equipment) in Employee’s possession, custody or control and Employee shall not retain any such documents or other materials or property of the Company Group. Within five (5) days of any such request, Employee shall certify to the Company in writing that all such documents, materials and property have been returned to the Company.

(e) As used herein, “Confidential Information” means all non-public, confidential, or proprietary information of or related to any member of the Company Group, including all trade secrets, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to Employee individually or in conjunction with others, during the period that Employee is employed or engaged by the Company or any other member of the Company Group (whether during business hours or otherwise and whether on the Company’s premises or otherwise) that relate to any member of the Company Group’s businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or acquisition targets or their requirements, the identity of key contacts within customers’ organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks). “Confidential Information” includes confidential information of third parties that have supplied such information to a member of the Company Group. Moreover, all documents, videotapes, presentations, brochures, memoranda, notes, records, files, correspondence, manuals, specifications, computer programs, e-mail, voice mail, electronic databases, maps, drawings, architectural renditions, models and all other writings or materials of any type including or embodying any Confidential Information shall be the sole and exclusive property of the Company or its designee and is subject to the same restrictions on disclosure applicable to all Confidential Information pursuant to this Agreement. For purposes of this Agreement, Confidential Information shall not include any information that is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or any of Employee’s agents.

(f) Notwithstanding the foregoing, nothing in this Agreement shall prohibit or restrict Employee from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual’s attorney in relation

to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company that Employee has engaged in any such conduct.

2. **Non-Solicitation.** During the period in which Employee is employed with the Company or any other member of the Company Group, and for the twelve (12) months after the date that Employee is no longer employed by any member of the Company Group, Employee shall not, without the prior written approval of the Company, directly or indirectly, for Employee or on behalf of or in conjunction with any other person or entity, solicit, canvass, approach, encourage, entice or induce any employee or contractor of the Company Group to terminate or lessen his, her or its employment or engagement with any member of the Company Group.

3. **Ownership of Intellectual Property.**

(a) Employee agrees that the Company owns, and Employee hereby assigns, all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, and all other intellectual and industrial property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), improvements, developments, works of authorship, mask works, designs, know-how, ideas, data and any other information or materials authored, created, contributed to, made or conceived or reduced to practice, in whole or in part, individually or in conjunction with others, by Employee during the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group that either (i) relate, at the time of conception, reduction to practice, creation, derivation or development, to any member of the Company Group's businesses or actual or anticipated research or development, or (ii) were developed on any amount of the Company's or any other member of the Company Group's time or with the use of any member of the Company Group's equipment, supplies, facilities or trade secret information (all of the foregoing collectively referred to herein as "Company Intellectual Property"), and Employee shall promptly disclose all Company Intellectual Property to the Company. All of Employee's works of authorship and associated copyrights created during the period in which Employee is employed by or affiliated with the Company or any member of the Company Group and in the scope of Employee's employment shall be deemed to be "works made for hire" within the meaning of the Copyright Act. Employee hereby waives any moral rights Employee may have in any Company Intellectual Property. To the extent any rights to any Company Intellectual Property cannot be assigned by Employee to the Company, Employee hereby grants to the Company an exclusive, perpetual, royalty-free, transferable, irrevocable, fully sub-licensable (through multiple levels) worldwide license to use, exploit, and practice all rights under such Company Intellectual Property in any manner.

(b) Employee warrants that, on or prior to the date of this Agreement, Employee has disclosed in writing to the Company, a description of any intellectual or industrial property in which Employee has an ownership interest that is applicable to or relates in any way to any member of the Company Group's businesses, products, services, or demonstrably anticipated research and development ("Prior Invention"). If, in the course of Employee's employment or affiliation with the Company or any other member of the Company Group,

Employee incorporates any Prior Invention into any product, process, or device of the Company Group, Employee hereby grants the Company Group a nonexclusive, perpetual, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to make, have made, modify, use, import, export, offer for sale, sell and otherwise commercialize such Prior Invention as part of or in connection with any product, process, or device of any member of the Company Group.

(c) Employee shall perform, during and after the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group, all acts deemed necessary by the Company to assist the Company Group, at the Company's expense, in obtaining and enforcing its rights throughout the world in the Company Intellectual Property. Such acts may include execution of documents and assistance or cooperation (i) in the filing, prosecution, registration, and memorialization of assignment of any applicable patents, copyrights, mask work, or other applications, (ii) in the enforcement of any applicable patents, copyrights, mask work, trade secrets, moral rights, trademarks, or other proprietary rights, and (iii) in other legal proceedings related to the Company Intellectual Property. If the Company is unable for any reason to secure Employee's signature on any document necessary for obtaining protection of or enforcing the Company Intellectual Property, Employee hereby irrevocably designates and appoints the Company and each of the Company's duly authorized officers and agents as Employee's agent and attorney-in-fact to act for and on Employee's behalf with respect to such Company Intellectual Property.

4. **Limitations on Material Non-Company Business Activities.** During the Employment Period, Employee shall devote Employee's full business time, attention, skill and best efforts to the business of the Company and, as applicable, the other members of the Company Group and shall not engage in any other business or occupation during the Employment Period, including any activity that (x) conflicts with the interests of the Company or any other member of the Company Group or (y) interferes with the proper and efficient performance of Employee's duties for the Company. Employee may, subject to Sections 1 and 2, without violating this Section 4, (a) engage in charitable and civic activities or (b) engage in any activity approved by the Board of Directors in writing, in each case, so long as such interests or activities do not interfere with Employee's ability to fulfill Employee's duties, authorities and responsibilities to the Company and the other members of the Company Group and are not competitive with the Business conducted by any member of the Company Group. Employee owes each member of the Company Group fiduciary duties (including (i) duties of loyalty and disclosure and (ii) such fiduciary duties that an officer of the Company would have if the Company were a corporation organized under the laws of the State of Delaware), and the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Employee owes each member of the Company Group under statutory and common law. For purposes of this Agreement, "Employment Period" shall mean the period of time that Employee is employed by the Company or any other member of the Company Group; and "Business" shall mean the business and operations that are the same or similar to those performed by the Company and any other member of the Company Group for which Employee provides services or about which Employee obtains Confidential Information during the Employment Period, which business and operations include acquisition, set up or operation of cryptocurrency exchanges, development of programing for blockchain technologies, cryptocurrency mining activities, and the generation and sale of power related to the same.

5. **Specific Performance.** Because of the difficulty of measuring economic losses to the Company Group as a result of a breach or threatened breach of the covenants set forth in Sections 1 and 2, and because of the immediate and irreparable damage that would be caused to the members of the Company Group for which they would have no other adequate remedy, the Company and each other member of the Company Group shall be entitled to enforce the foregoing covenants in the event of a breach or threatened breach, by injunctions and restraining orders from any arbitrator or court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or any other member of the Company Group's exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each other member of the Company Group at law and equity.

6. **Severability; Reformation.** The covenants in this Agreement are severable and separate, and the unenforceability of any specific covenant (or part thereof) shall not affect the provisions of any other covenant (or parts thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope of restrictions set forth herein are unreasonable, then it is the intention of Employee and the Company that such restrictions be enforced to the fullest extent which the arbitrator or court deems reasonable, and this Agreement shall thereby be reformed.

7. **Survival; Third-Party Beneficiaries.** Employee's obligations under this Agreement will continue in effect after the termination of Employee's employment, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary. Employee's obligations under this Agreement will be binding upon Employee's heirs, executors, assigns, and administrators and will inure to the benefit of each member of the Company Group and their respective subsidiaries, successors, and assigns. Each member of the Company Group that is not a signatory hereto shall be a third-party beneficiary of Employee's representations and covenants hereunder and shall be entitled to enforce this Agreement as if a party hereto.

8. **Waiver.** Any waiver of any term of this Agreement by the Company or another member of the Company Group will not operate as a waiver of any other term of this Agreement, nor will any failure to enforce any provision of this Agreement operate as a waiver of any member of the Company Group's right to enforce any other provision of this Agreement.

9. **Interpretation; Construction.** Titles and headings to Sections hereof are included for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. Unless the context requires otherwise, the word "or" as used herein is not exclusive and is deemed to have the meaning "and/or." The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter.

10. **At-Will Employment.** This Agreement is not an employment contract for any particular term and nothing herein alters the at-will nature of Employee's employment with the Company, as Employee or the Company (and, if Employee becomes employed by any other member of the Company Group, any other member of the Company Group) may terminate the employment relationship at any time and for any reason not prohibited by applicable law or no reason at all.

11. **Modification.** This Agreement may not be modified or amended except by an instrument or instruments in writing signed by both parties.

12. **Choice of Law; Arbitration; Dispute Resolution.**

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the principles of conflict of laws thereof. Subject to Section 12(b), any dispute, controversy or claim between Employee and the Company arising out of or relating to this Agreement or Employee's employment or engagement with the Company or any other member of the Company Group ("**Disputes**") will be finally settled by arbitration in New York, New York (or such other location as agreed to by the parties) in accordance with the then-existing American Arbitration Association ("**AAA**") Arbitration Rules. The arbitration award shall be final and binding on both parties. Any arbitration conducted under this Section 12(a) shall be heard by a single arbitrator (the "**Arbitrator**") selected in accordance with the then-applicable rules of the AAA. The Arbitrator shall expeditiously hear and decide all matters concerning the Dispute. Except as expressly provided to the contrary in this Agreement, the Arbitrator shall have the power to (i) gather such materials, information, testimony and evidence as the Arbitrator deems relevant to the Dispute before him or her (and each party will provide such materials, information, testimony and evidence requested by the Arbitrator), and (ii) grant injunctive relief and enforce specific performance. All Disputes shall be arbitrated on an individual basis, and each party hereto hereby foregoes and waives any right to arbitrate any Dispute as a class action or collective action or on a consolidated basis or in a representative capacity on behalf of other persons or entities who are claimed to be similarly situated, or to participate as a class member in such a proceeding. The decision of the Arbitrator shall be reasoned, rendered in writing, be final and binding upon the disputing parties and the parties agree that judgment upon the award may be entered by any court of competent jurisdiction. The party whom the Arbitrator determines is the prevailing party in such arbitration shall receive, in addition to any other award pursuant to such arbitration or associated judgment, reimbursement from the other party of all reasonable legal fees and costs associated with such arbitration and associated judgment. This Section 12 does not prevent Employee from filing a charge or complaint with a federal, state, or other governmental administrative agency. This Section 12 shall be enforceable pursuant to the Federal Arbitration Act, 9 U.S.C. § 1 et seq.

(b) Notwithstanding Section 12(a), either party may make a timely application for, and obtain, judicial emergency or temporary injunctive relief to enforce any of the provisions of Sections 1 through 3; *provided, however*, that the remainder of any such Dispute (beyond the application for emergency or temporary injunctive relief) shall be subject to arbitration under this Section 12(b).

(c) By entering into this Agreement and entering into the arbitration provisions of this Section 12(c), THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT THEY ARE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVING THEIR RIGHTS TO A JURY TRIAL.

(d) Nothing in this Section 12(d) shall prohibit a party to this Agreement from (i) instituting litigation to enforce any arbitration award, or (ii) joining the other party to this Agreement in a litigation initiated by a person or entity that is not a party to this Agreement. Further, nothing in this Section 12(d) precludes Employee from filing a charge or complaint with a federal, state or other governmental administrative agency.

[The remainder of this page was left blank intentionally; the signature page follows.]

Employee and the Company each agree to the terms of this Agreement.

EMPLOYEE

/s/ Gregory A. Beard.

Gregory A. Beard

STRONGHOLD DIGITAL MINING, INC.

By: /s/ William Spence

William Spence

Authorized Person

EQUITY CAPITAL CONTRIBUTION AGREEMENT

by and among

PANTHER CREEK RECLAMATION HOLDINGS, LLC,

STRONGHOLD DIGITAL MINING HOLDINGS LLC

and, solely for the purposes of Section 10.14,

OLYMPUS POWER, LLC

dated

July 9, 2021

TABLE OF CONTENTS

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1	Definitions	1
Section 1.2	Rules of Construction	1

ARTICLE II PURCHASE AND SALE; CONSIDERATION; CLOSING

Section 2.1	Purchase and Sale	2
Section 2.2	Consideration	2
Section 2.3	Closing	4
Section 2.4	Deliveries at the Closing	4

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Section 3.1	Organization	7
Section 3.2	Authority; Enforceability	7
Section 3.3	Title to Interests	7
Section 3.4	No Conflict; Consents and Approvals	7
Section 3.5	Legal Proceedings	8
Section 3.6	Brokerage Arrangements	8
Section 3.7	Accredited Investor	8

ARTICLE IV REPRESENTATION AND WARRANTIES OF SELLER REGARDING THE COMPANY GROUP

Section 4.1	Organization	9
Section 4.2	Authorization of Transactions	9
Section 4.3	Absence of Conflicts; Consents	9
Section 4.4	Capitalization	10
Section 4.5	Legal Proceedings	11
Section 4.6	Compliance with Laws and Orders	11
Section 4.7	Financial Statements; No Undisclosed Liabilities	11
Section 4.8	Taxes	12
Section 4.9	Regulatory Status	13
Section 4.10	Contracts	13
Section 4.11	Real Property	14
Section 4.12	Permits	16
Section 4.13	Environmental Matters	17
Section 4.14	Personal Property	18
Section 4.15	Insurance	18

Section 4.16	Employee Matters	18
Section 4.17	Bankruptcy	18
Section 4.18	Indebtedness	18
Section 4.19	Officers and Directors; Bank Accounts; Names and Locations	19
Section 4.20	Support Obligations	19
Section 4.21	Affiliate Matters	19
Section 4.22	Brokers	19
Section 4.23	Disclaimer	19

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER

Section 5.1	Organization	20
Section 5.2	Authority; Enforceability	20
Section 5.3	No Conflicts; Consents and Approvals	20
Section 5.4	Legal Proceedings	21
Section 5.5	Brokerage Arrangements	21
Section 5.6	Capitalization Table	21

ARTICLE VI
COVENANTS AND OTHER AGREEMENTS

Section 6.1	Commercially Reasonable Efforts	21
Section 6.2	Regulatory and Other Approvals	21
Section 6.3	Access of Buyer	23
Section 6.4	Interim Period Operations	24
Section 6.5	Tax Matters	25
Section 6.6	Release and Waiver	28
Section 6.7	Confidentiality	29
Section 6.8	Trade Name	29
Section 6.9	Purchase of Plant Site.	29
Section 6.10	Plant Site Diligence Cooperation; Plant Site Title Policy	30
Section 6.11	Budgets	31
Section 6.12	Fuel Supply Agreement	31
Section 6.13	Retained Assets	31
Section 6.14	Transmission Line Agreement	31
Section 6.15	Loader Contracts	31
Section 6.16	Certain Support Obligations	31

ARTICLE VII
CONDITIONS TO CLOSING

Section 7.1	Mutual Closing Conditions	32
Section 7.2	Buyer's Closing Conditions	32
Section 7.3	Seller's Closing Conditions	33

ARTICLE VIII
TERMINATION RIGHTS

Section 8.1	Termination Rights	33
Section 8.2	Effect of Termination	34

ARTICLE IX
SURVIVAL; INDEMNITY

Section 9.1	Survival	34
Section 9.2	Indemnification of Buyer Indemnified Parties	35
Section 9.3	Indemnification of Seller Indemnified Parties	35
Section 9.4	Exclusive Remedy and Release	35
Section 9.5	Certain Limitations	36
Section 9.6	Indemnification Procedures	36

ARTICLE X
GENERAL

Section 10.1	Entire Agreement; Successors and Assigns	38
Section 10.2	Amendments and Waivers	39
Section 10.3	Notices	39
Section 10.4	Governing Law	40
Section 10.5	Dispute Resolution; Waiver of Jury Trial	40
Section 10.6	Severability	41
Section 10.7	Transaction Costs and Expenses	41
Section 10.8	Rights of Third Parties	41
Section 10.9	Counterparts	41
Section 10.10	Specific Performance	41
Section 10.11	Publicity	41
Section 10.12	Further Assurances	42
Section 10.13	Non-Recourse	42
Section 10.14	Seller Parent Guaranty	42

EXHIBITS

Exhibit A	Definitions
Exhibit B	Form of Assignment and Assumption Agreement
Exhibit C	Company Group
Exhibit D	Form of A&R OMA
Exhibit E	Form of A&R AMA

SCHEDULES

Schedule 2.4(a)(ix)	Indebtedness to be Paid Off at Closing
Schedule 2.4(a)(x)	Permitted Affiliate Transactions
Schedule 2.4(a)(xi)	Third Party Consents
Schedule 3.4(c)	Seller Approvals
Schedule 4.1(b)	Organizational Documents
Schedule 4.3	Company Consents
Schedule 4.4(a)	Equity Interests
Schedule 4.4(b)	Equity Rights
Schedule 4.4(c)	Encumbered Equity Interests
Schedule 4.5	Litigation
Schedule 4.6	Laws; Orders
Schedule 4.7	Financial Statements
Schedule 4.8	Taxes
Schedule 4.10(a)	Material Contracts
Schedule 4.10(b)	Breach of Material Contracts
Schedule 4.11(c)	Real Property Agreements
Schedule 4.11(e)	Real Property Compliance
Schedule 4.13(a)	Environmental Documentation
Schedule 4.13(b)	Environmental Matters
Schedule 4.14(a)	Leased Personal Property
Schedule 4.14(b)	Scheduled Personal Property
Schedule 4.14(c)	Encumbered Personal Property
Schedule 4.15	Insurance
Schedule 4.19	Officers and Directors
Schedule 4.20	Support Obligations
Schedule 4.21	Affiliate Matters
Schedule 5.3	Buyer Approvals
Schedule 6.3(b)	Authorized Activities
Schedule 6.4	Interim Period Operations
Schedule 6.9	Plant Site
Schedule A	Retained Liabilities

EQUITY CAPITAL CONTRIBUTION AGREEMENT

THIS EQUITY CAPITAL CONTRIBUTION AGREEMENT (including the exhibits and schedules hereto, each as amended or restated from time to time, this “*Agreement*”), dated as of July 9, 2021 (the “*Execution Date*”), is by and among Panther Creek Reclamation Holdings, LLC, a Delaware limited liability company (“*Seller*”), and Stronghold Digital Mining Holdings LLC, a Delaware limited liability company (“*Buyer*”). Seller and Buyer are collectively referred to as the “*Parties*” and individually as a “*Party*”. Olympus Power, LLC, a Delaware limited liability company (“*Guarantor*”), is party to this Agreement solely for the purposes of Section 10.14.

RECITALS

WHEREAS, as of immediately prior to entry into this Agreement, Seller is the direct owner of all of the Equity Interests (the “*Subject Interests*”) in Liberty Bell Funding, LLC, a Delaware limited liability company (the “*Company*”);

WHEREAS, the Company owns, directly and indirectly, all of the Equity Interests of the Persons described on Exhibit C (the Company, together with each Person described on Exhibit C, the “*Company Group*”);

WHEREAS, the members of the Company Group own, directly or indirectly, the assets that constitute the 94-megawatt waste coal-fired power station located near Nesquehoning, Pennsylvania referred to as the Panther Creek Energy Facility (the “*Panther Creek Plant*”); and

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Subject Interests on the terms and subject to the conditions set forth in this Agreement.

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

AGREEMENTS

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 *Definitions.* In addition to the terms defined in the body of this Agreement, capitalized terms used herein shall have the meanings given to them in Exhibit A. Capitalized terms defined in the body of this Agreement are listed in Exhibit A with reference to the location of the definitions of such terms in the body of this Agreement.

Section 1.2 *Rules of Construction.* All article, section, schedule, and exhibit references used in this Agreement are to articles, sections, schedules, and exhibits of and to this Agreement unless otherwise specified. The schedules and exhibits attached to this Agreement constitute a part of this Agreement and are incorporated herein for all purposes.

(a) If a term is defined as one part of speech (such as a noun), it shall have a corresponding meaning when used as another part of speech (such as a verb). Terms defined in the singular have the corresponding meanings in the plural, and vice versa. Unless the context of this Agreement clearly requires otherwise, words importing the masculine gender shall include the feminine and neuter genders and vice versa. The term “includes” or “including” shall mean “including without limitation.” The words “hereof”, “hereto”, “hereby”, “herein”, “hereunder”, and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular section or article in which such words appear.

(b) The Parties acknowledge each Party and its attorneys have reviewed this Agreement and any rule of construction to the effect any ambiguities are to be resolved against the drafting Party, or any similar rule operating against the drafter of an agreement, shall not be applicable to the construction or interpretation of this Agreement.

(c) The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

(d) All references to “Dollars” and “\$” herein shall be to, and all payments required hereunder shall be paid in, United States dollars.

(e) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

ARTICLE II PURCHASE AND SALE; CONSIDERATION; CLOSING

Section 2.1 *Purchase and Sale.* Subject to the express terms and conditions hereof, at the Closing, Seller shall sell, convey, assign, transfer, and deliver to Buyer, and Buyer shall purchase, acquire, and assume, the Subject Interests free and clear of all Liens and restrictions on transfer other than those arising pursuant to (a) this Agreement or (b) applicable securities Laws, in exchange for the Consideration to be delivered to Seller as set forth in Section 2.2.

Section 2.2 *Consideration.*

(a) The total consideration to be delivered to or for the benefit of Seller for the Subject Interests (the “**Consideration**”) shall be the following:

(i) an amount in cash equal to \$3,000,000 (the “**Cash Consideration**”), payable by or on behalf of Buyer as provided in Section 2.2(b); *provided* that the Cash Consideration payable at Closing shall be (A) adjusted as provided in Section 6.9(b)(ii), (B) reduced by an amount equal to the amount that the Target Net Working Capital Amount exceeds the Net Working Capital Amount (and for clarity, if the Net Working Capital Amount exceeds the Target Net Working Capital Amount then in no event shall the Consideration be increased), and (C) reduced by the Seller Distribution Amounts; and

(ii) 400,000 Series A Preferred Units (“**Preferred Units**”) of Buyer, or, in the event that all Series A Preferred Units of Buyer have been converted to Common Units of Buyer (“**Common Units**”) in accordance with the terms of the governing

documents of Buyer prior to the Closing, an equivalent amount of Common Units (such Preferred Units or Common Units as applicable, the “**Equity Consideration**”). Buyer shall deliver the Equity Consideration to Seller or a designated Affiliate of Seller at Closing.

(b) At Closing, the Cash Consideration shall be paid by or on behalf of Buyer in the following manner:

(i) the pay-off amount set forth in any pay-off letters with respect to each member of the Company Group’s outstanding Indebtedness, if any, shall be paid by Buyer in cash by wire transfer of immediately available funds in Dollars, in such amounts and to such accounts as set forth in such pay-off letters;

(ii) an amount sufficient to pay any Transaction Expenses shall be paid by Buyer to each such payee in cash by wire transfer of immediately available funds in Dollars; and

(iii) an amount equal to the Cash Consideration, as adjusted as provided in Section 2.2(a)(i) and Section 6.9(b)(ii), less the aggregate amounts funded pursuant to Section 2.2(b)(i)-(ii) shall be paid by Buyer in cash wire transfer of immediately available funds in Dollars to the accounts designated by Seller.

All Indebtedness and Transactions Expenses of the Company Group that are outstanding as of immediately prior to the Closing are hereinafter referred to as the “**Seller Obligations**”. Not later than five (5) Business Days prior to the Closing, Seller shall deliver to Buyer a statement setting forth Seller’s good faith estimate of (x) the Net Working Capital Amount (the Seller’s “**Closing Net Working Capital Certificate**”), (y) the adjustments contemplated in Section 6.9(b)(ii) and (z) each amount to be paid pursuant to this Section 2.2(b), including wire instructions for each payee described in this Section 2.2(b). Buyer shall have the right to review and comment on such statements prior to Closing, and the Parties shall work in good faith to resolve any disagreements in such statement prior to the Closing Date. To the extent the Cash Consideration (as adjusted pursuant to Section 2.2(a)(i) and Section 6.9(b)(ii)) is not sufficient to satisfy the Seller Obligations, then Seller shall be required (as contemplated in Section 2.2(c)) to satisfy such obligations at or prior to Closing.

(c) Prior to Closing Seller shall be required to satisfy and pay in full all Seller Obligations, *provided* that Seller shall have the right to cause the Cash Consideration (to the extent available) to be paid to any payees of the Seller Obligations as provided in Section 2.2(b). If after Closing either Party determines any Seller Obligations were not paid in full as of Closing, then such Party shall promptly provide notice thereof to the other Party, together with reasonable supporting documentation, and Seller shall thereafter promptly (and in any event with five (5) Business Days) make payment of such Seller Obligations to the owed Person(s).

(d) Within 45 days after the Closing, Buyer shall send to Seller a statement setting forth the actual Net Working Capital Amount (with reasonable supporting documentation). Seller shall have the right to review and dispute any amounts set forth in such statement within 30 days after its receipt of the same. Thereafter the Parties shall work together in good faith to resolve

any such disputes. Within ten (10) Business Days after the Parties have reached agreement on the actual Net Working Capital Amount, Seller or Buyer (as applicable) shall make a true-up payment to the other Party, so that, after giving effect to such payment, Seller and Buyer are in the same position they would have been in had payments at the Closing been based on the finally determined Net Working Capital Amount (without any interest on such true-up payment). Any such payment shall be treated as an adjustment to the Cash Consideration by the Parties for U.S. federal (and all applicable state and local) income Tax purposes, unless otherwise required by Law.

Section 2.3 **Closing.** Subject to the terms and conditions of this Agreement, the closing of the Transaction (the “**Closing**”) will take place at 10:00 a.m. local time at the offices of Vinson & Elkins LLP, 1114 Avenue of the Americas, 32nd Floor, New York, NY 10036 or remotely via the exchange of electronic documents, on the date that is three (3) Business Days after the satisfaction or waiver of the conditions in Article VII (other than those conditions that, by their nature, are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions) to be satisfied or waived, or at such other time and place as the Parties may mutually agree (the “**Closing Date**”). All actions listed in Section 2.4 that occur on the Closing Date shall be deemed to occur simultaneously at the Closing, unless otherwise specified herein.

Section 2.4 **Deliveries at the Closing.**

(a) By Seller. Subject to the terms and conditions of this Agreement, at the Closing, Seller shall deliver or cause to be delivered to Buyer each of the following items:

(i) a certificate, dated as of the Closing Date, certifying the conditions set forth in Sections 7.2(a) and 7.2(b) have been satisfied, duly executed by a Responsible Officer of Seller;

(ii) a counterpart to the instrument of transfer with respect to the transfer of the Subject Interests to Buyer in substantially the form attached hereto as Exhibit B (the “**Assignment and Assumption Agreement**”), duly executed by Seller;

(iii) an Internal Revenue Service Form W-9 for and duly executed by Seller;

(iv) a certificate of non-foreign status for and duly executed by Seller (or if Seller is disregarded as a separate entity from any other Person for such purposes, with respect to such other Person), dated the Closing Date and in the form prescribed by Treasury Regulations § 1.1445-2(b)(2) and meeting the requirements of Section 1446(f) of the Code;

(v) a certificate of the secretary of state of each state in which each member of the Company Group is organized and each state where each member of the Company Group is qualified to do business (including as set forth on Schedule 4.1(b)) stating that the applicable member of the Company Group is in good standing in each such jurisdiction, in each case dated no more than ten (10) Business Days prior to the Closing;

(vi) copies of (A) the limited liability company agreement of each member of the Company Group, (B) the resolutions of Seller’s (or its applicable

Affiliate's) and the Company's members and board of directors or other governing body, as applicable, approving (i) the execution, delivery and performance of this Agreement and the consummation of the Transactions and (ii) the termination of any Contracts (if any) regarding voting, transfer or other arrangements related to the Subject Interests (other than the limited liability company agreement of the Company), in each case, certified by the Company's chief executive officer to be accurate and complete and in full force and effect as of the Closing;

(vii) all books and records and other property of any member of the Company Group in Seller's possession or control to the extent not already located at the Company's principal office;

(viii) release letters of resignation from each of the officers and directors of each member of the Company Group, effective at or prior to the Closing;

(ix) unless otherwise requested by Buyer prior to Closing, (A) payoff letters with respect to each member of the Company Group's outstanding Indebtedness that is set forth on Schedule 2.4(a)(ix), (B) releases of any and all Liens (other than as set forth in the organizational documents of any member of the Company Group) with respect to the Subject Interests and releases of any and all guarantees by each member of the Company Group of any obligations of Seller or any of its Affiliates, and (C) UCC-3 termination statements or similar documents evidencing the termination of all Liens with respect to all such Indebtedness;

(x) evidence reasonably satisfactory to Buyer of the termination of all Affiliate Matters, including the Affiliate Matters described on Schedule 4.21, except for the exceptions set forth on Schedule 2.4(a)(x) (the "**Permitted Affiliate Transactions**");

(xi) evidence (on terms reasonably satisfactory to Buyer) that all third-party consents that are necessary for the consummation of the Transactions and the operation of the Business after the Closing, or that are required to prevent a breach of or default under any agreement to which any member of the Company Group is a party, including those consents set forth on Schedule 2.4(a)(xi), have been obtained in writing;

(xii) evidence (on terms reasonably satisfactory to Buyer) that all guarantees provided by Seller or any of its Affiliates with respect to any Indebtedness of any member of the Company Group have been terminated or otherwise released;

(xiii) a counterpart to the Amended and Restated Operations and Maintenance Agreement in substantially the form attached hereto as Exhibit D (the "**A&R OMA**"), duly executed by Panther Creek Energy Services, LLC;

(xiv) a counterpart to the Amended and Restated Asset Management Agreement in substantially the form attached hereto as Exhibit E (the "**A&R AMA**"), duly executed by Olympus Services, LLC;

(xv) at least five (5) days prior to Closing, the Closing Net Working Capital Certificate; and

(xvi) such other documents, instruments or certificates as Buyer may reasonably request to effect the Transactions.

(b) By Buyer. Subject to the terms and conditions of this Agreement, at the Closing, Buyer shall deliver, or shall cause to be delivered to Seller (or to the extent specifically set forth below, to Seller's designee) each of the following items:

- (i) the Cash Consideration as provided in Section 2.2(b);
- (ii) the Equity Consideration;
- (iii) an updated capitalization table of Buyer as of the Closing Date and after giving effect to the Transaction (such table, the "**Closing Date Buyer Capitalization Table**");
- (iv) a certificate, dated as of the Closing Date, certifying the conditions set forth in Sections 7.3(a) and 7.3(b) have been satisfied, duly executed by a Responsible Officer of Buyer;
- (v) a counterpart to the Assignment and Assumption Agreement, duly executed by Buyer (or its assignees);
- (vi) a counterpart to the A&R OMA, duly executed by Panther Creek Power Operating, LLC;
- (vii) a counterpart to the A&R AMA, duly executed by Panther Creek Power Operating, LLC.

(c) Buyer and its Affiliates are not aware of and do not anticipate any withholding. However, in the event Buyer (or its Affiliates) reasonably determines that it is required by applicable Law to withhold or deduct an amount for or on account of any Tax from any consideration payable or otherwise deliverable pursuant to this Agreement, Buyer and its Affiliates shall be entitled to deduct and withhold from any amounts otherwise payable or deliverable to Seller or any Affiliate thereof (and Seller and its Affiliates shall indemnify, defend and hold harmless Buyer and its Affiliates against) such amounts as may be required to be deducted or withheld therefrom under Law; *provided* that Buyer shall notify Seller of its determination and the Parties shall cooperate in good faith to minimize to the extent permissible under applicable Law the amount of any such deduction or withholding, including by providing any certificates or forms that are reasonably requested to establish an exemption from (or reduction in) any deduction or withholding. To the extent such amounts are so deducted or withheld, such amounts shall be treated for all purposes as having been paid to the Person to whom such amounts would otherwise have been paid absent such deduction or withholding.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as of the Execution Date and, at Closing, as of the Closing Date as follows:

Section 3.1 *Organization.* Seller is a limited liability company duly formed, validly existing, and in good standing under the Laws of the State of Delaware. Seller has all requisite limited liability company power and authority to execute and deliver this Agreement and the other Transaction Documents to which Seller is a party and to perform its obligations under, and consummate, the Transaction, except where the failure to be so qualified would not, individually or in the aggregate, reasonably be expected to be materially adverse to the ability of the Seller to consummate the transactions contemplated by this Agreement.

Section 3.2 *Authority; Enforceability.* The execution and delivery by Seller of this Agreement and the performance by Seller of its obligations hereunder have been and, as of Closing, the execution and delivery by Seller of the other Transaction Documents to which it is a party and the performance of its obligations thereunder have been duly and validly authorized by all necessary limited liability company action on the part of Seller. This Agreement has been, and as of Closing such other Transaction Documents shall have been, duly and validly executed and delivered by Seller. This Agreement constitutes, and as of the Closing such other Transaction Documents will constitute, the legal, valid, and binding obligations of Seller enforceable against Seller in accordance with their respective terms, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, arrangement, moratorium, or other similar Laws relating to or affecting the rights of creditors generally, or by general equitable principles.

Section 3.3 *Title to Interests.* Seller owns, holds of record, and is the beneficial owner of the Subject Interests, free and clear of all Liens and restrictions on transfer other than those arising pursuant to (a) this Agreement or (b) applicable securities Laws. At the Closing, assuming all Company Consents have been obtained or made, Seller will deliver to Buyer the Subject Interests free and clear of all Liens and restrictions on transfer other than those arising pursuant to this Agreement or applicable securities Laws.

Section 3.4 *No Conflict; Consents and Approvals.* The execution and delivery by Seller of this Agreement and the other Transaction Documents to which it is a party and the performance by Seller of its obligations under this Agreement and such other Transaction Documents do not and will not:

(a) violate or result in a breach of the Organizational Documents of Seller;

(b) assuming all of the Company Consents have been obtained or made, violate or result in a default under any material Contract to which Seller is a party, except for any such violation or default which would not reasonably be expected to result in a Material Adverse Effect; or

(c) assuming all required filings, waivers, approvals, consents, authorizations and notices disclosed on Schedule 3.4(c) (collectively, the “**Seller Approvals**”), the Company Consents and other notifications provided in the ordinary course of business have been made,

obtained or given, (i) violate or result in a breach of any Law or order applicable to Seller, except for such violations or breaches as would not reasonably be expected to result in a Material Adverse Effect or (ii) require any consent or approval of any Governmental Entity under any Law or order applicable to Seller, other than in each case any such consent or approval which, if not made or obtained, would not reasonably be expected to result in a Material Adverse Effect.

Section 3.5 ***Legal Proceedings.*** There are no Legal Proceedings pending or, to the knowledge of Seller, threatened against Seller that (a) challenge the validity or enforceability of the obligations of Seller under this Agreement or the Transaction Documents to which it is a party, or (b) seek to prevent or delay the consummation by Seller of the Transaction. There is no order, judgment, or decree issued or entered by any Governmental Entity imposed upon Seller that, in any such case, (i) challenges the validity or enforceability of the obligations of Seller under this Agreement or the Transaction Documents to which it is a party, or (ii) seeks to prevent or delay the consummation by Seller of the Transaction.

Section 3.6 ***Brokerage Arrangements.*** Neither Seller nor any of its Affiliates has entered, directly or indirectly, into any contract or arrangement with any Person that would obligate Buyer to pay any commission, brokerage, or “finder’s fee” or other fee in connection with this Agreement, the other Transaction Documents or the Transaction.

Section 3.7 ***Accredited Investor.***

(a) Seller is an “accredited investor” within the meaning of Regulation D, Rule 501(a), promulgated by the Securities and Exchange Commission under the Securities Act of 1933 and shall submit to Buyer such further assurances of such status as may be reasonably requested by Buyer.

(b) Seller has knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of acquiring the Equity Consideration, and Seller will exercise independent judgment in evaluating the Transaction. Seller acknowledges that it is not relying on any advice from Buyer or its Affiliates and that neither Buyer nor any of its Affiliates is acting as a financial, technical, accounting, commercial, legal or tax advisor, agent, underwriter or broker to Seller or any of its Affiliates or otherwise on behalf of Seller or any of its Affiliates in connection with the Transaction contemplated by this Agreement, the other Transaction Documents and the other agreements entered into in connection herewith.

(c) Seller has had sufficient access to the officers and books and records of the Buyer and has received a copy of such documents and information as Seller has deemed necessary and appropriate to make its own independent investment analysis of the Equity Consideration. Seller is acquiring the Equity Consideration for its own beneficial account, without any view towards or anticipation for offer or any distribution, and not for the benefit of any other Person. Seller has had an opportunity to discuss Buyer’s management, financial affairs and the terms and conditions as Seller has deemed necessary.

(d) Seller is aware that neither the Preferred Units or Common Units have been registered under the Securities Act of 1933 or the securities or “Blue Sky” Laws of any applicable jurisdiction and that neither the Preferred Units or Common Units may be offered, sold, or

transferred, directly or indirectly, without registration under the Securities Act of 1933 or compliance with the requirements of an exemption from registration. Neither Seller nor anyone acting on its behalf has offered any or all of the Preferred Units or Common Units or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person.

(e) Seller is able to bear the economic risk of Seller's acquisition of the Equity Consideration and is able to sustain a loss of Seller's entire investment in the Equity Consideration without economic hardship if such loss should occur.

**ARTICLE IV
REPRESENTATION AND WARRANTIES OF SELLER
REGARDING THE COMPANY GROUP**

Seller hereby represents and warrants to Buyer as of the Execution Date and, at Closing, as of the Closing Date as follows:

Section 4.1 *Organization.*

(a) Each member of the Company Group is duly formed, validly existing and in good standing under the Laws of the jurisdiction of its formation, and has all requisite limited liability company or other power and authority to conduct the Business as it is now being conducted. Each member of the Company Group is duly qualified or licensed to do business in each jurisdiction in which the ownership or operation of its Assets makes such qualification or licensing necessary, except in any jurisdiction where the failure to be so duly qualified or licensed would not reasonably be expected to result in a Material Adverse Effect.

(b) Except as set forth on Schedule 4.1(b), Seller has made available to Buyer true, correct, and complete copies of the Organizational Documents of each member of the Company Group that is in the possession or control of Seller.

Section 4.2 *Authorization of Transactions.* The execution and delivery by each member of the Company Group of each Transaction Document to which it is a party and the performance by such member of the Company Group of its obligations thereunder have been or as of Closing will be duly and validly authorized by all necessary limited liability company or other action on the part of such member of the Company Group. Each Transaction Document to which a member of the Company Group is or will be a party and the performance by such member of the Company Group of its obligations thereunder have been or as of Closing will have been duly and validly executed and delivered by such member of the Company Group. Each Transaction Document to which a member of the Company Group is or will be a party will constitute, the legal, valid, and binding obligations of such member of the Company Group enforceable against such Person in accordance with their respective terms, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, arrangement, moratorium, or other similar Laws relating to or affecting the rights of creditors generally, or by general equitable principles.

Section 4.3 *Absence of Conflicts; Consents.* Except as set forth on Schedule 4.3 (the "***Company Consents***"), (a) the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and

thereby and the compliance with the terms hereof or thereof by each member of the Company Group do not and shall not (including with the passage of time, giving of notice or taking of any action by any third party) conflict with or result in any breach of any of the provisions of, constitute a default under, result in a violation of, result in the loss of any rights or benefits under or impose any additional or greater burdens or obligations under, give any third party additional or greater rights or benefits, including the right to terminate, modify or accelerate any obligation, under, result in the creation of any Lien (other than a Permitted Lien) upon the Subject Interests or the assets of any member of the Company Group, or require any notice or consent under the provisions of the certificate of formation or the operating agreement (or equivalent governing documents) of any member of the Company Group or any Contract to which any member of the Company Group or any of their respective properties is bound or affected where the failure to provide such notice or obtain such consent would be materially adverse to the ownership or operation of the Business or violate any Law or order to which any member of the Company Group is subject, which violation would be materially adverse to the ownership or operation of the Business; and (b) no notice to, filing with, or Governmental Authorization of any Governmental Entity is necessary for the consummation of the transactions contemplated by this Agreement and the other documents contemplated hereby.

Section 4.4 *Capitalization.*

(a) The authorized, issued and outstanding Equity Interests of each member of the Company Group as of immediately prior to the Closing are set forth on Schedule 4.4(a). All of the issued and outstanding Equity Interests of each member of the Company Group have been duly authorized, are validly issued, are not subject to, nor were they issued in violation of, any preemptive rights or rights of refusal or any Lien (other than as set forth in the organizational documents of any member of the Company Group), and are owned of record and beneficially as described on Schedule 4.4(a). There are no outstanding or authorized options, warrants, rights to purchase or sell, calls, puts, rights to subscribe, conversion rights or other Contracts to which any member of the Company Group or Seller or any of its Affiliates is a party or that are binding upon any member of the Company Group or Seller or any of its Affiliates providing for the issuance, disposition or acquisition of any of Equity Interests of any member of the Company Group (other than this Agreement). None of the Equity Interests of any member of the Company Group have been certificated.

(b) Except as set forth on Schedule 4.4(b), there are no outstanding or authorized equity appreciation rights, phantom equity rights, profit participation or similar rights with respect to any member of the Company Group. There are no voting trusts, proxies or any other Contracts with respect to the voting of the Equity Interests of any member of the Company Group. No member of the Company Group is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its Equity Interests or to make any distribution of any kind in respect of any such Equity Interest.

(c) Except as set forth on Schedule 4.4(c), Seller has not sold (other than pursuant to the terms hereof), transferred, assigned or otherwise encumbered any Equity Interests of any member of the Company Group, nor has Seller caused any member of the Company Group to issue any further Equity Interests or granted any party any preemptive rights or rights of first refusal in respect thereof; Seller has not authorized options, warrants, rights to purchase or sell,

calls, puts, rights to subscribe, conversion rights or other Contracts to which any member of the Company Group or Seller will be a party or that will be binding upon any member of the Company Group or Seller providing for the issuance, disposition or acquisition of any Equity Interests of any member of the Company Group (other than this Agreement); Seller has not authorized equity appreciation rights, phantom equity rights, profit participation or similar rights with respect to any member of the Company Group; Seller has not entered into any voting trusts, proxies or any other Contracts with respect to the voting of the Equity Interests of any member of the Company Group; and Seller has not caused any member of the Company Group to become subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its Equity Interests.

(d) Other than the members of the Company Group, the Company does not own and has not owned, directly or indirectly, any Equity Interests or other interest in any other Person and is not and has not otherwise been a party to any joint venture, and there are no outstanding obligations of any member of the Company Group to provide funds or make any investment (in the form of a loan, capital contribution, purchase of any Equity Interest or otherwise) in any other Person.

Section 4.5 *Legal Proceedings.* Except as set forth on Schedule 4.5, there are no Legal Proceedings pending or, to Seller's knowledge, threatened against or affecting any member of the Company Group or pertaining to the Panther Creek Plant or the Business. Except as set forth on Schedule 4.5, no member of the Company Group is subject to any outstanding order.

Section 4.6 *Compliance with Laws and Orders.* Except as disclosed on Schedule 4.6, each member of the Company Group is, and has been in the past three years, and to the knowledge of the Seller since July 27, 2016, in compliance in all material respects with all Laws and orders applicable to it.

Section 4.7 *Financial Statements; No Undisclosed Liabilities.*

(a) Seller has made available to Buyer the audited balance sheets of the Project Company as of December 31, 2019 and December 31, 2020 and the unaudited balance sheets of the Project Company as of May 31, 2021 and related statements of income and cash flows for the periods then ended (such financial statements being referred to herein, as applicable, as the "**Financial Statements**"). Except as set forth on Schedule 4.7, the Financial Statements of the Project Company were prepared in accordance with GAAP and fairly present in all material respects the financial position of the Project Company as of the date covered thereby (subject, in the case of such unaudited Financial Statements, to normal, year-end adjustments that are not material and the absence of notes and disclosures).

(b) Except as disclosed on Schedule 4.7, the members of the Company Group have no liabilities that would be required by GAAP to be included on a balance sheet of the members of the Company Group except liabilities (i) as reflected or reserved against in the Financial Statements, or (ii) incurred in the ordinary course of business since May 31, 2021 or (iii) liabilities that are, individually or in the aggregate, less than \$25,000.

(c) Since May 31, 2021, other than in the ordinary course of business, no member of the Company Group has sold, transferred or otherwise disposed of any materials,

inventories or supplies having an aggregate value \$5,000 (based on the value of such assets as set forth in the unaudited balance sheets of the Project Company as of May 31, 2021).

Section 4.8 **Taxes** Except as set forth in Schedule 4.8:

(a) All material Tax Returns required to have been filed by each member of the Company Group within the last five (5) years have been duly and timely filed, and all such Tax Returns are true, correct and complete in all material respects;

(b) All material Taxes that are required to have been paid by each member of the Company Group have been duly and timely paid in full;

(c) All Tax withholding requirements imposed on any member of the Company Group have been satisfied in full;

(d) There are no Liens for Taxes (other than Permitted Liens) on any of the Assets of the Company Group or any of the Equity Interests in any member of the Company Group;

(e) No member of the Company Group has in force any waiver of any statute of limitations in respect of Taxes or any extension of time with respect to a Tax assessment or deficiency, and no written request for any such waiver or extension is currently pending;

(f) There are no pending, threatened, or active audits, deficiencies or other Tax Proceedings by any Governmental Entity relating to Taxes of any member of the Company Group or their Assets;

(g) Each member of the Company Group is classified, and has been classified since July 27, 2016, as an entity disregarded as separate from its owner for U.S. federal income tax purposes and is not required to file a U.S. federal income tax return;

(h) No power of attorney that is currently in force has been granted with respect to any matter relating to Taxes that could affect any member of the Company Group;

(i) No member of the Company Group has participated (within the meaning of Treasury Regulations § 1.6011-4(c)(3)) in any “reportable transaction” within the meaning of Treasury Regulations § 1.6011-4(b) (and all predecessor regulations);

(j) No member of the Company Group (i) has any liability for the Taxes of any Person under Treasury Regulations § 1.1502-6 (or any corresponding provisions of applicable Tax Law) or as a member of any affiliated, consolidated, combined, unitary or similar group (other than an affiliated, consolidated, combined, unitary or similar group of which Seller is the common parent) or (ii) is a party to, is bound by, or has any obligation under any Tax allocation or Tax sharing agreement except agreements entered into in the ordinary course of business the primary purpose of which does not relate to Tax;

(k) As of the Closing Date, none of the property of any member of the Company Group is treated, or required to be treated, as held in an arrangement requiring a partnership income Tax Return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code;

(l) No Tax ruling has been requested of or received from any Taxing Authority with respect to any Tax matter relating to any member of the Company Group or any Assets of the Company Group; and

(m) All of the assets of the Company Group that are required to be listed on property tax rolls have been properly listed and described on property tax rolls for all periods prior to and including the Closing Date.

Section 4.9 Regulatory Status. The Panther Creek Plant is, and (a) since the time Seller acquired a direct or indirect ownership interest in the Panther Creek Plant and (b) to Seller's knowledge, since the commencement of power generation at the Panther Creek Plant, has continuously met the standards to be and has been, a "qualifying small power production facility" under the Public Utility Regulatory Policies Act of 1978, as amended, and the FERC's regulations thereunder, at 18 C.F.R. Part 292, and interpretations thereof by the FERC and courts of competent jurisdiction (collectively, "**PURPA Requirements**"). The Panther Creek Plant is exempt from the size limitations applicable to qualifying small power production facilities in 18 C.F.R. § 292.204(a) pursuant to the Solar, Wind, Waste, and Geothermal Power Production Incentives Act of 1990. The Project Company (i) is not subject to the jurisdiction of FERC as a "public utility" under the FPA other than as contemplated by 18 C.F.R. § 292.601(c), (ii) has been authorized by FERC to make wholesale sales of electric energy, capacity and certain ancillary services at market-based rates pursuant to Section 205 of the FPA ("**MBR Authority**") and has received those blanket authorizations and waivers customarily granted by FERC to parties authorized to sell electric power at market-based rates, and (iii) has on file with FERC an effective Tariff for Reactive Supply and Voltage Control ("**Reactive Power Tariff**"). Neither the MBR Authority nor the Reactive Power Tariff of the Project Company nor the Panther Creek Plant's status as an qualifying small power production facility under the PURPA Requirements is the subject of any pending or, to the knowledge of Seller, threatened, judicial or administrative proceeding to revoke or modify such status.

Section 4.10 Contracts.

(a) Schedule 4.10(a) sets forth a list as of the date of this Agreement all of the following Contracts to which any member of the Company Group is a party or is bound (collectively, the "**Material Contracts**"):

(i) any Contract for the future purchase, exchange, transportation, source, supply or sale of waste coal, diesel, water, flyash or other feedstock or byproduct in excess of \$25,000 during any calendar year;

(ii) any Contract for the future purchase, exchange or sale of electric power, capacity or ancillary services in excess of \$25,000 during any calendar year (other than any day ahead or real time purchase, sale or exchange of electric power, capacity or ancillary services);

(iii) any Contract for the future transmission of electric power;

(iv) any interconnection Contract;

(v) any Contract (A) for the future sale of any Asset or (B) that grants a right or option to purchase in the future any Asset, other than in each case any Contract with a remaining value of less than \$25,000;

(vi) any Contract for the future receipt of any Assets or services, including asset management services, operations or maintenance services or fuel supply services, in each case requiring payments in excess of \$25,000 during a calendar year; provided that "Material Contracts" shall only include master services agreements, master work agreements or similar "spoke and wheel" agreements pursuant to this clause (vi) to the extent there is an existing work order or purchase order for the same in excess of \$25,000 during a calendar year;

(vii) any Contract under which it has created, incurred, assumed or guaranteed any outstanding indebtedness for borrowed money or any capitalized lease obligation, in each case in excess of \$25,000, or under which it has imposed a security interest on any of its Assets, which security interest secures outstanding indebtedness for borrowed money in an amount in excess of \$25,000;

(viii) any outstanding futures, swap, collar, put, call, floor, cap, option or other Contracts that are intended to benefit from or reduce or eliminate the risk of fluctuations in the price of commodities, including electric power, gas or securities; and

(ix) any Contract that restricts any member of the Company Group's freedom to compete in any line of business or in any geographic area.

(b) Seller has made available to Buyer true, correct and complete copies of all Material Contracts within its possession or control. Each of the Material Contracts is in full force and effect and constitutes a legal, valid and binding obligation of (as applicable) the member of the Company Group party thereto. Except as set forth on Schedule 4.10(b), no member of the Company Group nor, to Seller's knowledge, any counterparty thereto is in material breach or default under any Material Contract.

Section 4.11 *Real Property.*

(a) To the knowledge of Seller, Seller or a member of the Company Group possesses Real Property (as defined below) necessary to operate the Panther Creek Plant as currently operated consistent with past practices.

(b) Except for the Plant Site if acquired after the Execution Date as contemplated in Section 6.9, no member of the Company Group owns any real property in fee.

(c) All (i) real property leases, licenses, subleases, rental or occupancy agreements, concessions and other agreements (written or oral) pursuant to which any member of the Company Group holds any leasehold or subleasehold estate and similar rights to occupy any land, structure, improvement or other interest in real property (each, a "**Lease**"), whether as lessee, lessor, licensee, licensor, sublessee or sublessor are listed in Part I of Schedule 4.11(c), (ii) easements and all rights-of-way, licenses, rights, franchises, authorizations and similar interests of which any member of the Company Group owns or has an interest in, or which is necessary to,

used in, or otherwise intended to be used in connection with the Panther Creek Plant, together with all amendments, modifications, supplements, extensions, renewals, guaranties, and other agreements with respect thereto (each, an “**Easement**”), whether as grantee or grantor, are listed in Part II of Schedule 4.11(c), and (iii) any other Contract of any kind entered into, assigned to or assumed by any member of the Company Group that creates or modifies any interest in real property for such member of the Company Group (together with each Lease, Easement and all amendments thereto and waivers of any right thereunder, collectively, the “**Real Property Agreements**”, and the real property covered by the Real Property Agreements together with the Plant Site if acquired as contemplated in Section 6.9, the “**Real Property**”) are listed on Part III of Schedule 4.11(c).

(d) Each applicable member of the Company Group has a good and insurable leasehold or easement estate in the Real Property covered by the Leases and Easements, respectively, held by such member, free and clear of all Liens other than Permitted Liens. Following the acquisition of the Plant Site in accordance with Section 6.9, the applicable member of the Company Group shall have good and marketable fee simple title to the Plant Site, free and clear of all Liens other than Permitted Liens. The Real Property constitutes all of the real property interests owned, used or held for use in the conduct of the business of the Company Group, including the Panther Creek Plant, consistent with past practice and is sufficient in all material respects for the continued conduct and operation of such business consistent with past practice and as presently proposed to be conducted.

(e) Except as set forth on Schedule 4.11(e), with respect to each of the Real Property Agreements, (i) each Real Property Agreement is in full force and effect and constitutes a legal and binding obligation of the applicable member of the Company Group and, to Seller’s knowledge, each other party thereunder, enforceable against such other party in accordance with its terms, as limited by any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar Laws affecting the enforcement of creditors’ rights generally, (ii) no event has occurred, and to Seller’s knowledge, no condition or circumstance exists, that constitutes, or that with the giving of notice or the passage of time or both would constitute, a material default under any Real Property Agreement by any member of the Company Group or, to Seller’s knowledge, by any other party thereto, (iii) to Seller’s knowledge, there are no material disputes with respect to any Real Property Agreement, and (iv) to Seller’s knowledge, no party under any Real Property Agreement has made a claim with respect to any breach or default thereunder. True, correct and complete copies of all Real Property Agreements within the possession or control of Seller, any member of the Company Group or any of their respective Affiliates have been made available to Buyer.

(f) True, correct and complete copies of all title commitments, title policies, title reports, title opinions, boundary maps and surveys (together with copies of all encumbrances listed on any of the foregoing) pertaining to any of the Real Property that are in the possession or control of Seller, any member of the Company Group or any of their respective Affiliates have been made available to Buyer.

(g) There are no condemnation, eminent domain or taking actions or proceedings pending with respect to any portion of the Real Property or, to the knowledge of Seller, threatened or planned to be instituted, with respect to any portion of the Real Property, in

each case, that would materially and detrimentally affect the use of the Real Property for the ownership, operation or maintenance of the Panther Creek Plant in the manner in which it is currently, and/or proposed to be, owned, operated and maintained.

(h) Use of the Real Property for the purposes for which it is presently being used is permitted as of right under all applicable zoning Laws and is not subject to “permitted nonconforming” use or structure classifications. Neither Seller, any member of the Company Group nor any of their respective Affiliates, has received written notification that any portion of the Real Property is not (and to the knowledge of the Company, the Real Property is) in compliance with all conditions, restrictions and requirements contained in any zoning ordinances applicable to the Real Property. The Real Property is currently maintained in accordance with the standards of a reasonably prudent owner and operator in the coal-fired power production industry and in accordance with applicable Law, and none of Seller, any member of the Company Group nor any of their respective Affiliates has received any notification that the Real Property is in violation of any applicable Law or Contract.

(i) In the past three years, (i) there has not been any interruption in the delivery of adequate service of any utilities required in the operation of the Panther Creek Plant and (ii) the Company has not experienced any disruptions to its operations arising out of any recurring loss of electrical power, flooding, limitations to access to public sewer and water or restrictions on septic service at the Real Property.

(j) All of the improvements on the Real Property, including the Panther Creek Plant, are (i) in compliance in all material respects with all applicable Laws, and (ii) sufficient for the operation of the Panther Creek Plant on the Real Property and as presently conducted. Neither Seller, any member of the Company Group nor any of their respective Affiliates, has received written notification, nor is Seller or the Company otherwise aware, that any material alteration, repair, improvement or other work has been ordered, directed or requested in writing to be done or performed to or in respect of the Real Property by any municipal, provincial or other Governmental Entity, board of insurance underwriters or anyone else having the right or purporting to have the right to require such work to be completed, which alteration, repair, improvement or other work has not been completed in satisfaction of all requirements in connection therewith.

(k) To Seller’s knowledge, the Real Property is not in default under any mortgages or other liens or Liens of record in the office of the county recorder where the Real Property is located.

(l) True, correct and complete copies of all engineering consultants’ reports, property condition reports, environmental reports and similar reports with respect to the Real Property, to the extent within the possession or control of Seller, any member of the Company Group or any of their respective Affiliates, have been made available to Buyer.

Section 4.12 *Permits.* The members of the Company Group collectively possess all Permits (other than Permits required under Environmental Laws, which are addressed solely in Section 4.13) that are required for the ownership and operation of the Panther Creek Plant by the members of the Company Group in the manner in which it is currently owned and operated. To

Seller's knowledge, all such Permits are in full force and effect and each member of the Company Group is in compliance with each such Permit in all material respects. No member of the Company Group has received any written notification from any Governmental Entity in the past three years alleging that it is in violation of any of such Permits in any material respect where such alleged violation remains unresolved.

Section 4.13 ***Environmental Matters.***

(a) Seller has made available to Buyer true, correct and complete copies of all material environmental documentation (including environmental site assessment and audit reports and studies, Environmental Permits, correspondence and documents related to the Panther Creek Plant's compliance with applicable Environmental Laws) prepared or received since July 27, 2016 in the possession or control of the Seller, including without limitation, those matters set forth in Schedule 4.13(a).

(b) Except for those matters disclosed on Schedule 4.13(b):

(i) the Panther Creek Plant is and in the last five years has been owned and operated in compliance in all material respects with all Environmental Laws, and the terms and conditions of all Environmental Permits;

(ii) all Environmental Permits required of the Company Group for performance of its operations have been obtained, are being maintained, and are currently in full force and effect under Environmental Law and no member of the Company Group has received any notice that any such existing Environmental Permit will be revoked or any pending application for any new Environmental Permit or renewal of any existing Environmental Permit will be protested or denied;

(iii) no member of the Company Group is subject to any pending or, to Seller's or Company Group's knowledge, threatened Legal Proceedings regarding (A) compliance with or liability under Environmental Laws, (B) any cleanup, investigation, removal, remediation or other curative action pursuant to any Environmental Law, or (C) any presence, Release or threatened Release of, or exposure to any Hazardous Materials;

(iv) there has been no release of Hazardous Materials (A) at the Panther Creek Plant or resulting from the operations of or in connection with the Panther Creek Plant, or (B) to Seller's or Company Group's knowledge, at any location offsite the Panther Creek Plant where Hazardous Materials from any of the Company Group's operations have been transported or disposed or arranged for disposal or transportation for disposal that, in each case of (A) and (B), would have resulted in or, to Seller's or Company Group's knowledge, would reasonably be expected to result in liability under Environmental Law to any of the Company Group or the Panther Creek Plant; and

(v) no member of the Company Group has assumed or retained by contract or operation of law any liabilities under any Environmental Law or regarding any Hazardous Materials.

Section 4.14 ***Personal Property.***

(a) Schedule 4.14(a) lists each item of equipment, tools, machinery, parts, materials, supplies, furniture, cars, trucks, trailers, cranes and other rolling stock and each other item of tangible personal property used or held for use by any member of the Company Group that is subject to a lease and having an estimated replacement value of \$25,000 or more (the “***Leased Personal Property***”).

(b) Schedule 4.14(b) lists each item of equipment, tools, machinery, parts, materials, supplies, furniture, cars, trucks, trailers, cranes and other rolling stock and each other item of tangible personal property used or held for use by any member of the Company Group or any of their Affiliates in connection with the Business having an estimated replacement value of \$25,000 or more other than any Leased Personal Property (the “***Scheduled Personal Property***”). All of the Scheduled Personal Property is wholly owned by a member of the Company Group.

(c) The Leased Personal Property and the Scheduled Personal Property and all other tangible personal property owned by the Company Group or any of their Affiliates in connection with the Business (together, the “***Personal Property***”) constitute all of the tangible personal property necessary for the continued ownership, use and operation of the Business consistent as presently conducted and as conducted during the three-year period ending on the Execution Date. Except as set forth on Schedule 4.14(c), to the knowledge of the Seller a member of the Company Group has good and valid title to the Personal Property free and clear of all Liens except Permitted Liens. The Personal Property is located on the Real Property.

Section 4.15 ***Insurance.*** Schedule 4.15 sets forth as of the date of this Agreement a list of all material insurance policies held by or issued specifically on behalf of, and for the benefit of, any member of the Company Group.

Section 4.16 ***Employee Matters.*** No member of the Company Group has or has ever (a) had any employees on its payroll or (b) any individuals (or entities wholly owned by an individual) engaged as a consultant or an independent contractor. No member of the Company Group is a sponsoring employer with respect to any “employee benefit plan” within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended. No member of the Company Group is a party to, or bound by, any collective bargaining agreement or other Contract with a labor union or similar representative (or potential representative) of employees, and there is no pending or, to Seller’s knowledge, threatened strike, slowdown, work stoppage, lockout or similar labor-related disturbance affecting any member of the Company Group.

Section 4.17 ***Bankruptcy.*** There are no bankruptcy, reorganization or arrangement proceedings pending against, being contemplated by, or to Seller’s knowledge, threatened against, any member of the Company Group.

Section 4.18 ***Indebtedness.*** Except for the Indebtedness of the Company Group to be paid off at Closing that is set forth on Schedule 2.4(a)(ix), the Company Group does not have any Indebtedness, and there is no Indebtedness related to or associated with the Company Group’s assets or the Business.

Section 4.19 *Officers and Directors; Bank Accounts; Names and Locations.* Schedule 4.19 lists all officers and directors of each member of the Company Group, and all of the bank accounts, safe deposit boxes and lock boxes of each member of the Company Group (indicating each authorized signatory with respect thereto). Except as set forth on Schedule 4.19, no member of the Company Group has executed any power of attorney that is currently in effect. The organizational minute books and the equity record books of each member of the Company Group delivered to Buyer hereunder are, to the knowledge of Seller, true, complete and correct in all material respects.

Section 4.20 *Support Obligations.* Schedule 4.20 sets forth a list of all credit support obligations (including bonds, guarantees, surety agreements or letters of credit) provided by Seller or any Affiliate of Seller with respect to the Panther Creek Plant, the Business or any member of the Company Group.

Section 4.21 *Affiliate Matters.* Schedule 4.21 sets forth all Contracts and other intercompany transactions or services between any member of the Company Group, on the one hand, and Seller or any of its Affiliates (excluding any member of the Company Group), on the other hand, including Tax, administrative, legal or regulatory, finance, payables, receivables, loans, operations and maintenance, payroll, energy management or accounting services. Except as disclosed on Schedule 4.21, (a) none of Seller, an Affiliate of Seller or any of their respective Representatives has any interest in any property, real, personal or mixed, tangible or intangible, used in the business of any member of the Company Group currently or at any time within the last 12 months, (b) none of Seller, an Affiliate of Seller or any of their respective Representatives, is performing any services for any member of the Company Group and (c) no member of the Company Group is obligated to pay currently or in the future any amounts to Seller, an Affiliate of Seller or any of their respective Representatives. Except as disclosed on Schedule 4.21, the Assets owned by the Company Group as of the Closing include all of the material assets, property, real, personal or mixed, tangible or intangible, used by any member of the Company Group, Seller or any of its Affiliates to own and operate the business of any member of the Company Group currently or at any time within the last 12 months. At Closing, all such intercompany transactions between any member of the Company Group, on the one hand, and Seller or any of its Affiliates (excluding any member of the Company Group), on the other hand, shall have been eliminated or cash settled. Any Contract or other matter the subject of this Section 4.21 is referred to herein as an “*Affiliate Matter*”.

Section 4.22 *Brokers.* No member of the Company Group has any liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement at or after Closing, other than as a result of any Contract entered into by Buyer or any of its Affiliates.

Section 4.23 *Disclaimer.*

(a) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE III, ARTICLE IV, SECTION 10.14 OR IN ANY CERTIFICATE DELIVERED BY SELLER AT THE CLOSING, NEITHER SELLER NOR ANY OTHER PERSON ON BEHALF OF SELLER MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO SELLER, THE MEMBERS OF

THE COMPANY GROUP OR THE TRANSACTION AND ANY OTHER ASSETS, RIGHTS OR OBLIGATIONS TO BE CONTRIBUTED, CONVEYED, ASSIGNED, TRANSFERRED, AND DELIVERED HEREUNDER OR PURSUANT HERETO (INCLUDING THE SUBJECT INTERESTS), AND SELLER DISCLAIMS ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES, WHETHER MADE BY SELLER, ANY OF ITS AFFILIATES OR REPRESENTATIVES, OR ANY OTHER PERSON IN CONNECTION WITH THE TRANSACTION. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE III, ARTICLE IV, SECTION 10.14 OR IN ANY CERTIFICATE DELIVERED BY SELLER AT THE CLOSING, SELLER HEREBY DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, PROJECTION, FORECAST, STATEMENT, OR INFORMATION MADE, COMMUNICATED, OR FURNISHED (ORALLY OR IN WRITING) TO BUYER, ANY OF ITS AFFILIATES OR REPRESENTATIVES OR ANY OTHER PERSON IN CONNECTION WITH THE TRANSACTION.

(B) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE III, ARTICLE IV, SECTION 10.14 OR IN ANY CERTIFICATE DELIVERED BY SELLER AT THE CLOSING, THE SUBJECT INTERESTS ARE BEING SOLD, THROUGH THE SALE OF THE SUBJECT INTERESTS TO BUYER, “AS IS, WHERE IS, WITH ALL FAULTS” AND SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE PANTHER CREEK PLANT, OR THE PROSPECTS (FINANCIAL OR OTHERWISE), RISKS, AND OTHER INCIDENTS OF THE PANTHER CREEK PLANT. THE STATEMENTS AND DISCLAIMERS MADE UNDER THIS SECTION 4.2.3 EXPRESSLY SURVIVE THE CLOSING DATE.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as of the Execution Date and as of the Closing Date as follows:

Section 5.1 *Organization.* Buyer is a limited liability company duly formed, validly existing, and in good standing under the Laws of the State of Delaware.

Section 5.2 *Authority; Enforceability.* Buyer has all requisite limited liability company power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the Transaction. The execution and delivery of this Agreement by Buyer and the performance of its obligations have been duly and validly authorized by all necessary limited liability company action. This Agreement constitutes the valid and binding obligations of Buyer, enforceable against Buyer in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or other Laws relating to or affecting creditors’ rights generally or by equitable principles (regardless of whether enforcement is sought at law or in equity).

Section 5.3 *No Conflicts; Consents and Approvals.* Except as set forth on Schedule 5.3 (the “*Buyer Approvals*”), the execution and delivery by Buyer of this Agreement and the

performance by Buyer of its obligations hereunder and the consummation by Buyer of the Transaction do not: (a) violate or result in a breach of the Organizational Documents of Buyer, (b) violate or result in a default under any material Contract to which Buyer is a party, except for any such violation or default which would not reasonably be expected to result in a material adverse effect on Buyer's ability to consummate the Transaction, or (c)(i) violate or result in a breach of any Law or order applicable to Buyer, except as would not reasonably be expected to result in a material adverse effect on Buyer's ability to consummate the Transaction, or (ii) require any Governmental Authorization applicable to Buyer, the absence of which would reasonably be expected to have a material adverse effect on Buyer's ability to consummate the Transaction.

Section 5.4 *Legal Proceedings.* There are no Legal Proceedings pending or, to the knowledge of Buyer, threatened against Buyer that (a) challenge the validity or enforceability of the obligations of Buyer under this Agreement, or (b) seek to prevent or delay the consummation by Buyer of the Transaction.

Section 5.5 *Brokerage Arrangements.* Neither Buyer nor any of its Affiliates has entered, directly or indirectly, into any contract or arrangement with any Person that would obligate Seller to pay any commission, brokerage, or "finder's fee" or other fee in connection with this Agreement, the other Transaction Documents or the Transaction.

Section 5.6 *Capitalization Table.* The Closing Date Buyer Capitalization Table shall be true and accurate when delivered at Closing.

ARTICLE VI COVENANTS AND OTHER AGREEMENTS

Section 6.1 *Commercially Reasonable Efforts.* Subject to the terms and conditions of this Agreement, each Party shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to consummate the Transaction and to ensure the satisfaction of its conditions to Closing set forth herein.

Section 6.2 *Regulatory and Other Approvals.* From the date of this Agreement until the earlier of termination of this Agreement in accordance with Article VIII and Closing (the "*Interim Period*"):

(a) Each Party shall, and each Party shall cause its Affiliates to, use commercially reasonable efforts to obtain as promptly as reasonably practicable all Seller Approvals, Company Consents and Buyer Approvals applicable to such Person, and all other material consents and approvals that any of Seller, Buyer or their respective Affiliates are required to obtain in order for such Person to consummate the transactions contemplated hereby; *provided* that for purposes of clarification, and notwithstanding anything to the contrary in this Agreement, the obtaining of such consents and approvals shall not be a condition to Closing except to the extent expressly set forth in Section 7.1(b).

(b) Each Party shall, and each Party shall cause its Affiliates to, (i) make or cause to be made the filings required of such Party or any of its applicable Affiliates under any Laws applicable to it with respect to the transactions contemplated by this Agreement and to pay any fees due of it in connection with such filings, as promptly as reasonably practicable, *provided*,

that for purposes of clarification, and notwithstanding anything to the contrary in this Agreement, such filings and payments shall not be conditions to Closing except to the extent expressly set forth in Section 7.1(c), (ii) cooperate with the other Party and its applicable Affiliates and furnish the information in such Party's possession that is necessary in connection with such other Party's filings, (iii) use commercially reasonable efforts to cause the expiration of the notice or waiting periods under any Laws applicable to it with respect to the consummation of the transactions contemplated by this Agreement as promptly as reasonably practicable, (iv) promptly inform the other Party of any communication from or to, and any proposed understanding or agreement with, any Governmental Entity in respect of such filings, (v) reasonably consult and cooperate with the other Party in connection with any analyses, appearances, presentations, memoranda, briefs, arguments and opinions made or submitted by or on behalf of such Party in connection with meetings, actions, Legal Proceedings and orders with Governmental Entities relating to such filings, (vi) comply, as promptly as reasonably practicable, with any requests received by such Party or any of its Affiliates under any applicable Laws for additional information, documents or other materials with respect to such filings, and (vii) use commercially reasonable efforts to resolve any objections as may be asserted by any Governmental Entity with respect to the transactions contemplated by this Agreement. If any Party (or any of its Affiliates) intends to participate in any material meeting with any Governmental Entity with respect to such filings and if permitted by, or acceptable to, the applicable Governmental Entity, it shall give the other Party reasonable prior notice of, and an opportunity to participate in, such meeting.

(c) Each Party shall notify the other Party as promptly as reasonably practicable when it becomes aware that any such consent or approval referred to in this Section 6.2 is obtained, taken, made, given or denied, as applicable.

(d) In furtherance of the foregoing covenants:

(i) Each Party shall prepare, as promptly as reasonably practicable following the execution of this Agreement, all necessary filings applicable to it in connection with the transactions contemplated by this Agreement that may be required by the PJM, FERC or the HSR Act or any applicable Laws; *provided* that for purposes of clarification, and notwithstanding anything to the contrary in this Agreement, such filings shall not be conditions to Closing except to the extent requisite to the closing condition set forth in Section 7.1(c), as applicable. Each Party shall submit such filings applicable to it as promptly as reasonably practicable, but in no event later than 10 Business Days after the execution hereof (or 10 calendar days after the execution hereof, in the case of the notice to the PJM contemplated in clause (ii) below), or such other time as mutually agreed upon by the Parties, for filings with the PJM, FERC or under the HSR Act. The Persons making such filings shall (A) request expedited treatment of any such filings, (B) shall as promptly as reasonably practicable furnish the other Party with copies of any notices, correspondence or other written communication received by it from the relevant Governmental Entity with respect to such filing and (C) make any appropriate or necessary subsequent or supplemental filings required of it (and the Parties shall cooperate in the preparation of any such filings as is reasonably necessary and appropriate). Any filing fees, costs or expenses arising out of or relating to such filings shall be borne one-half by Seller and one-half by Buyer.

(ii) Promptly after the Execution Date, Seller shall (A) within 10 Business Days after the Execution Date, file with FERC the “informational filing” required under Section 2 of the PJM Tariff and a request for a waiver of the 90-day period set forth in Schedule 2 of the PJM Tariff (collectively the “**Reactive Power Filing**”) and (B) within 10 calendar days after the Execution Date, cause the Project Company to provide to PJM all information required by Section 2 of PJM Manual 14D by the deadlines set forth therein. Buyer shall assist Seller as is reasonably necessary in the preparation of such information to be provided pursuant to clause (B) above.

(e) During the Interim Period, neither Buyer nor any of its Affiliates shall enter into any Contract to build, develop, acquire or operate any power facility that would reasonably be expected to cause a delay in or failure to obtain any Governmental Entity’s granting of a Buyer Approval or a Seller Approval.

Section 6.3 Access of Buyer.

(a) During the Interim Period, Seller will provide Buyer and its Representatives with reasonable access, upon reasonable prior notice and during normal business hours, to the officers and employees of Seller and its Affiliates who have significant responsibility for the members of the Company Group and the Panther Creek Plant, but only to the extent that such access (i) does not unreasonably interfere with the Business of Seller or any of its Affiliates or the safe commercial operations of the Panther Creek Plant and (ii) is reasonably related to Buyer’s obligations and rights hereunder; *provided, however*, that Seller shall have the right to have a Representative present for any communication with employees or officers of Seller or its Affiliates.

(b) Furthermore, during the Interim Period, Seller shall provide Buyer and its Representatives access at all times to the properties and facilities of the members of the Company Group, including the Panther Creek Plant. As part of such access, Buyer and its Representatives shall have the right to (i) conduct inspections and assessments of such properties and facilities and (ii) conduct the activities described on Schedule 6.3(b), *provided* that such activities shall be undertaken at Buyer’s cost and expense. Buyer shall, and shall cause its Representatives to, observe and comply with all posted health, safety and security requirements at the Panther Creek Plant.

(c) Buyer agrees to defend, indemnify and hold harmless Seller, the members of the Company Group, and each of their respective Affiliates and Representatives for any and all Damages incurred by such Persons arising out of the access rights under this Section 6.3 **EXCEPT FOR (I) BODILY INJURY OR DEATH TO ANY PERSON THAT IS EMPLOYED BY, AND ON THE PAYROLL OF, SELLER OR ANY OF ITS AFFILIATES, (II) LIABILITIES THAT WERE EXISTING PRIOR TO SUCH INSPECTIONS OR (III) THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT BY A MEMBER OF THE SELLER INDEMNIFIED PARTIES.**

Section 6.4 ***Interim Period Operations.***

(a) Except (i) as required or permitted hereby, (ii) required by applicable Law or the terms of any Permit or Material Contract, (iii) as consented to by Buyer, or (iv) as otherwise set forth in Schedule 6.4, during the Interim Period, Seller shall cause each member of the Company Group, the Business and the Panther Creek Plant to be owned and operated in the ordinary course of business, in compliance in all material respects with applicable Laws, Permits and Contracts.

(b) Without limiting the foregoing or the provisions of Section 6.3, during the Interim Period, Seller shall cause each member of the Company Group not to undertake any of the following without the consent of Buyer (which consent shall not be unreasonably withheld, delayed or conditioned in the case of the following clauses (i), (ii) or (xii) and otherwise may be withheld or granted in Buyer's sole discretion):

(i) create any Lien (other than a Permitted Lien) against any of the material assets of the Company Group which Lien will not be released prior to Closing;

(ii) grant any waiver or consent of any material term under any Material Contract or Real Property Agreement;

(iii) sell, transfer, convey or otherwise dispose of any assets of any member of the Company Group other than any assets that have become obsolete;

(iv) hire any employees, engage any independent contractor or establish, or become obligated to contribute to, any benefit plan as defined in Section 3(3) of ERISA or other employee benefit or compensation plan, program, policy, agreement or arrangement;

(v) other than accounts payable incurred in the ordinary course of business or indebtedness otherwise incurred pursuant to the Material Contracts, incur, create, assume or otherwise become liable for indebtedness for borrowed money or issue any debt securities or assume or guarantee the obligations of any other Person (excluding indebtedness (and guaranties of such indebtedness) that is repaid at or prior to Closing);

(vi) enter into any Contract with respect to hedging, marketing or trading;

(vii) except as may be required to meet the requirements of any applicable Law or GAAP, change any accounting method or practice in a manner that is inconsistent with past practice;

(viii) fail to maintain its limited liability company or partnership status, as applicable, or consolidate with any other Person or acquire all or substantially all of the assets of any other Person;

(ix) issue or sell any Equity Interests in any member of the Company Group;

- (x) liquidate, dissolve, recapitalize, reorganize or otherwise wind up their business or operations;
- (xi) purchase any securities of any Person;
- (xii) enter into, terminate or amend any Material Contract, Real Property Agreement or any Contract that, if existing as of the date of this Agreement, would have been required to be listed on Schedule 4.10(a);
- (xiii) change any Tax election or Tax method of accounting or make any new Tax election;
- (xiv) amend or modify its Organizational Documents;
- (xv) make any Seller Distribution Amount; or
- (xvi) agree or commit to do any of the foregoing.

Section 6.5 Tax Matters.

(a) Tax Treatment. For U.S. federal (and applicable state and local) income tax purposes, Seller and Buyer shall treat the acquisition of the Subject Interests as (i) in part, a contribution of an undivided interest in each of the Assets of the Company Group to a partnership pursuant to Section 721 of the Code and (ii) in part, a purchase and sale of an undivided interest in each of the Assets of the Company Group, pursuant to Treasury Regulations § 1.707-3 (the “**Intended Tax Treatment**”). Seller and Buyer agree not to take any Tax position (on a Tax Return or otherwise) for U.S. federal (and applicable state and local) income Tax purposes that is inconsistent with the Intended Tax Treatment, unless otherwise required by applicable Law.

(b) Transfer Taxes. Seller and Buyer shall each be responsible for the payment of half of all transfer, documentary, recording, sales, use, stamp, registration, surtax and similar Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) resulting from the transactions contemplated by this Agreement or any other Transaction Document (“**Transfer Taxes**”). Seller shall timely file any Tax Returns for Transfer Taxes as required by Law and shall provide evidence satisfactory to Buyer that such Tax Returns have been filed. Except to the extent that it would impose undue costs, Buyer and Seller shall reasonably cooperate, including by executing and delivering any certificates or forms, to reduce or eliminate any Transfer Taxes. Except as provided in Section 6.9, Buyer and Seller acknowledge that no Transfer Taxes are expected in connection with the transactions contemplated by this Agreement.

(c) Tax Returns.

(i) The Seller shall prepare (or cause to be prepared) all Tax Returns of each member of the Company Group required to be filed after the Closing Date for any Pre-Closing Tax Period on a basis consistent with past practice, except to the extent otherwise required by Law. Reasonably in advance of filing any such Tax Return (which in the case of a Tax Return that relates to income Taxes, shall not be later than fifteen (15)

days prior to such filing), Seller shall deliver a copy of such Tax Return, together with all supporting documentation and workpapers, to Buyer for its review and reasonable comment, and Seller shall incorporate any reasonable comments provided by the Buyer into such Tax Returns. The Buyer will cause such Tax Return to be timely filed and the payment of Taxes timely paid to the appropriate Taxing Authority and will provide a copy to the Seller. Not later than five (5) days prior to the due date for the payment of Taxes with respect to each Tax Return for a Pre-Closing Tax Period, the Seller shall pay to (or at the direction of) the Buyer the amount of any Seller Taxes with respect to such Tax Return. For the avoidance of doubt, nothing in this Section 6.5(c)(i) shall require (i) Seller to deliver to Buyer, (ii) Buyer to file or caused to be filed, or (iii) Buyer to pay or cause to be paid any Taxes with respect to, any Tax Returns described in this Section 6.5(c)(i) or any Tax Returns of any member of the Company Group for income Taxes for any Pre-Closing Tax Period that are imposed on a “flow-through” basis.

(ii) The Buyer shall prepare (or cause to be prepared) all Tax Returns of each member of the Company Group required to be filed after the Closing Date for any Straddle Period on a basis consistent with past practice, except to the extent otherwise required by Law. Reasonably in advance of filing any such Tax Return (which in the case of a Tax Return that relates to income Taxes, shall not be later than fifteen (15) days prior to such filing), the Buyer shall deliver a copy of such Tax Return, together with all supporting documentation and workpapers, to the Seller for its review and reasonable comment, and Buyer shall incorporate any reasonable comments provided by the Seller into such Tax Returns. The Buyer shall cause each such Tax Return to be filed timely and payment of Taxes to be timely paid with the appropriate Taxing Authority and will provide a copy thereof to the Seller. Not later than five (5) days prior to the due date for the payment of Taxes with respect to each Tax Return for a Straddle Period, the Seller shall pay to (or at the direction of) the Buyer the amount of any Seller Taxes with respect to such Tax Return.

(d) Straddle Period Allocation. For purposes of determining Seller Taxes with respect to any Straddle Period, the portion of any Tax for such Straddle Period that is attributable to the portion of such Straddle Period ending immediately prior to Closing Date shall be:

(i) with respect to Taxes that are (A) income, franchise, or similar Taxes, (B) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible) or (C) imposed on specific transactions, including payroll Taxes, deemed equal to the amount that would be payable if the Tax year of the Company Group ended immediately prior to the Closing Date; *provided*, that all exemptions, allowances, or deductions for the Straddle Period which are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated in proportion to the number of days in such period prior to but not including the Closing Date; and

(ii) with respect to ad valorem, real property, personal property, or similar Taxes imposed on a periodic basis, deemed to be the amount of such Taxes for the entire period multiplied by a fraction, the numerator of which is the number of calendar

days in the portion of the period ending on but not including the Closing Date and the denominator of which is the number of calendar days in the entire period.

(e) Amended Returns. Neither the Buyer nor any of its Affiliates (including the Company Group after the Closing) shall amend any Tax Return of the Company Group, enter into any closing Agreement, extend or waive the limitation period applicable to any Tax Return or Tax claim or assessment, surrender any right to claim a refund of Taxes, initiate in or participate in any voluntary disclosure proceeding in any jurisdiction, make or change any Tax election, or take any other similar action, in each case, with respect to a Pre-Closing Tax Period or a Straddle Period or that otherwise would have a retroactive effect to any Pre-Closing Tax Period or Straddle Period, without the prior written consent of the Seller (such consent not to be unreasonably withheld).

(f) Tax Proceedings. With respect to any Taxes of or relating to any Assets of any member of the Company Group, Seller shall have the right, at its sole cost and expense, to control (in the case of a Pre-Closing Tax Period) or participate in (in the case of a Straddle Period) the prosecution, settlement or compromise of any proceeding involving such Tax (a "**Tax Proceeding**"); *provided, however*, that, in the case of any Tax Proceeding with respect to a Pre-Closing Tax Period which Seller elects to control, Seller will (A) provide to Buyer all information reasonably requested by Buyer regarding such Tax Proceeding, (B) permit Buyer to evaluate and comment on such Tax Proceeding at Buyer's expense, and (C) reasonably and in good faith consider any such comments of Buyer, and (ii) in the case of any Tax Proceeding with respect to a Straddle Period, Buyer will control such Tax Proceeding and (A) provide to Seller all information reasonably requested by Seller regarding such Tax Proceeding, (B) permit Seller to evaluate and comment on such Tax Proceeding at Seller's expense, and (C) reasonably and in good faith consider any such comments of Seller; *provided* further, that Buyer will not agree to any settlement that would materially and disproportionately affect Seller without its written consent. Each of Buyer, on the one hand, and Seller, on the other hand, shall (or shall cause the applicable member of the Company Group to) give written notice to the other of its receipt of any notice of any audit, examination, claim or assessment for any Tax for which the other is responsible within ten (10) calendar days after its receipt of such notice; failure to give any such written notice within such ten (10) calendar day period shall limit the other Party's indemnification obligation pursuant to this Agreement only to the extent such Party is actually materially prejudiced by such failure. Notwithstanding anything in this Agreement to the contrary, to the extent that this Section 6.5(f) conflicts with any provision of Section 9.6, this Section 6.5(f) shall control with respect to Tax Proceedings.

(g) Cooperation. The Parties shall cooperate and reasonably make available to each other such records and information as the other Party may reasonably require for the preparation of any Tax Return and the defense of any proceeding concerning such Tax Return. Such cooperation shall include making employees reasonably available on a mutually convenient basis to provide additional reasonable information and explanation of any material provided hereunder.

(h) Purchase Price Allocation. No later than ninety (90) days following the Closing Date, the Seller shall prepare and deliver a statement providing for the allocation of the Consideration plus any other items constituting consideration for applicable income Tax purposes consistent with the principles of Section 1060 of the Code among the Assets of the members of

the Company Group (the “**Allocation Schedule**”). The Allocation Schedule shall be prepared consistently with the principles of Section 1060 of the Code and the Treasury Regulations promulgated thereunder. The Buyer shall have thirty (30) days after Seller’s delivery of the Allocation Schedule to review the Allocation Schedule and shall notify the Seller in writing of any disputes with the Allocation Schedule. If the Buyer does not provide written notice to the Seller of any dispute within such thirty (30) day period, the Buyer shall be deemed to have agreed to the Allocation Schedule as prepared by the Seller. If the Buyer provides notice of any dispute within such thirty (30) day period, the Parties shall negotiate in good faith to resolve any such dispute for a period of fifteen (15) days after the delivery of Buyer’s notice of dispute. If the Buyer and the Seller agree on a final Allocation Schedule, the Buyer and the Seller shall not (except as set forth below relating to a revised Allocation Schedule) take any position on any Tax Return or in the course of any Tax Proceeding inconsistent with the allocation provided in the agreed Allocation Schedule, unless otherwise required by applicable Law. In the event that any adjustment is required to be made to the Allocation Schedule as a result of any adjustment to the Consideration pursuant to this Agreement, the Buyer shall prepare or cause to be prepared, and shall provide to the Seller, a revised Allocation Schedule reflecting such adjustment. Such Allocation Schedule shall be subject to review and resolution of timely raised disputes in the same manner as the initial Allocation Schedule. If the Buyer and the Seller agree on a revised Allocation Schedule, each of Buyer and the Seller shall not (except as required by future revised Allocation Schedule) take any position on any Tax Return or in the course of any Tax Proceeding inconsistent with the allocation provided in the revised Allocation Schedule, unless otherwise required by applicable Law. Notwithstanding the foregoing, nothing in this Agreement will prevent a Party from settling any proposed deficiency or adjustment by any Taxing Authority based upon or arising out of the allocation, and no Party will be required to litigate before any Governmental Entity any proposed deficiency or adjustment by any Taxing Authority challenging the allocation, as applicable. The Parties shall promptly advise each other regarding the existence of any Tax Proceeding related to the Allocation Schedule. If the Parties are unable to agree on an Allocation Schedule as contemplated above, then each Party may file any related Tax Returns or Tax forms required by any Taxing Authority in a manner consistent with such Party’s proposed allocation.

(i) In accordance with the terms of this Section 6.5, Seller shall prepare and file, or cause to be prepared and filed, any required tax filings in connection with the matter set forth in Schedule 4.8 as soon as reasonably practicable, including after the Closing.

Section 6.6 Release and Waiver. Effective as of the Closing: (a) Seller (on its own behalf and on behalf of its Affiliates and its and their respective Representatives) (each, a “**Seller Releasing Party**”), hereby fully and unconditionally releases, acquits and forever discharges Buyer and its Affiliates (including the members of the Company Group), and its and their respective former, current and future Representatives and assignees of any of the foregoing (collectively, the “**Buyer Released Parties**”) from any and all manner of Actions, Damages, obligations, compensation or other relief, whether known or unknown, whether past, present or future, whether in law or equity, which such Seller Releasing Party has, has had or may have, arising out of or relating to the Panther Creek Plant, Seller’s status as an owner of the Company, the operation of the Business, or any action or omission in connection therewith, in each case, at or prior to the Closing and (b) Buyer (on its own behalf and on behalf of its Affiliates and its and their respective Representatives) (each, a “**Buyer Releasing Party**”), hereby fully and unconditionally releases, acquits and forever discharges Seller and its Affiliates (including the members of the Company

Group), and its and their respective former Representatives and assignees of any of the foregoing (collectively, the “**Seller Released Parties**”) from any and all manner of Actions, Damages, obligations, compensation or other relief, whether known or unknown, whether past, present or future, whether in law or equity, which such Buyer Releasing Party has, has had or may have, arising out of or relating to the Panther Creek Plant, Buyer’s status as an owner of the Company, the operation of the Business, or any action or omission in connection therewith, in each case, at or prior to the Closing. Notwithstanding anything to the contrary contained in this Section 6.6, none of the Buyer Released Parties or Seller Released Parties are released from any Actions, Damages, obligations, compensation or other relief arising (i) under this Agreement or the Transaction Documents or (ii) from fraud.

Section 6.7 Confidentiality. For a period of two (2) years from and after the Closing, Seller acknowledges that from time to time Seller and its Affiliates may receive or prior to the Closing may have received information from or regarding Buyer or the members of the Company Group, their respective Affiliates, or any Persons with which any of the foregoing does business in the nature of trade secrets, secret or proprietary information, or information that is otherwise confidential, including proprietary facility designs or process know-how, the release of which may be damaging to any of Buyer or the members of the Company Group, their respective Affiliates, or any Persons with which any of the foregoing does business. Seller shall, and shall cause its Affiliates to, hold in strict confidence, and shall not use (including, for the avoidance of doubt, in connection with any development or other activities of Seller or its Affiliates), any such information Seller or its Affiliates receives or have received, and Seller may not, and shall cause its Affiliates not to, disclose any such information to any Person other than Seller’s Representatives that are subject to confidentiality obligations no less stringent than those set forth herein and who have a need to know such information for purposes of enforcing any rights of Seller under this Agreement.

Section 6.8 Trade Name. From and after Closing no Seller or any of its Affiliates shall use the “Panther Creek” name or any name that may reasonably be considered confusingly similar to any such names in any manner.

Section 6.9 Purchase of Plant Site.

(a) During the Interim Period, Seller shall use commercially reasonable efforts to cause a member of the Company Group to enter into a definitive binding agreement for, and acquire in fee simple, 100% of the real property interests described on Schedule 6.9 (the “**Plant Site**”), free and clear of all Liens other than Permitted Liens and on terms and conditions customary for an acquisition of similarly situated real property as reasonably approved by Buyer in writing. All actual and documented third party costs and expenses of acquiring the Plant Site (“**Plant Site Acquisition Costs**”), including purchase price, costs related to the Plant Site Title Policy (as hereinafter defined) and any applicable Transfer Taxes shall be borne fifty percent (50%) by each of Seller and Buyer.

(b) In order to give effect to the foregoing:

(i) Prior to Closing, Seller or the applicable member of the Company Group shall bear one hundred percent (100%) of the Plant Site Acquisition Costs incurred through the Closing.

(ii) At the Closing, (A) the Cash Consideration shall be increased by fifty percent (50%) of the actual and documented Plant Site Acquisition Costs incurred and paid by Seller or the applicable member of the Company Group through the Closing and (B) the Cash Consideration shall be decreased by fifty percent (50%) of all remaining Plant Site Acquisition Costs to be incurred and paid by the Company Group or Buyer post-Closing. The amounts set forth in the foregoing clause (B) shall be based on the Parties' good faith estimate of all such remaining Plant Site Acquisition Costs.

(iii) Intentionally omitted.

(iv) After the Closing, to the extent (x) Seller or the Company Group incurred or incurs any Plant Site Acquisition Costs that were not accounted for in the adjustments made in Section 6.9(b)(ii), then Buyer shall reimburse Seller for fifty percent (50%) of the same within ten (10) Business Days after Buyer's receipt of an invoice therefor or (y) Buyer incurred or incurs any Plant Site Acquisition Costs that were not accounted for in the adjustments made in Section 6.9(b)(ii), then Seller shall reimburse Buyer or the applicable member of the Company Group for fifty percent (50%) of the same within ten (10) Business Days after Seller's receipt of an invoice therefor.

Section 6.10 ***Plant Site Diligence Cooperation; Plant Site Title Policy.*** In connection with the acquisition of the Plant Site in accordance with Section 6.9, Seller shall, and shall cause each member of the Company Group to, deliver to Buyer all diligence materials received by Seller or any member of the Company Group, related to the Plant Site, including title commitments (together with all documents referenced therein), title reports, title opinions, boundary maps, surveys, environmental reports, operating statements, tax statements, service contracts, and any leases, licenses or other real property agreements, to the extent not previously delivered to Buyer in accordance with the terms of this Agreement. Seller shall, and shall cause each member of the Company Group to, reasonably cooperate with Buyer in connection with the applicable member of the Company Group obtaining an ALTA extended coverage owner's policy of title insurance for the Plant Site, in form and substance reasonably satisfactory to Buyer, insuring such member of the Company Group's fee simple interest in the Plant Site in an amount equal to the purchase price therefor, effective as of the date of the sale thereof to the applicable member of the Company Group (the "*Plant Site Title Policy*"). The costs related to the Plant Site Title Policy shall be borne by the Parties in accordance with Section 6.9. In addition, if the Plant Site is acquired in accordance with Section 6.9, at Closing, Seller shall, or shall cause the applicable title company to, deliver to Buyer such endorsements to the Plant Site Title Policy as Buyer deems reasonably necessary, including a date down endorsement, non-imputation endorsement and an additional insured endorsement. Without limiting the generality of the foregoing, Seller shall, and shall cause each member of the Company Group to, execute and deliver any customary documents and affidavits at Closing, in each case in a form reasonably acceptable to the Buyer and the title

company, as may reasonably be necessary for the title company to issue such title policies or endorsements.

Section 6.11 *Budgets.* During the Interim Period, the Parties shall negotiate in good faith annual budgets to be attached to each of the A&R OMA and A&R AMA prior to the Closing.

Section 6.12 *Fuel Supply Agreement.* During the Interim Period, Seller shall, on behalf of the Project Company, negotiate a third-party fuel supply agreement (the “*Fuel Supply Agreement*”) on terms and conditions reasonably acceptable to Buyer.

Section 6.13 *Retained Assets.* To the extent not realized by Seller or its Affiliates prior to Closing, and to the extent permitted by applicable Law, Buyer agrees that it shall make all commercially reasonable efforts after the Closing to enable Seller to realize the benefits of the Retained Assets, including paying over to Seller (within a reasonable time after receipt) any Retained Assets as and to the extent actually received by a member of the Company Group; *provided* that, Seller shall reimburse Buyer for any and all costs incurred in connection with such efforts (including, for the avoidance of doubt, attorneys’ fees), which amounts may be withheld from such amounts otherwise payable by Buyer to Seller pursuant to this [Section 6.13](#).

Section 6.14 *Transmission Line Agreement.* As promptly as practicable after the Execution Date but in any event prior to Closing, Seller shall cause the Company Group to post and maintain any and all credit support required under that certain Transmission Line Agreement dated January 31, 1992 between Atlas Powder Company and Panther Creek Partners and otherwise satisfy in full any breaches or defaults thereunder related thereto.

Section 6.15 *Loader Contracts.* From and after the Execution Date and continuing for so long as an affiliate of the Seller is providing fuel services to the Company, vis a vis Buyer and Seller, Seller shall be responsible for all payments owed to the counterparty under the Loader Contracts. To the extent any member of the Company Group or its Affiliates (including after Closing, Buyer) incurs any payments under the Loader Contracts, then Seller shall (or shall cause its applicable Affiliate to) reimburse the Company Group for the same within ten (10) Business Days after Seller’s receipt of an invoice therefor. For clarity, the equipment and other assets the subject of the Loader Contracts shall remain the property of the Company Group.

Section 6.16 *Certain Support Obligations.* If at any point after the Closing, Keystone Reclamation Fuel Management, LLC (“*KRFM*”) is no longer providing services to the Project Company (and the Project Company does not anticipate needing such services in the future), or KRFM is no longer affiliated with Seller, then upon Buyer’s written request, the parties shall work together in good faith to provide that either (i) KRFM enters into such arrangements as are necessary to permit the Project Company to terminate the indemnity agreement provided by the Project Company that is described on item 2 of Schedule 4.20 (the “*Project Company Indemnity Agreement*”) or (ii) KRFM enters into a customary indemnity agreement with and in favor of the Project Company with respect to any liabilities incurred by the Project Company under the Project Company Indemnity Agreement.

**ARTICLE VII
CONDITIONS TO CLOSING**

Section 7.1 ***Mutual Closing Conditions.*** The respective obligation of each Party to proceed with the Closing is subject to the satisfaction or waiver by each of the Parties (subject to applicable Laws) on or prior to the Closing Date of the following conditions:

(a) (i) No effective injunction, writ, or preliminary restraining order or any order of any nature is issued and outstanding by a Governmental Entity of competent jurisdiction prohibiting the consummation of the Transaction, and (ii) there shall not be any action or proceeding before any Governmental Entity with respect to which an unfavorable judgment, order, decree, or ruling would prohibit the consummation of the Transaction or declare the consummation of the Transaction unlawful or require the consummation of the Transaction to be rescinded.

(b) (i) The Seller Approvals and the Company Consents listed on Schedule 3.4(c) and Schedule 4.3, respectively, shall have been duly obtained, made or given and shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental Entity with respect to the Seller Approvals shall have occurred; *provided, however*, that the absence of any appeals and the expiration of any appeal period with respect to any of the foregoing shall not constitute a condition to Closing hereunder.

(c) (i) Seller shall have received an order from FERC accepting the Reactive Power Filing and granting the requested waiver, or (ii) the 90-day period set forth in Schedule 2 of the PJM Tariff shall have expired.

Section 7.2 ***Buyer's Closing Conditions.*** Buyer's obligation to consummate the Transaction is subject to the satisfaction (or to the extent permitted by applicable Laws, waiver by Buyer), at or prior to the Closing, of each of the following conditions:

(a) Seller shall have performed and complied in all material respects with all the covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

(b) (i) The Fundamental Representations shall be true and correct in all respects and (ii) all other representations and warranties made by Seller in Article III and Article IV shall be true and correct in all material respects (except for any such other representations and warranties that are qualified by materiality, material adverse effect, Material Adverse Effect or similar qualifiers, which shall be true and correct in all respects), in each case of the foregoing clauses (i) and (ii) on and as of the Closing Date as though made on and as of the Closing Date (other than those representations and warranties that speak to an earlier date, which representations and warranties shall be true and correct as of such earlier date).

(c) Since the Execution Date there shall have been no event, change, occurrence, development, or set of circumstances or facts that, individually or in the aggregate have had a Material Adverse Effect.

(d) A member of the Company Group shall have entered into a definitive binding agreement for the acquisition of the Plant Site in accordance with Section 6.9 and

Section 6.10 and such agreement shall be in full force and effect (or the consummation of the Plant Site thereunder shall have occurred).

(e) A member of the Company Group shall have entered into the Fuel Supply Agreement in accordance with Section 6.12.

(f) Seller shall have delivered or caused the delivery of the Closing deliverables set forth in Section 2.4(a).

Section 7.3 *Seller's Closing Conditions.* The obligation of Seller to consummate the Transaction are subject to the satisfaction (or to the extent permitted by applicable Laws, waiver by Seller), at or prior to the Closing, of each of the following conditions:

(a) Buyer shall have performed and complied in all material respects with all the covenants required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

(b) The representations and warranties made by Buyer in Article V shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date (other than those representations and warranties that speak to an earlier date, which representations and warranties shall be true and correct as of such earlier date).

(c) Buyer shall have delivered or caused the delivery of the Closing deliverables set forth in Section 2.4(b).

ARTICLE VIII TERMINATION RIGHTS

Section 8.1 *Termination Rights.* This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of Seller and Buyer;

(b) by Seller or Buyer at any time after October 31, 2021 (the "**End Date**") (*provided, however,* the terminating Party is not otherwise in material default or breach of this Agreement, or has not failed or refused to close without justification hereunder);

(c) by Seller or Buyer, as applicable, in writing without prejudice to other rights and remedies the terminating Party may have (*provided, however,* the terminating Party is not otherwise in material default or breach of this Agreement, or has not failed or refused to close without justification hereunder), if any other Parties shall have (i) failed to perform in any material respect its covenants or agreements contained herein required to be performed by such Party on or prior to the Closing or (ii) breached in any material respect any of its representations or warranties contained herein; *provided, however,* in the case of subclauses (i) or (ii) the breaching Party shall have a period of thirty (30) days following written notice from a non-breaching Party to cure any breach of this Agreement if the breach is curable; or

(d) by Seller or Buyer in writing, without any liability to the other Party for or as a result of such termination, if there shall be any action or proceeding before any Governmental Entity with respect to which an unfavorable judgment, order, decree, or ruling would reasonably be expected to prohibit the consummation of the Transaction or declare the consummation of the Transaction unlawful or require the consummation of the Transaction to be rescinded.

Section 8.2 *Effect of Termination.* In the event of the termination of this Agreement pursuant to Section 8.1:

(a) for a period of ninety (90) days following such termination, Buyer shall have the right but not the obligation to remove (or caused to be removed) any equipment or other personal property of Buyer then on the Plant Site, including any equipment or other personal property that was located at the Plant Site or installed at the Panther Creek Plant as contemplated in Schedule 6.4, so long as such equipment or personal property is removable without causing damage (other than de minimis damage) to the Panther Creek Plant or which damage is fully repaired and restored by Buyer; and

(b) all obligations of the Parties hereto shall terminate, except for the provisions of Section 3.6, Section 4.23, Section 5.5, Section 6.7, this Section 8.2, and Article X, and the Parties shall have no liability to each other under or relating to this Agreement except as provided in such provisions; *provided, however*, nothing herein shall prejudice the ability of the non-breaching Parties from seeking Damages from the breaching Party for any fraud or knowing and intentional breach of this Agreement prior to termination.

For clarity, nothing in this Article VIII shall limit a Party's right under Section 10.10 to seek specific performance of the other Party's obligations to consummate the Closing as and when required by this Agreement at any time prior to the valid termination of this Agreement.

ARTICLE IX SURVIVAL; INDEMNITY

Section 9.1 *Survival.*

(a) The representations and warranties set forth in Articles III, IV and V, and the covenants and agreements of the Parties in this Agreement and in the documents to be executed in connection with this Agreement, shall, in each case, survive the Closing for a period of 12 months; *provided that*:

(i) each of the representations and warranties in Section 4.8 (Taxes) and each of the covenants in Section 6.5 (Tax Matters), and together with the corresponding indemnification obligations in Section 9.2(a) and Section 9.2(b), and the indemnification obligations in Section 9.2(c), shall in each case survive the Closing until the date that is 60 days after the expiration of the applicable statute of limitations;

(ii) each of the Fundamental Representations and the corresponding indemnification obligations in Section 9.2(a) shall survive the Closing for a period of three (3) years; and

(iii) each covenant and agreement of the Parties set forth in this Agreement to be performed after the Closing, and together with the corresponding indemnification obligations in Section 9.2(b) and Section 9.3(b) (as applicable), shall survive the Closing until performed; and

(iv) the indemnification obligations in Section 9.2(d) (Retained Liabilities) shall survive the Closing until fully performed.

(b) Notwithstanding the survival periods set forth in this Section 9.1, as to each claim for indemnification under this Agreement that is validly made before expiration the applicable survival period, such claim and associated right to indemnification will not terminate before final determination and satisfaction of such claim.

Section 9.2 *Indemnification of Buyer Indemnified Parties.* Following the Closing, and notwithstanding the knowledge or investigation of any Person, Seller will indemnify, defend and hold harmless Buyer, each of its Affiliates (including each member of the Company Group), and each of their respective Representatives (the “**Buyer Indemnified Parties**”) from and against any and all Damages arising directly or indirectly from or in connection with:

(a) the breach of any representation or warranty made by Seller in Articles III or IV or by Guarantor in Section 10.14 or in any certificate delivered by Seller pursuant to this Agreement;

(b) the breach of any covenant or agreement made by Seller or Guarantor pursuant to this Agreement;

(c) any and all Seller Taxes; and

(d) the Retained Liabilities.

Section 9.3 *Indemnification of Seller Indemnified Parties.* Following the Closing, and notwithstanding the knowledge or investigation of any Person, Buyer will indemnify, defend and hold harmless Seller, each of its Affiliates, and each of their respective Representatives (the “**Seller Indemnified Parties**”) from and against any and all Damages arising directly or indirectly from or in connection with:

(a) the breach of any representation or warranty made by Buyer in Article V or in any certificate delivered by Buyer pursuant to this Agreement;

(b) the breach of any covenant or agreement made by Buyer pursuant to this Agreement.

Section 9.4 *Exclusive Remedy and Release.* Except (a) for claims of fraud and (b) as set forth in Section 10.10, the indemnification rights and remedies set forth in this Article IX shall, from and after the Closing, constitute the sole and exclusive remedies of the Parties with respect to any breach of representation or warranty or non-performance, partial or total, of any covenant or agreement contained in this Agreement. **EXCEPT AS PROVIDED IN THE PREVIOUS SENTENCE, EACH PARTY HEREBY WAIVES, RELEASES, REMISES, ACQUITS AND**

FOREVER DISCHARGES THE OTHER PARTY AND ITS AFFILIATES AND EACH OF THEIR RESPECTIVE REPRESENTATIVES FROM ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, RIGHTS, DAMAGES, LIABILITIES, COSTS, EXPENSES, LOSSES OR COMPENSATION WHATSOEVER, WHETHER DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, WHICH SUCH PARTY NOW HAS OR MAY HAVE OR WHICH MAY ARISE AFTER THE CLOSING WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

Section 9.5 *Certain Limitations.*

(a) Seller shall have no liability under Section 9.2(a) with respect to breaches of its representations and warranties until the aggregate amount of all Damages incurred by the Buyer Indemnified Parties exceeds \$250,000 (the “**Deductible Amount**”), in which event Seller shall be liable for Damages only to the extent they are in excess of the Deductible Amount; *provided* that none of the limitations in this Section 9.5(a) shall apply to (x) the Fundamental Representations, (y) Section 4.8 (Taxes) or (z) any payment obligations in respect of Seller Taxes.

(b) In no event shall Seller’s aggregate liability under Section 9.2(a) and Section 9.2(b) exceed \$13,000,000; *provided* that Seller’s aggregate liability under Section 9.2(a) in respect of a breach of all representations and warranties other than Fundamental Representations shall not exceed the lesser of (x) \$6,000,000 and (y) the aggregate cash consideration received by Seller within a year after the Execution Date, including any Cash Consideration received and any cash realized from the sale of any Preferred Units or Common Units within such period.

(c) For purposes of the indemnification obligations in this Article IX only, in determining the amount of any Damages in connection therewith, any materiality, material adverse effect or Material Adverse Effect qualifiers in such representations or warranties shall be disregarded.

(d) The Parties are in agreement that where the same set of facts qualifies under more than one provision entitling Buyer or Seller to a claim or remedy under this Agreement, Buyer or Seller, as applicable, shall only be entitled to be indemnified once in respect of such set of facts and shall not be entitled to double recovery hereunder. Notwithstanding the foregoing, an Indemnified Party will be entitled to seek recovery under such provisions of this Agreement that maximize its recovery (e.g., if particular losses would be subject to the Deductible Amount if a claim were made under one provision, but would not be subject to the Deductible Amount if made under another provision, then the Indemnified Party may seek recovery under the provision that is not subject to the Deductible Amount).

Section 9.6 *Indemnification Procedures.* All claims for indemnification under this Article IX shall be asserted and resolved as follows:

(a) In General. For purposes of this Article IX, the term “**Indemnifying Party**” when used in connection with particular Damages shall mean the Party having an obligation to indemnify any Seller Indemnified Party or Buyer Indemnified Party, as applicable, with respect to such Damages pursuant to this Article IX, and the term “**Indemnified Party**” when used in

connection with particular Damages shall mean the Seller Indemnified Party or Buyer Indemnified Party, as applicable, having the right to be indemnified with respect to such Damages by Buyer or Sellers, as applicable, pursuant to this Article IX.

(b) Claims Procedure. To make a claim for indemnification under this Article IX, an Indemnified Party shall notify the Indemnifying Party of its claim under this Section 9.6, including the specific details of and specific basis under this Agreement for its claim (the “**Claim Notice**”). In the event that the claim for indemnification is based upon a claim by a third party against the Indemnified Party (a “**Third Party Claim**”), the Indemnified Party shall provide its Claim Notice promptly after the Indemnified Party has actual knowledge of the Third Party Claim and shall enclose a copy of all papers (if any) served with respect to the Third Party Claim; *provided* that the failure of any Indemnified Party to give notice of a Third Party Claim as provided in this Section 9.6(b) shall not relieve the Indemnifying Party of its obligations under this Article IX except to the extent such failure results in insufficient time being available to permit the Indemnifying Party to effectively defend against the Third Party Claim or otherwise materially prejudices the Indemnifying Party’s ability to defend against the Third Party Claim. In the event that the claim for indemnification is based upon an inaccuracy or breach of a representation, warranty, covenant, or agreement, the Indemnified Party shall provide its Claim Notice promptly after the Indemnified Party has actual knowledge of such inaccuracy or breach and shall specify the representation, warranty, covenant, or agreement that was inaccurate or breached.

(c) Third Party Claims.

(i) In the case of a claim for indemnification based upon a Third Party Claim, the Indemnifying Party shall have forty-five (45) days after its receipt of the Claim Notice relating thereto to notify the Indemnified Party whether it admits or denies its liability to defend the Indemnified Party against such Third Party Claim at the sole cost and expense of the Indemnifying Party. The Indemnified Party is authorized, prior to and during such forty-five (45) day period (or, if earlier, until the Indemnifying Party admits its liability to defend the Indemnified Party against such Third Party Claim) to file any motion, answer, or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnifying Party and that is not prejudicial to the Indemnifying Party.

(ii) If the Indemnifying Party admits its liability to defend the Indemnified Party against a Third Party Claim, it shall have the right and obligation to diligently defend, at its sole cost and expense, the Indemnified Party against such Third Party Claim, and shall have full control of such defense and proceedings, including any compromise or settlement thereof. If requested by the Indemnifying Party, the Indemnified Party agrees to cooperate in contesting any Third Party Claim which the Indemnifying Party elects to contest. The Indemnified Party may participate in, but not control, at its own expense, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 9.6(c)(ii). An Indemnifying Party shall not, without the written consent of the Indemnified Party (such consent not to be unreasonably withheld, conditioned, or delayed), (A) settle any Third Party Claim or consent to the entry of any judgment with respect thereto which does not include an unconditional written release of the Indemnified Party from all liability in respect of such Third Party Claim or

(B) settle any Third Party Claim or consent to the entry of any judgment with respect thereto in any manner that may materially and adversely affect the Indemnified Party (other than as a result of money damages covered by the indemnity hereunder).

(iii) If the Indemnifying Party does not admit its liability against a Third Party Claim or admits its liability to defend the Indemnified Party against a Third Party Claim, but fails to diligently prosecute, indemnify against, or settle the Third Party Claim, then the Indemnified Party shall have the right to defend against and settle the Third Party Claim at the sole cost and expense of the Indemnifying Party (if the Indemnifying Party is determined to have indemnification liability with respect to such matter), with counsel of the Indemnified Party's choosing, subject to the right of the Indemnifying Party to admit its liability and assume the defense of the Third Party Claim at any time prior to settlement or final determination thereof. If the Indemnifying Party has not yet admitted its liability to defend the Indemnified Party against a Third Party Claim, the Indemnified Party shall send written notice to the Indemnifying Party of any proposed settlement and the Indemnifying Party shall have the option for ten (10) days following receipt of such notice to (A) admit in writing its liability to indemnify the Indemnified Party from and against the liability and if liability is so admitted, either (1) consent to such settlement or (2) reject, in its reasonable judgment, the proposed settlement or (B) deny liability. Any failure by the Indemnifying Party to respond to such notice shall be deemed to be an election under subsection (B) above.

(d) Direct Claims. In the case of a claim for indemnification not based upon a Third Party Claim, the Indemnifying Party shall have thirty (30) days after its receipt of the Claim Notice to (i) cure the Damages complained of, (ii) admit its liability for such Damages, or (iii) dispute the claim for such Damages. If the Indemnifying Party does not notify the Indemnified Party within such thirty (30) day period that it has cured the Damages or that it disputes the claim for such Damages, the Indemnifying Party shall be deemed to have denied liability with respect to such matter.

(e) Tax Treatment. Buyer and Seller agree that any indemnification payment made pursuant to this Article IX shall be treated as an adjustment to the Consideration for U.S. federal (and applicable state and local) income Tax purposes unless otherwise required by applicable Law.

ARTICLE X GENERAL

Section 10.1 *Entire Agreement; Successors and Assigns.*

(a) Except for the other Transaction Documents, this Agreement supersedes all prior oral discussions and written agreements among the Parties with respect to the subject matter of this Agreement (except to the extent specifically incorporated by reference herein). This Agreement contains the sole and entire agreement among the Parties hereto with respect to the subject matter hereof.

(b) All of the terms, covenants, representations, warranties, and conditions of this Agreement will be binding upon, and inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

(c) Neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assignable by any Party without the prior written consent of the other Parties; *provided, however*, Buyer may assign all or any portion of its rights, interests, or obligations hereunder to an Affiliate of Buyer without the prior written consent of Seller. No assignment by a Party of this Agreement shall relieve the assigning Party of its obligations hereunder except to the extent expressly agreed to in writing by the non-assigning Party.

Section 10.2 *Amendments and Waivers.* All amendments to this Agreement must be in writing and signed by the Parties. A Party may, only by an instrument in writing, waive compliance by any other Party with any term or provision of this Agreement. The waiver by any Party of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach. Except as otherwise expressly provided herein, no failure to exercise, delay in exercising, or single or partial exercise of any right, power, or remedy by a Party, and no course of dealing between the Parties, shall constitute a waiver of any such right, power, or remedy.

Section 10.3 *Notices.* Unless otherwise provided herein, all notices, requests, consents, approvals, demands, and other communications to be given hereunder will be in writing and will be deemed given upon (a) confirmed delivery by a reputable overnight carrier or when delivered by hand, addressed to the respective Parties listed below at the following addresses (or such other address for a Party hereto as will be specified by like notice); (b) actual receipt; (c) the expiration of four (4) Business Days after the day when mailed by registered or certified mail (postage prepaid, return receipt requested), addressed to the respective Parties listed below at the following addresses (or such other address for a Party hereto as will be specified by like notice); or (d) delivery by electronic mail to a Party at the electronic mail address set forth below (or at such other address as such Party shall designate by like notice); *provided, however*, in the case of any notice delivered by electronic mail, the notifying Party shall send notice by hand, courier, or overnight delivery service not later than the following Business Day:

If to Seller, addressed to:

Panther Creek Reclamation Holdings, LLC
Attention: Sean P. Lane
19 Headquarters Plaza
West Tower – 8th Floor
Morristown, NJ
07960

with a copy, which shall not constitute notice, to:

Hunton Andrews Kurth LLP
200 Park Avenue, 52nd Floor
New York, New York 10066
Attn: Gregory F. Lang
Email: gflang@hunton.com

If to Buyer, addressed to:

Stronghold Digital Mining Holdings LLC
2151 Lisbon Road
Kennerdell, Pennsylvania 16374
Attention: Gregory A. Beard

with a copy, which shall not constitute notice, to:

Vinson & Elkins L.L.P.
1001 Fannin Street, Suite 2500
Houston, Texas 77002
Attn: Danielle Patterson
Email: dpatterson@velaw.com

Section 10.4 **Governing Law.** This Agreement shall be governed by and construed in accordance with the Laws of the State of New York without reference to the choice of Law principles thereof that would result in the application of the Laws of any other jurisdiction.

Section 10.5 **Dispute Resolution; Waiver of Jury Trial.**

(a) Each of the Parties consents to submit itself to the exclusive personal jurisdiction and venue of any U.S. federal court located in the State of Delaware or any Delaware state court with respect to any suit relating to or arising out of this Agreement or the Transaction, agrees it will not attempt to defeat or deny such personal jurisdiction or venue by motion or otherwise, agrees it will not bring any such suit in any court other than a U.S. federal or state court sitting in the State of Delaware, irrevocably agrees any such suit (whether at law, in equity, in contract, in tort, or otherwise) shall be heard and determined exclusively in such U.S. federal or state court sitting in the State of Delaware, agrees to service of process in any such action in any manner prescribed by the Laws of the State of Delaware, and agrees service of process upon such Party in any action or proceeding shall be effective if notice is given in accordance with Section 10.3.

(b) EACH OF THE PARTIES ACKNOWLEDGES AND AGREES ANY SUCH CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTION.

(c) NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE PARTIES EXPRESSLY AGREE NEITHER SELLER NOR BUYER SHALL HAVE ANY LIABILITY TO ANY PARTY FOR ANY EXEMPLARY, PUNITIVE, INDIRECT, CONSEQUENTIAL, SPECIAL, REMOTE, OR SPECULATIVE DAMAGES PROVIDED, HOWEVER, IN NO EVENT SHALL THIS SECTION 10.5(c) BE A LIMITATION ON ANY OBLIGATION OF A PARTY HEREUNDER WITH RESPECT TO A THIRD PARTY CLAIM RELATING TO SUCH OBLIGATION.

Section 10.6 Severability. In the event any of the provisions hereof are held to be invalid or unenforceable under applicable Laws, the remaining provisions hereof will not be affected thereby. In such event, the Parties hereto agree and consent such provisions and this Agreement will be modified and reformed so as to effect the original intent of the Parties as closely as possible with respect to those provisions that were held to be invalid or unenforceable.

Section 10.7 Transaction Costs and Expenses. Except as otherwise specified in this Agreement, the Parties will bear all of their own costs, fees, and expenses, if any, incurred by or on their behalf in connection with the Transaction.

Section 10.8 Rights of Third Parties. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any Person, other than the Parties, any right or remedies under or by reason of this Agreement.

Section 10.9 Counterparts. This Agreement may be executed by electronic mail exchange of .pdf signature pages and in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party hereto and delivered (including by electronic mail exchange of .pdf signature pages) to the other Parties hereto.

Section 10.10 Specific Performance. The Parties agree if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage would occur and money Damages may not be a sufficient remedy. In addition to any other remedy at law or in equity, each of Seller and Buyer shall be entitled to specific performance by each other Party of its obligations under this Agreement (including such Party's obligation to consummate the Closing) and immediate injunctive relief, without the necessity of proving the inadequacy of money Damages as a remedy.

Section 10.11 Publicity. All press releases or other public communications of any nature whatsoever relating to the Transaction, and the method of the release for publication thereof, shall be subject to the prior consent of each Party, which consent shall not be unreasonably withheld, conditioned or delayed by any Party (*provided*, it shall be deemed reasonable for a Party to respond to a request for consent within two (2) Business Days after such request is made), except (a) as may be required by applicable Law (based upon the reasonable advice of counsel), court process or by obligations pursuant to any listing agreement with any securities exchange or securities quotation system or (b) for disclosures to their respective officers, directors, managers, members, managing members, partners, employees, consultants, fiduciaries, financial sponsors, limited partners, co-investors, agents or representatives.

Section 10.12 **Further Assurances.** The Parties agree, from time to time after the Closing Date and without any further consideration, each of them will execute and deliver, or cause to be executed and delivered, such further agreements and instruments and take such other action as may be necessary to effectuate the provisions, purposes, and intents of the Transaction Documents. Without limiting the generality of the foregoing, Buyer and Seller shall, from time to time after the Closing, execute, deliver, acknowledge, file, and record, or cause to be executed, delivered, acknowledged, filed, and recorded, such further instruments of sale, conveyance, transfer, assignment, or delivery and such further consents, certifications, affidavits, and assurances as Buyer or Seller may reasonably request to vest in Buyer or its designees and its respective successors and assigns all right, title, and interest in the Subject Interests and the Business, or otherwise to consummate and make effective the Transaction upon the terms and conditions set forth herein. The Parties will coordinate and cooperate with each other in exchanging such information and assistance as any of the Parties may reasonably request in connection with the foregoing.

Section 10.13 **Non-Recourse.** All claims or causes of action (whether in contract or in tort, in law or in equity) that may be based upon, arise out of or relate to this Agreement or the other Transaction Documents, or the negotiation, execution or performance of this Agreement or the other Transaction Documents (including any representation or warranty made in or in connection with this Agreement or the other Transaction Documents or as an inducement to enter into this Agreement or the other Transaction Documents), may be made only against the entities that are expressly identified as parties hereto and thereto. No Person who is not a named party to this Agreement or the other Transaction Documents, including any past, present or future Representative of a party (“**Non-Party Representatives**”), 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 or liabilities arising under, in connection with or related to this Agreement or such other Transaction Documents (as the case may be) or for any claim based on, in respect of, or by reason of this Agreement or such other Transaction Documents (as the case may be) or the negotiation or execution hereof or thereof; and each Party hereto waives and releases all such liabilities, claims and obligations against any such Non-Party Representatives.

Section 10.14 **Seller Parent Guaranty.**

(a) Guarantor hereby absolutely, unconditionally and irrevocably guarantees for the benefit of Buyer (as a primary obligor and not merely a surety) the punctual and complete payment when due of all payment obligations of Buyer under this Agreement at present or in the future, whether incurred solely or jointly with any other person (collectively, the “**Guaranteed Obligations**”). Guarantor hereby agrees that the guaranty set forth in the preceding sentence is an absolute, irrevocable and unconditional guaranty of payment and is not a guaranty of collection. Notwithstanding any provision to the contrary in this Agreement, the obligations of Guarantor pursuant to this Agreement shall terminate and no longer be in effect as of the date that is three (3) years after the Closing Date, other than for any claim that is made pursuant to this Section 10.14 prior to such date.

(b) In the event of any default, breach, or other failure by Seller in payment of the Guaranteed Obligations, of any part thereof, when such payment became due, Guarantor shall,

within thirty (30) Business Days after receipt of a written demand for payment from Buyer and without further notice of nonpayment, or any other notice whatsoever, as applicable, pay the amount due in respect of such Guaranteed Obligations to the applicable Buyer Indemnified Party, and it shall not be necessary for Buyer, in order to enforce such payment by Guarantor pursuant to Section 10.14(a), to (i) institute any suit, or pursue or exhaust any rights or remedies against Seller or any other Person liable for such payment under this Agreement or otherwise, including pursuing or exhausting any rights or remedies with respect to any security or collateral, or (ii) join Seller for the payment of the Guaranteed Obligations or any part thereof in any action to enforce this guaranty, or to resort to any other means of obtaining payment of the Guaranteed Obligations under this Agreement or otherwise, and Guarantor expressly waives diligence, presentment and demand on Seller for payment, and protest, notice (excluding any notice of demand pursuant to this Section 10.14(b), and including notice of any modification hereunder or increase or other modification to the Guaranteed Obligations, and notice of any defaults by or disputes with Seller), and filing of claims with a Governmental Entity in the event of the merger or bankruptcy of Seller. Guarantor hereby expressly waives to the fullest extent permitted by Law any defenses, now or in the future, based upon (A) the bankruptcy, reorganization, dissolution, liquidation, insolvency or other similar proceeding with respect to Seller; (B) the absence of Seller's power or authority to enter into this Agreement or the Transaction Documents and to perform its obligations hereunder or thereunder; (C) any change to the name, corporate form, or control of, or ownership interests in, Seller; (D) any change in or amendment to any of the terms of this Agreement or any Transaction Document or liability of Seller to Buyer hereunder or thereunder; (E) defenses based upon the invalidity or unenforceability of all or any portion of Seller's obligations under this Agreement or the Transaction Documents or any agreement, approval or consent relating thereto; or (F) any other defense expressly waived by Guarantor or Seller in this Agreement or the Transaction Documents.

(c) Guarantor hereby represents and warrants to Buyer as of the Execution Date and as of the Closing Date, as follows:

(i) *Organization and Qualification.* Guarantor is a limited liability company, duly organized and validly existing and in good standing under the laws of Delaware.

(ii) *Due Authority.* Guarantor has full power and authority to execute, deliver and perform its obligations under this Agreement. All necessary action on the part of Guarantor for the execution, delivery and performance of this Agreement has been taken and this Agreement has been duly and validly executed and delivered by Guarantor. This Agreement constitutes a legal, valid and binding obligation of Guarantor and is enforceable in accordance with its terms.

(iii) *Solvency.* Guarantor is not insolvent and will not be rendered insolvent as a result of guaranteeing the Guaranteed Obligations.

*[The remainder of this page has been left blank intentionally.
Signature pages follow.]*

IN WITNESS WHEREOF, the Parties and Guarantor have duly executed this Agreement as of the date first written above.

SELLER:

PANTHER CREEK RECLAMATION HOLDINGS, LLC

By: /s/ Sean P. Lane
Name: Sean P. Lane
Title: Authorized Representative

Solely for purposes of Section 10.14:

GUARANTOR:

OLYMPUS POWER, LLC

By: /s/ Richard G. Vicens
Name: Richard G. Vicens
Title: President & CEO

[Signature Page to Equity Capital Contribution Agreement]

BUYER:

STRONGHOLD DIGITAL MINING HOLDINGS LLC

**BY: STRONGHOLD DIGITAL MINING, INC., ITS
MANAGING MEMBER**

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

[Signature Page to Equity Capital Contribution Agreement]

EXHIBIT A

DEFINITIONS

“**Accrued Taxes**” means (i) accrued but unpaid Taxes of (or relating to the Assets of) the Company Group and (ii) any other estimated Taxes of (or relating to the Assets of) the Company Group for the taxable year in which the Closing is expected to occur that are properly allocable to a Pre-Closing Tax Period in accordance with the principles of Section 6.5(d).

“**Action**” means any claim, action, lawsuit, litigation, arbitration, inquiry, proceeding or investigation, opposition, interference or other legal or arbitration proceeding (whether sounding in contract, tort or otherwise, whether civil, criminal or administrative, and whether brought at law or in equity).

“**Affiliate**” means with respect to an entity, any other entity controlling, controlled by, or under common control with such entity. As used in this definition, the term “control,” including the correlative terms “controlling”, “controlled by” and “under common control with”, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by contract, or otherwise.

“**Affiliate Matter**” has the meaning set forth in Section 4.21.

“**Agreement**” has the meaning set forth in the preamble.

“**Allocation Schedule**” has the meaning set forth in Section 6.5(h).

“**A&R AMA**” has the meaning set forth in Section 2.4(a)(xiv).

“**A&R OMA**” has the meaning set forth in Section 2.4(a)(xiii).

“**Assets**” of any Person means all assets and properties of every kind, nature, character, and description (whether real, personal, or mixed, whether tangible or intangible, and wherever situated), including the related goodwill, which assets and properties are operated, owned, or leased by such Person.

“**Assignment and Assumption Agreement**” has the meaning set forth in Section 2.4(a)(ii).

“**Business**” means the business of the members of the Company Group as conducted as of the Execution Date or as of Closing, as applicable, and the activities incidental thereto.

“**Business Day**” means any day other than a Saturday, a Sunday, or a day on which banks in New York City are authorized or required by Law to be closed; *provided*, that banks shall be deemed to be generally open for business in the event of a “shelter in place” or similar closure of physical branch locations at the direction of any Governmental Entity if such banks’ electronic funds transfer system (including for wire transfers) are open for use by customers on such day.

“**Buyer**” has the meaning set forth in the preamble.

“**Buyer Approvals**” has the meaning set forth in Section 5.3.

“**Buyer Indemnified Parties**” has the meaning set forth in Section 9.2.

“**Buyer Released Parties**” has the meaning set forth in Section 6.6.

“**Cash Consideration**” has the meaning set forth in Section 2.2(a)(i).

“**Claim Notice**” has the meaning set forth in Section 9.6(b).

“**Closing**” has the meaning set forth in Section 2.3.

“**Closing Net Working Capital Certificate**” means a certificate delivered to Buyer by Seller that sets forth a calculation of Net Working Capital Amount as of the anticipated Closing Date as described in Section 2.2(b).

“**Closing Date**” has the meaning set forth in Section 2.3.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Common Units**” has the meaning set forth in Section 2.2(a)(ii).

“**Company**” has the meaning set forth in the recitals.

“**Company Consents**” has the meaning set forth in Section 4.3.

“**Company Group**” has the meaning set forth in the recitals.

“**Consideration**” has the meaning set forth in Section 2.2.

“**Consolidated Group**” means any affiliated, combined, consolidated, unitary or similar group with respect to any Taxes, including any affiliated group within the meaning of Section 1504 of the Code electing to file consolidated U.S. federal income Tax Returns and any similar group under foreign, state or local law.

“**Contract**” means any agreement, purchase order, commitment, evidence of indebtedness, mortgage, indenture, security agreement, or other contract, entered into by a Person or by which a Person or any of its Assets are bound.

“**Current Assets**” means, as of the Closing Date, the Company Group’s total consolidated and combined current assets, including any permit cash collateral, Prepaid Taxes or prepaid insurance amounts, but excluding any Retained Assets, in each case determined in accordance with GAAP.

“**Current Liabilities**” means, as of the Closing Date, the Company Group’s total consolidated and combined current liabilities, including trade account payables, Accrued Taxes and accrued liabilities (and excluding the current portion of Indebtedness (x) that is set forth in the proviso to the definition of Indebtedness and (y) that is the current portion of any payments due pursuant to the settlement agreement set forth in paragraph 3 of Schedule 4.5), in each case

determined in accordance with GAAP; *provided* that “Current Liabilities” shall not include (a) Seller Taxes or (b) any Transaction Expenses.

“**Damages**” means any and all debts, losses, liabilities, duties, claims, damages, obligations, payments (including those arising out of any demand, assessment, settlement, judgment, or compromise relating to any actual or threatened Legal Proceeding), damages for personal injury or death or property damage or environmental damage or remediation costs, and reasonable expenses, including any reasonable attorneys’ fees and any and all reasonable expenses whatsoever and howsoever incurred in investigating, preparing, or defending any Legal Proceeding, in all cases, whether matured or unmatured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, known or unknown. For the avoidance of doubt, Damages includes both inter-party damages (i.e., between the Parties) and third-party damages.

“**Deductible Amount**” has the meaning set forth in Section 9.5(a).

“**Easement**” has the meaning set forth in Section 4.11(c).

“**End Date**” has the meaning set forth in Section 8.1(b).

“**Environmental Laws**” means any and all Laws pertaining to pollution or protection of human health or safety (to the extent relating to exposure to Hazardous Materials) or the environment (including, any natural resources or any generation, use, storage, treatment, transportation, disposal, or Release of, or exposure to, Hazardous Materials) enacted or in effect as of or prior to the Closing Date.

“**Environmental Permit**” means any Permit required under any Environmental Law or issued by any Governmental Entity.

“**Equity Consideration**” has the meaning set forth in Section 2.2(a)(ii).

“**Equity Interests**” means (a) in the case of a corporation, any and all shares (however designated) of capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership or limited liability company, any and all partnership or membership interests (whether general or limited) or units (whether common or preferred), (d) in any case, any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, and (e) in any case, any right to acquire any of the foregoing.

“**Execution Date**” has the meaning set forth in the preamble.

“**Federal Power Act**” means the Federal Power Act, as amended, including the implementing regulations adopted by FERC thereunder.

“**FERC**” means the Federal Energy Regulatory Commission.

“**Financial Statements**” has the meaning set forth in Section 4.7(a).

“**Fuel Supply Agreement**” has the meaning set forth in Section 6.12.

“Fundamental Representations” means the representations and warranties set forth in Article III, Section 4.1, Section 4.2, Section 4.4, Section 4.17, Section 4.18, Section 4.21, Section 4.22 and Section 10.14.

“GAAP” means generally accepted accounting principles in the United States as promulgated by the Financial Accounting Standards Board, or its predecessors or successors, as of the date of the statement or item to which such term refers, applied on a consistent basis during the period involved.

“Governmental Authorization” means any franchise, permit, license, authorization, order, certificate, registration, plan, exemption, variance, filing, decree, agreement, right, or other consent or approval granted by, or subject to approval by, any Governmental Entity.

“Governmental Entity” means any court, governmental department, commission, council, board, agency, bureau, or other instrumentality of the United States of America, any foreign jurisdiction, or any state, provincial, county, municipality, or local governmental unit thereof, including any Taxing Authority.

“Guaranteed Obligations” has the meaning set forth in Section 10.14(a).

“Guarantor” has the meaning set forth in the preamble.

“Hazardous Materials” means any (a) chemical, product, substance, waste, pollutant, or contaminant that is defined or listed as hazardous or toxic or that is otherwise regulated under, or for which standards of conduct or liability may be imposed pursuant to, any Environmental Law; and (b) asbestos containing materials, whether in a friable or non-friable condition, lead-containing material polychlorinated biphenyls, per- and poly-fluoroalkyl substances, naturally occurring radioactive materials or radon.

“Indebtedness” means, with respect to a member of the Company Group, all (a) indebtedness for money borrowed required to be reflected as indebtedness on a consolidated balance sheet of such member of the Company Group as of such date prepared in accordance with GAAP; (b) indebtedness of the type described in the other clauses of this definition that is guaranteed, directly or indirectly, in any manner by any member of the Company Group or for which any member of the Company Group may be liable, but excluding endorsements of checks and other similar instruments in the ordinary course of business; (c) interest expense accrued but unpaid on or relating to any of such indebtedness described in the other clauses of this definition; (d) indebtedness evidenced by any note, bond, debenture or other debt security; (e) all net cash payment obligations under swaps, options, derivatives and other hedging agreements or arrangements that will be payable upon termination thereof (assuming they were terminated as of such date); and (f) due and unpaid prepayment penalties, premiums, late charges, penalties and collection fees relating to any of such indebtedness described in the foregoing clauses; provided, that, under no circumstances shall the following be deemed to constitute Indebtedness for the purposes of this Agreement: (i) Installment Sale Contract for Caterpillar 980M Wheel Loader XDJ00358, dated October 23, 2018, between Panther Creek Power Operating, LLC and Cleveland Brothers Equipment Co., Inc. or (ii) North America Customer Care Program Payment Assistance

Agreement, dated May 14, 2020, between Panther Creek Power Operating, LLC and Caterpillar Financial Services Corporation (the Contracts described in this proviso the “**Loader Contracts**”).

“**Indemnified Party**” has the meaning set forth in Section 9.6(a).

“**Indemnifying Party**” has the meaning set forth in Section 9.6(a).

“**Intended Tax Treatment**” shall have the meaning given to it in Section 6.5(a).

“**Interim Period**” has the meaning set forth in Section 6.2.

“**knowledge**” means (a) with respect to Seller or any member of the Company Group, the actual knowledge of the following individuals: Richard Vicens, Philip McCartin, Dennis T. O’Donnell, Michael F. O’Donnell, Roy Ott and Cooper Schieffelin and (b) with respect to Buyer, the actual knowledge of the following individuals: Gregory Beard, Tom Tyree and Ricardo Larroude.

“**KRFM**” has the meaning set forth in Section 6.16.

“**Laws**” means all applicable laws (including common law), statutes, rules, regulations, codes, ordinances, variances, decrees, judgments, settlements, injunctions, orders, licenses or other legally enforceable directives of a Governmental Entity having jurisdiction over the Assets of any Person and the operations thereof.

“**Lease**” has the meaning set forth in Section 4.11(c).

“**Leased Personal Property**” has the meaning set forth in Section 4.14(a).

“**Legal Proceeding**” means any judicial, administrative, or arbitral action, suit, hearing, inquiry, investigation, audit, or other proceeding (public or private) by or before any Governmental Entity or arbitrator.

“**Lien**” means any lien, mortgage, pledge, preferential purchase right, option, lease, license, tenancy or possessory interest, purchase right, transfer restriction, right of first refusal, right of first offer, conditional sales obligation, easement, restriction, covenant, condition, levy, debt, attachment, security interest or other encumbrance of any nature whatsoever.

“**Loader Contracts**” has the meaning set forth in the proviso of the definition of Indebtedness.

“**MBR Authority**” has the meaning set forth in Section 4.9.

“**Material Adverse Effect**” means a change, effect, event, or occurrence that (individually or in the aggregate) has a material adverse effect on the Business, the Panther Creek Plant, properties, financial condition, or results of operations of the Company Group, taken as a whole, (and calculated net of insurance proceeds), or materially delays the ability of Seller to consummate the Transaction; *provided, however*, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining

whether there has been or will be, a Material Adverse Effect: any change, effect, event, occurrence, state of facts or development attributable to (i) the announcement or pendency of the Transaction; (ii) conditions affecting the industry in which the Panther Creek Plant participates, the U.S. or world economy as a whole or the U.S. or global capital or financial markets in general or the markets in which the Panther Creek Plant operates, to the extent not having a disproportionate adverse effect on the Panther Creek Plant as compared to similarly situated businesses; (iii) any change in applicable Laws or the interpretation thereof; or (iv) national or international political or social conditions, including the commencement, continuation, or escalation of a war, material armed hostilities, or other material international or national calamity or act of terrorism, epidemics, pandemics or outbreaks of communicable disease or any associated quarantine or shutdown (including COVID-19 or SARS-CoV-2 virus or any mutation or variation thereof), to the extent not having a disproportionate adverse effect on the Panther Creek Plant as compared to similarly situated businesses.

“**Material Contracts**” has the meaning set forth in Section 4.10(a).

“**Net Working Capital Amount**” means, as of the Closing Date, Current Assets minus Current Liabilities.

“**Non-Party Representatives**” has the meaning set forth in Section 10.13.

“**Organizational Documents**” means, with respect to any Person, the certificate of incorporation, articles of incorporation or association, certificate of formation, by-laws, limited liability company agreement, operating agreement, limited partnership agreement, or other governing documents and agreements that establish the legal personality of such Person, in each case as amended to date.

“**Panther Creek Plant**” has the meaning set forth in the recitals.

“**Parties**” and “**Party**” have the meanings set forth in the preamble.

“**Permit**” means any permits, licenses, authorizations, registrations, certificates, orders, franchises, consents or approvals granted or issued by any Governmental Entity.

“**Permitted Affiliate Transactions**” has the meaning set forth in Section 2.4(a)(x).

“**Permitted Lien**” means (a) any statutory Lien for current period Taxes that is not yet due or delinquent and for which adequate reserves have been established in accordance with GAAP, (b) any statutory Lien (including any mechanics’, carriers’, workers’, repairers’, materialmens’, contractors’ and other similar Liens) arising in the ordinary course of business or by operation of Law with respect to a liability that is not yet due or delinquent or that is being contested in good faith by a member of the Company Group, in either case, for which adequate reserves have been established in accordance with GAAP (*provided, however, in no event shall the Plant Site Title Policy contain any exception for any such statutory Liens*), (c) Liens affecting any Company Group member’s assets or property which do not materially impair such Company Group member’s occupancy or use or the value or marketability of the property which they encumber, (d) matters which would be disclosed by an accurate survey of the Company Group’s Real Property which do not materially impair the occupancy or current use or the value or marketability of such Real

Property (*provided, however*, in no event shall the Plant Site Title Policy contain a general survey exception), (e) encumbrances (other than those securing financial obligations of the Company Group) affecting the Company Group's Real Property which do not materially impair the Company Group's occupancy or use or the value or marketability of the Real Property which they encumber, (f) the terms and conditions of the Material Contracts listed on Schedule 4.10(a), (g) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and social security Laws, (h) all Liens that will be paid-off in full or will otherwise cease to exist at or before the time of Closing, and (i) any Liens arising from the activities of Buyer contemplated on Schedule 6.3(b).

"Person" means any individual or entity, including any corporation, limited liability company, partnership (general or limited), joint venture, association, joint stock company, trust, incorporated organization, or Governmental Entity.

"Personal Property" has the meaning set forth in Section 4.14(c).

"Plant Site" has the meaning set forth in Section 6.9.

"Plant Site Acquisition Costs" has the meaning set forth in Section 6.9.

"Plant Site Title Policy" has the meaning set forth in Section 6.10.

"Preferred Units" has the meaning set forth in Section 2.2(a)(ii).

"Pre-Closing Tax Period" means any Tax period ending on or before the Closing Date.

"Prepaid Taxes" means Taxes not yet due and payable (including estimated Taxes) of (or relating to the Assets of) the Company Group paid by or on behalf of the Company Group prior to the Closing Date that are not properly allocable to a Pre-Closing Tax Period in accordance with the principles of Section 6.5(d).

"Project Company" means Panther Creek Power Operating, LLC, a Delaware limited liability company.

"Project Company Indemnity Agreement" has the meaning set forth in Section 6.16.

"PURPA Requirements" has the meaning set forth in Section 4.9.

"Reactive Power Filing" has the meaning set forth in Section 6.2(d)(ii)(A).

"Reactive Power Tariff" has the meaning set forth in Section 4.9.

"Real Property" has the meaning set forth in Section 4.11(c).

"Real Property Agreements" has the meaning set forth in Section 4.11(c).

"Release" means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing into the indoor or outdoor environment.

“Representative” means, with respect to any Person, any director, manager, officer, employee, member, partner or other equity holder, agent, controlling person, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.

“Responsible Officer” means, with respect to any Person, any vice president or more senior officer of such Person, or, if such Person is a partnership, any vice president or more senior officer of the general partner of such Person.

“Retained Assets” means, to the extent earned during the period of time prior to the Execution Date, tax certificates issued pursuant to the Coal Refuse Energy and Reclamation Tax Credit Program administered by the Pennsylvania Department of Community and Economic Development, whereby the Project Company earns tax certificates by using coal refuse for power generation to reclaim mining-affected sites in the state of Pennsylvania.

“Retained Liabilities” means the following:

- (a) all liabilities and obligations arising out of or relating to any Affiliate Matter; *provided* that, with respect to A&R OMA and A&R AMA, the Retained Liabilities shall only include such liabilities and obligations to the extent arising prior to the Closing;
- (b) all liabilities and obligations arising out of or relating to the matters listed on Schedule A;
- (c) all past, current or future liabilities and obligations arising out of or relating to any act or omission occurring prior to the Closing by Seller or any of its Affiliates pertaining to the Panther Creek Plant under the Comprehensive Environmental Response, Compensation, and Liability Act or Superfund Amendments and Reauthorization Act (including any liabilities and obligations arising out of or relating to the Tonolli Corporation Superfund site in Carbon County, Pennsylvania) against or affecting any member of the Company Group;
- (d) any and all Seller Obligations; and
- (e) Retained Employment-Related Liability.

“Retained Employment-Related Liability” means all obligations and liabilities that are attributable to, associated with or related to, or that arise at any time (whether before, on or after the Execution Date) out of or in connection with (a) any employee benefit or compensation plan, program or arrangement sponsored, maintained or contributed to by Seller or any of its Affiliates or to which Seller or any of its Affiliates was or is obligated to contribute, including all controlled group liabilities; and (b) the employment or engagement of any employee or any other individual employed or engaged by Seller or any of its Affiliates whose employment or engagement involves or involved providing services with respect to any member of the Company Group, the Panther Creek Plant or the Business, including all obligations, and liabilities arising from or relating to any personal injuries or death, failure to pay wages or other compensation, failure to satisfy any employment-related obligations, and any other act or omission or other practice arising from or relating to an employment or independent contractor relationship or the termination thereof.

“**Scheduled Personal Property**” has the meaning set forth in Section 4.14(b).

“**Securities Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the regulations of the United States Securities and Exchange Commission promulgated thereunder.

“**Seller**” has the meaning set forth in the preamble.

“**Seller Approvals**” has the meaning set forth in Section 3.4(c).

“**Seller Distribution Amounts**” means any distribution, including repayments of shareholder debt and amounts paid to Affiliates, but not including payments pursuant to the Contracts with Seller Affiliates set forth on Schedule 4.21, in each case made by any member of the Company Group to Seller or any of its Affiliates at or after 12:01 a.m. Central Time on May 31, 2021 and prior to 12:01 a.m. Central Time on the Closing Date.

“**Seller Indemnified Parties**” has the meaning set forth in Section 9.3.

“**Seller Obligations**” has the meaning set forth in Section 2.2(b).

“**Seller Releasing Party**” has the meaning set forth in Section 6.6.

“**Seller Taxes**” means any and all Taxes (a) imposed on any member of the Company Group or Seller or for which any member of the Company Group or Seller may otherwise be liable for any Pre-Closing Tax Period and for the portion of any Straddle Period ending on the Closing Date (determined in accordance with Section 6.5(d)); (b) resulting from (i) a breach of the representations and warranties set forth in Section 4.8, determined without regard to any materiality or knowledge qualifiers or any scheduled items, or (ii) a breach by Seller of any covenant relating to Taxes; (c) of any Consolidated Group (or any member thereof, other than a member of the Company Group) of which a member of the Company Group (or any predecessor thereof) is or was a member on or prior to the Closing Date by reason of Treasury Regulations § 1.1502-6 or any analogous or similar foreign, state or local law; (d) of any other Person for which a member of the Company Group is or has been liable as a transferee or successor, or by contract, resulting from events, transactions or relationships occurring or existing prior to the Closing or (e) that are Transfer Taxes; *provided* that Seller Taxes will not include any Taxes (1) taken into account as Current Liabilities or (2) that result from any action taken on the Closing Date by, or at the direction of, the Buyer outside the ordinary course of business.

“**Straddle Period**” means any Tax period beginning on or before and ending after the Closing Date.

“**Subject Interests**” has the meaning set forth in the recitals.

“**Target Net Working Capital Amount**” means \$1,500,000.

“**Tax**” or “**Taxes**” means (i) any taxes, assessments, fees, unclaimed property and escheat obligations and other governmental charges imposed by any Taxing Authority, including income, profits, gross receipts, net proceeds, alternative or add-on minimum, ad valorem, value added, turnover, sales, use, property, personal property (tangible and intangible), environmental, stamp,

leasing, lease, user, excise, duty, franchise, capital stock, transfer, registration, license, withholding, social security (or similar), unemployment, disability, payroll, employment, social contributions, fuel, excess profits, occupational, premium, windfall profit, severance, estimated, or other charge of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not; (ii) any liability for the payment of any amounts of the type described in clause (i) as a result of being a member of a Consolidated Group for any period and (iii) any liability for the payment of any amounts of the type described in clause (i) or (ii) as a result of the operation of law or any express or implied obligation to indemnify any other Person.

“**Tax Proceeding**” has the meaning set forth in Section 6.5(f).

“**Tax Return**” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto and any amendment thereof.

“**Taxing Authority**” means, with respect to any Tax, the Governmental Entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision, including any Governmental Entity or agency that imposes, or is charged with collecting, social security or similar charges or premiums.

“**Third Party Claim**” has the meaning set forth in Section 9.6(b).

“**Transaction**” means the consummation of the transactions contemplated by the Transaction Documents.

“**Transaction Expenses**” means all fees, costs and expenses (excluding Taxes) of any brokers, financial advisors, consultants, accountants, attorneys or other professionals incurred by any member of the Company Group in connection with any efforts to sell the Subject Interests or directly or indirectly the Panther Creek Plant, including the preparation, marketing, auction, structuring, negotiation or consummation of the Transactions.

“**Transaction Documents**” means this Agreement, the Assignment and Assumption Agreement, and each of the other documents and instruments to be delivered hereunder.

“**Transfer Taxes**” has the meaning set forth in Section 6.5(b).

STRONGHOLD DIGITAL MINING, INC.

Subsidiaries

<u>Company</u>	<u>Jurisdiction of Organization</u>
Stronghold Digital Mining Holdings LLC	Delaware
EIF Scrubgrass, LLC	Delaware
Falcon Power LLC	California
Stronghold Digital Mining LLC	Delaware
Stronghold Digital Mining Equipment, LLC	Delaware
Scrubgrass Power LLC	Pennsylvania
Scrubgrass Reclamation Company, L.P.	Delaware
Leesburg Properties, Inc.	Delaware
Clearfield Properties Inc.	Delaware

Consent of Independent Registered Public Accounting Firm

To the Partners and Members
and Board of Directors
Scrubgrass Generating Company, L.P. and
Stronghold Digital Mining, LLC.
Kennerdell, Pennsylvania

We hereby consent to the use in the Prospectus constituting a part of this Registration Statement of our report dated May 7, 2021, relating to the combined financial statements of Scrubgrass Generating Company, L.P. and Stronghold Digital Mining, LLC. which are contained in that Prospectus and Registration Statement.

We also consent to the reference to us under the caption "Experts" in the Prospectus.

/s/ Urish Popeck & Co., LLC

Pittsburgh, PA

July 26, 2021

Consent of Independent Registered Public Accounting Firm

To the Stockholders' and
Board of Directors
Stronghold Digital Mining, Inc.

We hereby consent to the use in the Prospectus constituting a part of this Registration Statement of our report dated July 26, 2021, relating to the financial statement of Stronghold Digital Mining, Inc. which is contained in that Prospectus and Registration Statement.

We also consent to the reference to us under the caption "Experts" in the Prospectus and Registration Statement.

/s/ Urish Popeck & Co., LLC

Pittsburgh, PA

July 26, 2021

Consent of Independent Auditor

To the Members of
Panther Creek Power Operating LLC
Nesquehoning, PA

We hereby consent to the use in the Prospectus constituting a part of this Registration Statement of our report dated June 11, 2021, relating to the financial statements of Panther Creek Power Operating LLC, which is contained in that Prospectus. Our report contains an explanatory paragraph regarding Panther Creek Power Operating LLC's ability to continue as a going concern.

We also consent to the reference to us under the caption "Experts" in the Prospectus and Registration Statement.

/s/ Urish Popeck & Co., LLC

Pittsburgh, PA

July 26, 2021