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

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): January 31, 2023

Stronghold Digital Mining, Inc.

(Exact Name of registrant as specified in its charter)

Delaware		
(State or other jurisdiction of incorporation)		
001-40931		**86-2759890**
(Commission File Number)		(IRS Employer Identification No.)
595 Madison Avenue, 28th Floor **New York, New York**		**10022**
(Address of principal executive offices)		(Zip Code)

(845) 579-5992
Registrant's telephone number, including area code

Not Applicable
(Former name or former address, if changed since last report)

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

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

Emerging growth company ☒

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

Item 1.01 Entry into a Material Definitive Agreement.

WhiteHawk Credit Agreement Amendment

As previously announced, on October 27, 2022, Stronghold Digital Mining, Inc. (the "**Company**") entered into a secured credit agreement (the "**Credit Agreement**") with WhiteHawk Finance LLC ("**WhiteHawk**") to refinance the equipment financing agreement, dated June 30, 2021 by and between Stronghold Digital Mining Equipment, LLC ("**Stronghold LLC**") and WhiteHawk (the "**WhiteHawk Financing Agreement**"), effectively terminating the WhiteHawk Financing Agreement. The Credit Agreement consists of $35.1 million in term loans and $23.0 million in additional commitments.

On February 6, 2023, the Company, Stronghold LLC, as borrower, their subsidiaries and WhiteHawk Capital Partners LP, as collateral agent and administrative agent, and the other lenders thereto, entered into an amendment to the Credit Agreement (the "**First Amendment**") in order to modify certain covenants and remove certain prepayment requirements contained therein. All capitalized words used but not defined herein have the meanings assigned in the First Amendment. Following the First Amendment, Stronghold LLC will be permitted to pay interest in kind in each month that its average daily cash balance (including cryptocurrencies) is less than $5,000,000, up to a maximum of six elections during the life of the Credit Agreement. As a result of the First Amendment, amortization payments for the period from February 2023 through July 2024 will not be required, with monthly amortization resuming July 31, 2024. Beginning June 30, 2023, following a five month holiday, Stronghold LLC will make monthly prepayments of the loan in an amount equal to 50% of its average daily cash balance (including cryptocurrencies) in excess of $7,500,000 for such month. The First Amendment also modifies the financial covenants to (i) in the case of the requirement of the Company to maintain a leverage ratio no greater than 4.00:1.00, such covenant will not be tested until the fiscal quarter ending September 30, 2024 and (ii) in the case of the minimum liquidity covenant, modified to require minimum liquidity at any time to be not less than: (A) until March 31, 2024, $2,500,000; (B) during the period beginning April 1, 2024 through and including December 31, 2024, $5,000,000; and (C) from and after January 1, 2025, $7,500,000. The average monthly minimum liquidity requirement has been removed entirely. The First Amendment requires the Company to produce a budget, to be approved by the Required Lenders, and to resolve all claims of and amounts payable to Bruce & Merrilees Electric Company in a manner satisfactory to the Required Lenders by February 28, 2023.

During the term of the Credit Agreement, the Administrative Agent (at the direction of the Required Lenders) will have the right to designate a board observer to attend meetings of the Company's board of directors (the "**Board**") and all committees thereof. Such person will not be entitled to vote on or consent to any matters presented to the Board or any committees thereof. Such observer may be excluded from certain meetings or discussions in limited circumstances. The Company will reimburse the observer for its reasonable out-of-pocket expenses incurred in connection with attending any meetings, but none of the Lenders or such observer will receive any additional compensation or remuneration for such services.

Further, on or prior to February 28, 2023, the Company has agreed to appoint an additional independent director that is reasonably satisfactory to the Required Lenders to its Board to serve until the Company's next annual meeting, and to nominate such person for election at its next annual meeting. Such person, once identified, will have certain board observer rights pending appointment. Further, the failure of the Sponsor, which includes Q Power LLC (which is controlled by Greg Beard, the Co-Chairman and Chief Executive Officer of the Company, and Bill Spence, the other Co-Chairman of the Company), to vote for such person as a director will constitute an event of default under the Credit Agreement.

Limited Waiver Agreement

As part of discussions regarding the First Amendment, on January 31, 2023, Stronghold LLC, as borrower, entered into a Limited Waiver Agreement with WhiteHawk (the "**Limited Waiver Agreement**") to delay the principal portion of the amortization payment due January 31, 2023 to February 6, 2023, conditioned upon Stronghold LLC making the interest payment due and payable on January 31, 2023. Such interest payment was made on January 31, 2023. Following the execution of the First Amendment on February 6, 2023, the Company was not required to make any principal portion of the amortization payment except as required under the First Amendment.

The foregoing description of the First Amendment is not intended to be complete and is qualified in its entirety by reference to the full text of the First Amendment, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated into this Item 1.01 by reference. The foregoing description of the Limited Waiver Agreement is not intended to be complete and is qualified in its entirety by reference to the full text of the Limited Waiver Agreement, a copy of which will be filed with the Annual Report on Form 10-K for the year ending December 31, 2022.

Item 8.01 Other Events

Press Release

On February 7, 2023, the Company issued a press release announcing the First Amendment and its entry into a two-year hosting agreement with Foundry Digital LLC. A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated into this Item 8.01 by reference.

Updated Disclosure

In connection with the filing of an amendment to the registration statement on Form S-3 registering the resale of certain securities and with certain other recent developments as disclosed in this Current Report on Form 8-K, the Company is filing (i) certain business updates set forth in Exhibit 99.2 and (ii) the risk factors set forth in Exhibit 99.2 attached hereto to update and supplement certain of the risk factors previously provided under "Risk Factors" in Part I, Item 1A. in the Company's Annual Report on Form 10-K for the year ended December 31, 2021, as amended by its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022 and September 30, 2022, each as filed with the Securities and Exchange Commission, and as may be further updated by its Current Reports on Form 8-K. The disclosure set forth in Exhibit 99.2 is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.1	First Amendment to Credit Agreement, dated as of February 6, 2023, by and among Stronghold Digital Mining, Inc. as Holdings and a Guarantor, Stronghold Digital Mining Holdings, LLC as Borrower, each subsidiary of the Borrower listed as a Guarantor therein, WhiteHawk Finance LLC and/or its affiliates or designees and the other lenders from time-to-time party thereto as Lenders and WhiteHawk Capital Partners LP, as Collateral Agent and Administrative Agent.
99.1	Press release, dated as of February 7, 2023.
99.2	Updated Business and Risk Factors Disclosure.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

STRONGHOLD DIGITAL MINING, INC.

Date: February 7, 2023

By: /s/ Gregory A. Beard
Name: Gregory A. Beard
Title: Chief Executive Officer and Co-Chairman

Exhibit 10.1

FIRST AMENDMENT TO CREDIT AGREEMENT

This First Amendment to the Credit Agreement (defined below) (this "First Amendment") is entered into as of February 6, 2023, by and among Stronghold Digital Mining, Inc., a Delaware corporation ("Holdings"), Stronghold Digital Mining Holdings, LLC, a Delaware limited liability company (the "Borrower"), each Subsidiary of the Borrower listed as a "Guarantor" on the signature pages hereto (together with Holdings, each a "Guarantor" and collectively, the "Guarantors"), the Lenders (as defined below) party hereto, Whitehawk Capital Partners LP ("Whitehawk Capital"), as collateral agent for the Lenders (in such capacity, together with its designees, successors and assigns, the "Collateral Agent") and Whitehawk Capital, as administrative agent for the Lenders (in such capacity, together with its designees, successors and assigns, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents")and the Lenders (as defined below) party hereto.

W I T N E S S E T H

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

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

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

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

1. Defined Terms. Each capitalized term used herein and not defined herein shall have the meaning ascribed to such term in the Credit Agreement.

2. Amendments to the Credit Agreement. Subject to the satisfaction (or waiver in writing by the Administrative Agent and undersigned Lenders which constitute at least Required Lenders) of the conditions set forth in Section 3 hereof and in reliance on the representations and warranties of the Loan Parties set forth in this First Amendment and in the Credit Agreement, in accordance with Section 10.01 of the Credit Agreement, the Borrower, Holdings, Administrative Agent and each of the Lenders hereby agree that the Credit Agreement is amended and modified as follows:

(a) Existing Definitions:

i) The defined term "Capital Expenditures" in the Credit Agreement is amended by replacing the phrase "Section 2.05(c)(vi)" in clause (B) thereof with "Section 2.05(c)(viii)".

ii) The defined term "Existing Subordinated Indebtedness Prepayment Basket Equity Raises" is deleted in its entirety and all references to such term in the Credit Agreement and the other Loan Documents are also deleted.

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

i) "Approved Budget" has the meaning specified therefor in Section 7.01(a)(xx).

ii) "Average Cash Balance" means, for any period of determination, (a) the sum of (i) the aggregate amount of Unrestricted cash and Cash Equivalents of the Loan Parties and (ii) the Dollar equivalent of Cryptocurrencies of each Loan Party, in each case for clauses (i) and (ii), for each day during such period (and for any particular day such balance as at 5:00 p.m. on such day) divided by (b) the actual number of days during such period.

iii) "Excess Cash" means, for any period of determination, (a) the Average Cash Balance during for such period minus (b) $7,500,000.

iv) "First Amendment" means the First Amendment to this Agreement dated as of February 6, 2023.

v) "First Amendment Effective Date" has the meaning specified therefor in the First Amendment.

vi) "PIK Option" has the meaning specified therefor in Section 2.04(c).

vii) "SG&A" means, with respect to any Person, all direct and indirect selling expenses of such Person, as well as all general and administrative expenses, including salaries of employees, rent expense, and any other costs of selling product or administrating the business of such Person.

viii) "Unapproved Budget" has the meaning specified therefor in Section 7.01(a)(xx).

(c) Section 2.04(c) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein; *provided* that, so long as no Default or Event of Default exists, and the Average Cash Balance for a calendar month (calculated, until the penultimate Business Day of such calendar month and for the number of days in such calendar month for which such calculation is made) with respect to the Interest Payment Date in such calendar month is less than $5,000,000, then, at the Borrower's option (the "PIK Option") the interest that is payable for such calendar month on the Interest Payment Date for such calendar month may be paid-in-kind by capitalizing such interest and adding such amount to the principal amount of the outstanding Loans (which shall then accrue interest as provided under clause (a) or clause (b), above) (and the Borrower shall provide the Administrative Agent with written notice of an election to pay such interest in-kind before 1 p.m. on the applicable Interest Payment Date (together with the calculation of Average Cash Balance (calculated, until the penultimate Business Day of such calendar month and for the number of days in such calendar month for which such calculation is made)); *provided further* that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an Reference Rate Loan prior to the Maturity Date), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any SOFR Borrowing prior to the end of the Interest Period therefor, accrued interest on such SOFR Borrowing shall be payable on the effective date of such conversion and (iv) the PIK Option shall not be exercised more than six (6) times during the term of this Agreement."

(d) Section 2.05(c)(i) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(A) with respect to the Initial Term Loan, equal monthly installments of $976,372.52 each on the last Business Day of each calendar month, commencing July 31, 2024, until the Final Maturity Date and (B) with respect to any Delayed Draw Term Loan, equal monthly installments of $638,8888.89 each on the last Business Day of each calendar month, commencing July 31, 2024, until the Final Maturity Date. Aggregate monthly amortization shall be $1,615,261.41."

(e) Section 2.05(c)(v) of the Credit Agreement is amended by deleting the following in its entirety:

"(*provided* that in the case of proceeds from a Permitted Disposition of newly delivered miners from "Minerva" which were ordered and paid for in cash prior to August 16, 2022, to the extent the Borrower and its Subsidiaries have at least 35,000 or more "miners" at such time the mandatory prepayment shall be at the rate of 50% of such Net Cash Proceeds and if the Borrower and its Subsidiaries have fewer than 35,000 "miners", the prepayment amount shall be 100% of the Net Cash Proceeds)".

(f) Section 2.05(c)(v) of the Credit Agreement is amended by:

i) Adding the following at the end of the phrase "Permitted Disposition" in the second line thereof:

"(provided that such reinvestment exclusion shall not apply with respect to the required prepayment from proceeds of sale of Dispositions permitted under clause (l) of the definition of "Permitted Disposition")".

ii) replacing the phrase "Section 2.05(c)(vi)" immediately prior to the end thereof with "Section 2.05(c)(viii)".

(g) Section 2.05(c) of the Credit Agreement is amended:

i) By redesignation and renumbering clause "(vi)" thereof as clause "(viii)".

ii) Adding the following as a new clause "(vi)" immediately after the existing clause (v):

"(v) within three (3) Business Days following the end of each calendar month, commencing with the month ending June 30, 2023, 50% of the Excess Cash for such calendar month as a prepayment of the Obligations in accordance with Section 2.05(c)(viii); *provided* that at the end of (A) each quarter commencing with the quarter ending September 30, 2023, if 50% of the Excess Cash for such quarter is greater than the sum of the amount of the Excess Cash actually paid by the Borrower at the end of each calendar month during such quarter, then within three (3) Business Days following the end of each such quarter and (B) each calendar year commencing with the year ending December 31, 2023, if 50% of the Excess Cash for such calendar year is greater than the sum of the amount of the Excess Cash actually paid by the Borrower at the end of each calendar month during such calendar year, then within three (3) Business Days following the end of each such calendar year (provided however that the calculation for the calendar year ended 2023 shall be for the period June 1, 2023 through December 31, 2023), in each case of sub-clauses (A) and (B), the Borrower shall pay such excess as a prepayment of the Obligations in accordance with Section 2.05(c)(viii)."

iii) Adding the following as a new clause "(vii)" immediately after clause (vi):

"within three (3) Business Days following the receipt by Holdings and/or the Borrower of cash proceeds from any issuances of Equity Interests by Holdings and/or the Borrower (other than to Holdings), the Borrower shall pay 100% of such proceeds of such issuances of Equity Interests to reduce the then unpaid and/or capitalized interest as a result of the Borrower exercising the PIK Option."

(h) Section 2.05(c)(viii) of the Credit Agreement is amended by amending and restating the first sentence thereof to read as follows:

"Each prepayment pursuant to subsections (c)(i), (c)(ii), (c)(iii), (c)(iv) and (c)(v) above shall be applied to the Term Loans (for the avoidance of doubt, pro rata as between the Initial Term Loan and the Delayed Draw Term Loans (if any)), until paid in full."

(i) Section 7.01(a) of the Credit Agreement is amended as follows:

i) The "and" at the end of clause (xviii) is deleted.

ii) The "." at the end of clause (xix) is deleted and replaced with "; and".

iii) The following is added as a new clause (xx):

"The Borrower shall (A) no later than February 24, 2023, deliver to the Administrative Agent (who shall promptly furnish to the Lenders) for approval by the Required Lenders a thirteen-week operating budget (such budget prior to Required Lender approval, the "Unapproved Budget") reflecting the Borrower's good faith projection of all weekly cash receipts and disbursements commencing February 27, 2023 (which would include, without limitation, a projected detailed profit and loss projection, SG&A, operating expenditures, Capital Expenditures and operation and maintenance expenditures), in each case, in form and substance satisfactory (including with respect to information and line items thereof) to the Required Lenders in connection with the operation of the business of the Loan Parties and their Subsidiaries during such thirteen-week period (the "Approved Budget") and (B) provide updates of the Approved Budget every fourth week in form and substance satisfactory (including with respect to information and line items thereof) to the Required Lenders and for approval by the Required Lenders, not later than the fourth Friday following each last Approved Budget, by deleting the first four weeks included in the previously Approved Budget and adding the four weeks immediately succeeding the last week included in the previously Approved Budget, together with a report, in a form reasonably acceptable to the Required Lenders, comparing actual cash receipts and disbursements for the immediately preceding four weeks in the Approved Budget compared to projected cash receipts and disbursements for such four weeks as set forth in the Approved Budget and disclosing the issues giving rise or otherwise related to any material variances reflected therein (provided that variance per line item on a four week basis shall not exceed 5% (except with respect to cash receipts which can exceed the 5% threshold)); *provided* that at any time the PIK Option is exercised, then for the eight (8) week period from and after the date a PIK Option has been exercised, provide bi-weekly updates not later than Friday of every other week following the exercise of the PIK Option, by deleting the first two weeks included in the previously Approved Budget and adding the two weeks immediately succeeding the last week included in the previously Approved Budget in form and substance satisfactory (including with respect to information and line items thereof) to the Required Lenders (and until the Required Lenders approve such updates, it would be deemed to be an Unapproved Budget) and for approval by the Required Lenders, together with a report, in a form reasonably acceptable to the Administrative Agent and the Required Lenders, comparing actual cash receipts and disbursements for the immediately preceding two weeks in the Approved Budget compared to projected cash receipts and disbursements for such week as set forth in the Approved Budget and disclosing the issues giving rise or otherwise related to any material variances reflected therein (provided that variance per line item on a bi-weekly basis shall not exceed 5% (except with respect to cash receipts which can exceed the 5% threshold)); and"

(j) Add the following as a new clause (u) to Section 7.01:

"For so long as the Credit Agreement is in effect, the Administrative Agent (at the direction of the Required Lenders) shall have the right to designate one (1) representative of the Administrative Agent to attend all meetings of the Board of Directors or similar governing body of Holdings (and any committees thereof), as applicable, as an observer. Such representative shall satisfy the general director suitability standards of Holdings for its Board of Directors. Such representative shall not constitute a member of the Board of Directors or any committee thereof and shall not be entitled to vote on, or consent to, any matters presented to the Board of Directors or any committee thereof. The Administrative Agent shall have the right to change its designated representative from time to time by notice to Holdings. Such representative may participate in discussions of matters brought before the Board of Directors or any committee thereof; *provided* that, such observer shall be recused from all or a portion of any meeting or discussion where, if such observer was a director on the Board of Directors, it would be customary and advisable for such director to do so, as determined by a majority of the independent members of the Board of Directors upon advice of counsel (such as, for example, when the observer has a conflict of interest), or where necessary or desirable to preserve attorney-client privilege between Holdings and its counsel. Subject to the preceding sentence, such representative will be entitled to receive copies of all materials prepared for such meetings (or otherwise prepared for the Board of Directors). The Loan Parties will reimburse (or cause one or more of its Subsidiaries to reimburse) such observer for all reasonable out-of-pocket expenses incurred in connection with attending such meetings, but none of the Lender or any such observer shall receive any additional compensation or remuneration in respect of such observer's service. Such representative shall agree to maintain the confidentiality of all non-public information and proceedings of the Board of Directors and any committee of the Board of Directors and to abide by all confidentiality agreements and provisions in place with the Administrative Agent and any Loan Party; *provided* that such representative shall have access to all information and materials and shall attend all meetings of the Board of Directors at which any Person that constitutes the Sponsor is present or permitted to be present (in-person or otherwise), except as provided above."

(k) Add the following as a new clause (v) to Section 7.01:

"On or prior to February 28, 2023, Holdings shall appoint one (1) additional independent director (reasonably satisfactory to the Required Lenders) to its Board of Directors to fill the remaining term of a vacant seat on the Board of Directors, which is expected to expire in June 2023; *provided* that pending such vacancy, such appointee shall have the right as an observer only, to attend any and all meetings of Holdings and other Loan Parties' Board of Directors that any member of Holdings or any other Loan Parties' Board of Directors attends; *provided further* that, such proposed "independent director", if an observer shall be recused from all or a portion of any meeting or discussion where, if such observer was a director on the Board of Directors, it would be customary and advisable for such director to do so, as determined by a majority of the independent members of the Board of Directors upon advice of counsel (such as, for example, when the observer has a conflict of interest), or where necessary or desirable to preserve attorney-client privilege between Holdings and its counsel). Thereafter, Holdings, by and through its Board of Directors and Nominating and Governance Committee shall nominate an independent director (reasonably satisfactory to the Required Lenders) and recommend a vote for such nominee; *provided* that (x) failure of any Person constituting Sponsor to vote in favor of such candidate shall be an Event of Default under this Agreement and (y) pending such vote or if such person is not voted in as a member of the Board of Directors, such appointee shall have the right as an observer only to attend any and all meetings of Holdings and other Loan Parties' Board of Directors that any member of Holdings or any other Loan Parties' Board of Directors attends or is permitted to attend as a board observer (in addition to the board observer specified in new clause (u) above; *provided further* that, such proposed "independent director", if an observer shall be recused from all or a portion of any meeting or discussion where, if such observer was a director on the Board of Directors, it would be customary and advisable for such director to do so, as determined by a majority of the independent members of the Board of Directors upon advice of counsel (such as, for example, when the observer has a conflict of interest), or where necessary or desirable to preserve attorney-client privilege between Holdings and its counsel."

(l) Add the following as a new clause (w) to Section 7.01:

"On or prior to February 28, 2023 (or such later date as the Administrative Agent may agree), the Loan Parties shall have resolved all claims of and amounts payable to Bruce & Merrilees Electric Company having an address at 930 Cass Street, New Castle, PA 16101 in a matter satisfactory to the Required Lenders and until such resolution and/or in connection with such resolution, no cash payment shall be made to Bruce & Merrilees Electric Company without the prior written consent of the Required Lenders."

(m) Section 7.02(c)(ii) of the Credit Agreement is amended by replacing the phrase "Section 2.05(c)(vi)" in the last line thereof with "Section 2.05(c)(viii)".

(n) Section 7.02(e) of the Credit Agreement is amended by amending and restating the last paragraph thereof to read as follows:

"Notwithstanding anything set forth herein, (1) no Loan Party shall loan, contribute, assign, transfer or otherwise dispose of any intellectual property or any Crypto Asset to any non-Loan Party, (2) non-Loan Parties shall not own any Crypto Asset or any intellectual property other than intellectual property that is de minimis in value and that has been independently developed by a non-Loan Party, (3) no Loan Party shall acquire and/or purchase any new "miners" (except for the previously paid for "Minerva" miners) without the prior written consent of the Agent and Required Lenders, (4) neither any Loan Party nor any Subsidiary of any Loan Party shall consummate any Acquisition (including any Permitted Acquisitions and Holdings Permitted Acquisitions) without the prior written consent of the Agent and Required Lenders, (5) neither any Loan Party nor any Subsidiary of any Loan Party shall purchase or otherwise acquire or commit or agree to purchase or otherwise acquire any shares of the Equity Interests without the prior written consent of the Agent and Required Lenders, (6) neither any Loan Party nor any Subsidiary of any Loan Party shall purchase or otherwise acquire or commit or agree to purchase or otherwise acquire assets of any Person (other than in the ordinary course) without the prior written consent of the Agent and Required Lenders, (7) no Loan Party shall make any Capital Expenditures (except as set forth in the Approved Budget) without the prior written consent of the Agent and Required Lenders, (8) no Loan Party shall make any expenditures in connection with the replacement, substitution or restoration of such Person's assets or operation and maintenance of its assets (except as set forth in the Approved Budget) without the prior written consent of the Agent and Required Lenders, (9) no Loan Party shall incur any SG&A (except as set forth in the Approved Budget) without the prior written consent of the Agent and Required Lenders."

(o) Section 7.02(h) of the Credit Agreement is amended by amending and restating it to read as follows:

"Enter into, renew, extend or be a party to, or permit any of its Subsidiaries to enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate, except (i) [reserved], (ii) transactions (x) with another Loan Party and (y) between Subsidiaries that are not Loan Parties, (iii) transactions expressly permitted under this Agreement, (iv) sales or issuances of Qualified Equity Interests of Holdings to Affiliates of the Borrower not otherwise prohibited by the Loan Documents and the granting of registration and other customary rights in connection therewith, (v) the payment of fees and expenses in connection with the consummation of the Transaction, (vi) entering into employment and severance arrangements between the Borrower, any other Loan Party and their Subsidiaries and their respective officers and employees, (vii) other transactions set forth on Schedule 7.02(h); provided that no payments shall be permitted to be made in respect of any such transaction if it is not in the Approved Budget, (viii) the payment of customary fees and reimbursement of reasonable out-of-pocket costs of, and customary indemnities provided to or on behalf of, directors, officers and employees of the Borrower, the other Loan Parties and their Subsidiaries in the ordinary course of business or to their Affiliates, (ix) perform its obligations under the Stronghold LLC Agreement as in effect on the Effective Date; provided that no payments shall be permitted to be made if a payment or bankruptcy Event of Default exists under this Agreement shall exist or shall result therefrom and (ix) so long as no payment or bankruptcy Event of Default exists under this Agreement, perform its obligations under the Tax Receivable Agreement, including making any payments under the Tax Receivable Agreement."

(p) Section 7.02(k)(ii) of the Credit Agreement is amended by amending and restating it to read as follows:

"except for (x) the Obligations and (y) any Indebtedness owing by a Subsidiary of a Loan Party to a Loan Party or to another Subsidiary of a Loan Party if the obligor is not a Loan Party, make any payment (including, without limitation, any payment of interest), prepayment, redemption, defeasance, sinking fund payment or other acquisition for value of any of its or its Subsidiaries' Indebtedness, whether or not senior or junior unsecured Indebtedness or junior lien secured Indebtedness, Subordinated Indebtedness or any Disqualified Equity Interest (including, without limitation, by way of depositing money or securities with the trustee therefor before the date required for the purpose of paying any portion of such Indebtedness when due), or refund, refinance, replace or exchange any other Indebtedness for any such Indebtedness (except to the extent such Indebtedness is otherwise expressly permitted by the definition of "Permitted Indebtedness" (except with respect to Subordinated Indebtedness) or such transaction is a Permitted Refinancing (in each case other than with respect to any Disqualified Equity Interest)), including, as a result of any asset sale, change of control, issuance and sale of debt or equity securities or similar event; *provided* that that with respect to Subordinated Indebtedness, no payment (including, without limitation, any payment of interest), scheduled amortization payment, voluntary or optional payment (including, without limitation, any payment of interest in cash that, at the option of the issuer, may be paid in cash or in kind) prepayment, redemption, defeasance, sinking fund payment or other acquisition for value thereof or refund, refinance, replace or exchange any other Indebtedness for any such Indebtedness shall be permitted, except as expressly permitted under the terms of the Subordination Agreement with respect to such Indebtedness;"

(q) Section 7.03(a) of the Credit Agreement is amended by amending and restating it to read as follows:

"Commencing with the fiscal quarter ending September 30, 2024, permit the Total Leverage Ratio of the Loan Parties (on a consolidated basis) for each period of four (4) consecutive fiscal quarters (each a "Test Period") of the Loan Parties (on a consolidated basis) to be greater than 4.00:1.00."

(r) Section 7.03(b)(i) of the Credit Agreement is amended by amending and restating it to read as follows:

"At all times, Liquidity shall not be less than: (A) until March 31, 2024, $2,500,000; (B) during the period beginning April 1, 2024 through and including December 31, 2024, $5,000,000; and (C) from and after January 1, 2025, $7,500,000."

(s) Section 7.03(b)(ii) of the Credit Agreement is amended by amending and restating it to read as follows: "[reserved]".

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

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

3. Conditions Precedent. This First Amendment shall become effective (the "First Amendment Effective Date") immediately when:

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

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

(c) The Loan Parties shall have delivered to the Administrative Agent an opinion of counsel to the Loan Parties, in form and substance reasonably satisfactory to the Required Lenders; *provided* that the opinion of Pennsylvania counsel for the Loan Parties may be delivered on or prior to February 8, 2023 notwithstanding an earlier First Amendment Effective Date.

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

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

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

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

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

5. Post-Closing Obligation.

(a) The opinion of Pennsylvania counsel for the Loan Parties, in form and substance reasonably satisfactory to the Required Lenders, shall be delivered on or prior to February 8, 2023 and failure to deliver same on or prior to February 8, 2023 shall be an immediate Event of Default under the Credit Agreement.

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

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

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

8. Miscellaneous.

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

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

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

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

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

9. General Release.

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

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

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

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written above.

BORROWER:

STRONGHOLD DIGITAL MINING HOLDINGS LLC

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

HOLDINGS (and a Guarantor):

STRONGHOLD DIGITAL MINING, INC.

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

GUARANTORS:

LIBERTY BELL FUNDING LLC

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

EIF SCRUBGRASS, LLC

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

PANTHER CREEK POWER OPERATING, LLC

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

STRONGHOLD DIGITAL MINING PENN, LLC

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

STRONGHOLD DIGITAL MINING OPERATING, LLC

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

SCRUBGRASS POWER LLC

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

STRONGHOLD DIGITAL MINING LLC

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

STRONGHOLD DIGITAL MINING EQUIPMENT, LLC

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

SCRUBGRASS RECLAMATION COMPANY, L.P.

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

STRONGHOLD DIGITAL MINING BT, LLC

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

STRONGHOLD DIGITAL MINING TH, LLC

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

STRONGHOLD DIGITAL MINING HASHCO, LLC

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

OLYMPUS PANTHER HOLDINGS, LLC

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

PANTHER CREEK PERMITTING, LLC

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

CLEARFIELD PROPERTIES, INC.

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

PANTHER OP INTEREST HOLDINGS, LLC

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

STRONGHOLD DIGITAL MINING HOSTING, LLC

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

COLLATERAL AGENT AND ADMINISTRATIVE AGENT:

WHITEHAWK CAPITAL PARTNERS LP,
as Administrative Agent and Collateral Agent

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

LENDER:

WHITEHAWK FINANCE LLC

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

Exhibit 99.1

STRONGHOLD

DIGITAL MINING

Stronghold Digital Mining Strengthens Financial Position through Credit Agreement Amendment and Two-Year Foundry Hosting Agreement

NEW YORK, February 7, 2023 – Stronghold Digital Mining, Inc. (NASDAQ: SDIG) ("Stronghold", or the "Company") today announced that it, its affiliate, Stronghold Digital Mining Holdings, LLC ("Borrower"), and each subsidiary of Borrower have entered into an agreement (the "Amended Credit Agreement") to substantially amend its credit agreement dated October 27, 2022 (the "Original Credit Agreement") with Whitehawk Finance LLC and/or its affiliates or designees and the other lenders from time to time party hereto (collectively, the "Lenders") and Whitehawk Capital Partners LP as collateral agent for the Lenders and as administrative agent for the Lenders. Separately, the Company entered into a new two-year hosting agreement with Foundry Digital LLC ("Foundry"), replacing its previously announced temporary hosting agreement.

Amended Credit Agreement

The Amended Credit Agreement is designed to provide Stronghold with significantly enhanced liquidity and financial flexibility. The Company and the Lenders have agreed to the following key terms:

- **No mandatory principal amortization payments until July 2024.** Based on the Original Credit Agreement, Stronghold was required to pay approximately $29 million in cumulative monthly principal amortization through June 2024.
- **Principal repayment through cash sweep.** Following a five-month complete amortization holiday, beginning in June 2023, at the end of each month, Stronghold will repay the principal amount of debt outstanding through a monthly cash sweep calculated as 50% of the average daily cash balance for the month in excess of $7.5 million.
- **Option to pay interest in kind for up to six months.** If Stronghold's average daily cash balance during a month is less than $5 million, the Company may elect to pay interest in kind, instead of using cash, for the respective month.
- **Elimination of all leverage covenants before Q3 2024.** Beginning on September 30, 2024 and at the end of each quarter thereafter, a 4.0:1.0 net debt-to-EBITDA ratio covenant applies.
- **Reduced minimum liquidity covenants.** The minimum allowable liquidity (defined as unrestricted cash plus Bitcoin), at any given time, is $2.5 million through March 31, 2024, $5.0 million from April 1, 2024 through December 31, 2024, and $7.5 million thereafter.
- **No dilution.** No equity will be issued in relation to the Amended Credit Agreement.

"With a lot of hard but necessary work, we have successfully restructured nearly our entire balance sheet to make the Company more resilient, and I am very excited about the next phase for Stronghold," said Greg Beard, co-chairman and chief executive officer of Stronghold. "Our efforts to anticipate and respond proactively to challenges in our markets while prioritizing liquidity have helped us endure through this environment. With this amendment and our previously announced convertible debt exchange agreement, which remains on track to close this month, we will have removed all material mandatory principal repayments through the middle of 2024. We believe this puts Stronghold on course to capture significant value from our key markets, power and Bitcoin."

The table below summarizes the key terms of the Amended Credit Agreement compared to the terms of the Original Credit Agreement:

	Original Credit Agreement	Amended Credit Agreement
Principal Amount Outstanding (as of 2/3/23)	• ~$54.9mm	• Unchanged
Coupon	• SOFR + 10% (3% SOFR floor)	• Unchanged
Ability to Pay Interest in Kind	• No	• Yes, for up to 6 months, only if average daily cash balance for the respective month is less than $5mm
Mandatory Amortization	• ~$1.6mm per month through end of term	• $0 through June 2024 • Then ~$1.6mm per month through end of term
Cash Sweep to Lender	• None	• Beginning in June 2023, 50% of average monthly cash balance in excess of $7.5mm until debt is repaid
Minimum Liquidity Covenants (Absolute | Monthly Average)	• Through 6/30/23: $7.5mm | $10.0mm • Thereafter: $7.5mm | $20.0mm	• Through 3/31/24: $2.5mm | none • 4/1/24 through 12/31/24: $5.0mm | none • Thereafter: $7.5mm | none
Leverage Covenants (Net Debt-to-EBITDA)	• As of 12/31/22: 7.5:1.0 • As of 3/31/23: 5.0:1.0 • As of 6/30/23: 4.0:1.0 • Thereafter: 4.0:1.0	• Before 9/30/24: none • Thereafter: 4.0:1.0
Board Representation	• No	• Right to approve one independent director and appoint one observer

Foundry Hosting Agreement

On February 6, 2023, the Company signed a two-year hosting agreement with Foundry (the "New Foundry Hosting Agreement"), replacing the previous hosting agreement entered into on November 7, 2022. The New Foundry Hosting Agreement applies to the same Bitcoin mining fleet of approximately 4,500 miners with total hash rate capacity of approximately 420 PH/s and average efficiency of approximately 35 J/TH. The New Foundry Hosting Agreement has similar terms to the previous hosting agreement, with a few notable differences:

- The agreement term is two years, with no unilateral early termination option.
- The applicable hosting fee will be the realized net cost of power at the Company's Panther Creek Plant plus 10%, calculated on a monthly basis.
- Foundry will participate in profit generated from selling power to the grid when miners are curtailed.

Beard commented, "We are excited to continue to partner with Foundry with this new long-term agreement, whereby Foundry will fully participate in our vertically integrated business model, validating our differentiated strategy. Further, the multi-year nature of the agreement offers certainty around keeping miners installed and is a natural pathway to fill a portion of our open miner slots capable of supporting approximately 4 EH/s of miners utilizing our self-generated power."

About Stronghold Digital Mining, Inc.
Stronghold is a vertically integrated Bitcoin mining company with an emphasis on environmentally beneficial operations. Stronghold houses its miners at its wholly owned and operated Scrubgrass Plant and Panther Creek Plant, both of which are low-cost, environmentally beneficial coal refuse power generation facilities in Pennsylvania.

Investor Contact:

Matt Glover or Jeff Grampp, CFA
Gateway Group, Inc.
SDIG@GatewayIR.com
1-949-574-3860

Media Contact:

contact@strongholddigitalmining.com

Forward Looking Statements:

The information, financial projections and other estimates contained herein contain "forward-looking" statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, including, but not limited to statements regarding the anticipated performance of the Company as a result of the restructuring of the Company's debt contemplated by the Amended Credit Agreement and closing of the previously announced exchange agreement with certain noteholders. Such projections and estimates are as to future events and are not to be viewed as facts, and reflect various assumptions of management of the Company concerning the future performance of the Company and are subject to significant business, financial, economic, operating, competitive and other risks and uncertainties and contingencies (many of which are difficult to predict and beyond the control of the Company) that could cause actual results to differ materially from the statements and information included herein. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue," "target" or other similar words or expressions. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Forward-looking statements may include statements about various risks and uncertainties, including those described under the heading "Risk Factors" as detailed from time to time in Stronghold's reports filed with the SEC, including Stronghold's annual report on Form 10-K, periodic quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the SEC. Such risk and uncertainties are not exclusive. Any forward-looking statements speak only as of the date of this communication. The Company does not undertake any obligation to update any forward-looking statements, whether as a result of new information or development, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements. Additionally, descriptions herein of market conditions and opportunities are presented for informational purposes only; there can be no assurance that such conditions will actually occur or result in positive returns. Recipients of this communication should make their own investigations and evaluations of any information referenced herein.

SUMMARY

Except as otherwise indicated or required by the context, all references to the "Company," "we," "us" or "our" relate to Stronghold Digital Mining, Inc. ("Stronghold Inc.") and its consolidated subsidiaries following the reorganization of the Company effected on April 1, 2021. References 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) 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.).

Recent Developments

General Digital Asset Market Conditions

The prices of cryptocurrencies, including Bitcoin, have experienced substantial volatility. For example, the price of Bitcoin ranged from a low of approximately $30,000 to a high of approximately $68,000 during 2021, and ranged from approximately $15,000 to approximately $50,000 during 2022. During 2022 and more recently in 2023, a number of companies in the crypto assets industry have declared bankruptcy, including Core Scientific Inc. ("Core Scientific"), Celsius Network LLC ("Celsius"), Voyager Digital Ltd. ("Voyager Digital"), Three Arrows Capital, BlockFi Lending LLC ("BlockFi"), FTX Trading Ltd. ("FTX"), and Genesis Global Holdco LLC ("Genesis Holdco"). Such bankruptcies have contributed, at least in part, to further price decreases in Bitcoin, a loss of confidence in the participants of the digital asset ecosystem and negative publicity surrounding digital assets more broadly. To date, aside from the general decrease in the price of Bitcoin and in our and our peers stock price that may be indirectly attributable to the bankruptcies in the crypto assets industry, we have not been indirectly or directly materially impacted by such bankruptcies. As of the date hereof, we have no direct or material contractual relationship with any company in the crypto assets industry that has experienced a bankruptcy. Additionally, there has been no impact on our hosting agreement or relationship with Foundry Digital, LLC or trading activities conducted with Genesis Global Trading, Inc. ("Genesis Trading"), an entity regulated by the New York Department of Financial Services and the SEC, that engages in the trading of our mined Bitcoin. The hosting agreement is performing in line with our expectations, and we continue to work towards the previously disclosed acquisition of the miners subject to the hosting agreement in exchange for cash, equity and profit share. Upon acquisition of these miners, the hosting arrangement would cease. The recent bankruptcy of Genesis Holdco, which is affiliated with the parent entity of Foundry and Genesis Trading, has not materially impacted this acquisition or the currently existing hosting arrangement, nor has it impacted trading activities with Genesis Trading. We continue to conduct diligence, including into liquidity or insolvency issues, on third-parties in the crypto asset space with whom we have potential or ongoing relationships. While we have not been materially impacted by any liquidity or insolvency issues with such third parties to date, there is no guarantee that our counterparties will not experience liquidity or insolvency issues in the future.

We safeguard and keep private our digital assets, including the Bitcoin that we mine, by utilizing storage solutions provided by Anchorage Digital Bank ("Anchorage"), which requires multi-factor authentication. While we are confident in the security of our digital assets held by Anchorage, given the broader market conditions, there can be no assurance that other crypto asset market participants, including Anchorage as our custodian, will not ultimately be impacted. Further, given the current conditions in the digital assets ecosystem, we are liquidating our mined Bitcoin often, and at multiple points every week through Anchorage. We continue to monitor the digital assets industry as a whole, although it is not possible at this time to predict all of the risks stemming from these events that may result to us, our service providers, our counterparties, and the broader industry as a whole. We cannot provide any assurance that we will not be materially impacted in the future by bankruptcies of participants in the crypto asset space. See "—Crypto Asset Mining Related Risks— Our crypto assets may be subject to loss, damage, theft or restriction on access" for additional information.

RISK FACTORS

Risks Related to Our Indebtedness and Liquidity

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

We have operated and expect to continue to operate at a loss as we continue to establish our business model and if Bitcoin prices continue to be low or decline further. In addition, we expect to need to raise additional capital to fund our working capital requirements, expand our operations, pursue our growth strategies and to respond to competitive pressures. 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. The global economy, including credit and financial markets, has recently experienced extreme volatility and disruptions, including diminished credit availability, rising interest and inflation rates, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. Such macroeconomic conditions could also make it more difficult for us to incur additional debt or obtain equity financing. Further, the crypto assets industry has been negatively impacted by recent event such as the bankruptcies of Core Scientific, Celsius Network, Voyager Digital, Three Arrows Capital, BlockFi, FTX, and Genesis Holdco. In response to these events, the digital asset markets, including the market for bitcoin specifically, have experienced extreme price volatility and several other entities in the digital asset industry have been, and may continue to be, negatively affected, further undermining confidence in the digital assets markets and in bitcoin. In light of conditions impacting our industry, it may be more difficult for us to obtain equity or debt financing in the future.

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 accepting terms that require us to maintain specified liquidity or other ratios that could otherwise not be in the interests of our stockholders.

If we are unable to comply with the covenants or restrictions contained in the Credit Agreement with our senior secured lender, the lender could declare all amounts outstanding under the Credit Agreement to be due and payable and foreclose on its collateral, which could materially adversely affect our financial condition and operations.

As previously announced, on October 27, 2022, we entered into a secured credit agreement (the "Credit Agreement") with WhiteHawk to refinance the equipment financing agreement, dated June 30, 2021, by and between Stronghold Digital Mining Equipment, LLC ("Stronghold LLC") and WhiteHawk (the "WhiteHawk Financing Agreement") effectively terminating the WhiteHawk Financing Agreement. The Credit Agreement consists of $35.1 million in term loans and $23.0 million in additional commitments (such additional commitments, the "Delayed Draw Facility"). Such loans under the Delayed Draw Facility were drawn on the closing date of the Credit Agreement. The Credit Agreement and Delayed Draw Facility together reduce monthly principal payments and added approximately $21 million of cash to our balance sheet following our draw down on the full amount of the Delayed Draw Facility. The full amount of the WhiteHawk Financing Agreement has been drawn as of the date hereof.

On February 6, 2023, the Company, Stronghold LLC, as borrower, their subsidiaries and WhiteHawk Capital Partners LP, as collateral agent and administrative agent, and the other lenders thereto, entered into an amendment to the Credit Agreement (the "First Amendment") in order to modify certain covenants and remove certain prepayment requirements contained therein. In addition to modifying the amortization payment and certain prepayment requirements under the Credit Agreement, the First Amendment modifies the financial covenants to (i) in the case of the requirement of the Company to maintain a leverage ratio no greater than 4.00:1.00, such covenant will not be tested until the fiscal quarter ending September 30, 2024 and (ii) in the case of the minimum liquidity covenant, modified to require minimum liquidity at any time to be not less than: (A) until March 31, 2024, $2,500,000; (B) during the period beginning April 1, 2024 through and including December 31, 2024, $5,000,000; and (C) from and after January 1, 2025, $7,500,000. The financing pursuant to the Credit Agreement (such financing, as amended by the First Amendment, the "WhiteHawk Refinancing Agreement") was entered into by Stronghold LLC as Borrower (the "Borrower") and is secured by substantially all of the assets of the Company and its subsidiaries and is guaranteed by the Company and each of its material subsidiaries. The WhiteHawk Refinancing Agreement has customary representations, warranties and covenants including restrictions on indebtedness, liens, restricted payments and dividends, investments, asset sales and similar covenants and contains customary events of default. As of January 30, 2023, we had approximately $9.0 million of unrestricted cash on hand and approximately 22 Bitcoin.

The covenants and other restrictions contained in the Credit Agreement and other current or future debt agreements could, among other things, restrict our ability to dispose of assets, incur additional indebtedness, pay dividends or make other restricted payments, create liens on assets, make investments, loans or advances, make acquisitions, engage in mergers or consolidations and engage in certain transactions with affiliates. These restrictions could limit our ability to plan for or react to market conditions or meet extraordinary capital needs or otherwise restrict corporate activities. In addition, substantially all of our borrowed money obligations are secured by certain of our assets.

A failure to comply with any restrictions or covenants in our debt agreements, or to make payments of interest or principal when due or make other payments we are obligated to make under our debt agreements, could have serious consequences to our financial condition or result in a default under those debt agreements and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity of the debt under these debt agreements and to foreclose upon collateral securing the debt, among other remedies. Furthermore, an event of default or an acceleration under one of our debt agreements could also cause a cross-default or cross-acceleration of another debt instrument or contractual obligation, which would adversely impact our liquidity. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. We may not be granted waivers or other amendments to these debt agreements if for any reason we are unable to comply with these debt agreements, and we may not be able to restructure or refinance our debt on terms acceptable to

us, or at all. Whether or not those kinds of actions are successful, we might seek protections of applicable bankruptcy laws. Additionally, all of our indebtedness is senior to the existing common stock in our capital structure. If we were to seek certain restructuring transactions, our creditors would experience better returns as compared to our equityholders. Any of these actions could have a material adverse effect on the value of our equity and on our business, financial performance, and liquidity.

Crypto Asset Mining Related Risks

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 continue to be low or decline further, 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. Further, because we do not currently hedge our investment in Bitcoin and do not intend to for the foreseeable future, we are directly exposed to Bitcoin's price volatility and surrounding risks.

The market price of Bitcoin has historically and recently been volatile. For example, since our initial public offering, the price of Bitcoin has dropped over 70%, resulting in an adverse effect on our results of operations, liquidity and strategy. While we have the ability to sell power and are not wholly reliant on the crypto asset space, our operating results do depend on the market price of Bitcoin. The market price of Bitcoin is impacted by a variety of factors (including those discussed herein), and is determined primarily using data from various exchanges, over-the-counter markets and derivative platforms. As further described herein, the crypto assets industry has been negatively impacted by recent events. 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. Although only a small portion representing under 10% of our power production is currently supplied to customers under hosting arrangements, depressed value for Bitcoin could further lead to less demand for our hosting services. While we believe we could instead divert such power and sell back to the grid, there is no guarantee that we will be able to recover the same amount of revenue as we would have expected under any hosting arrangements. Further, volatility in crypto asset pricing could lead to other impacts such as increased risks of legal proceedings or governmental scrutiny of us and our affiliates, customers, suppliers, and partners, either in the United States or in other jurisdictions. Continued fluctuations and volatility in the crypto asset industry could adversely affect an investment in our securities.

Our crypto assets may be subject to loss, damage, theft or restriction on access. Further, digital asset exchanges on which crypto assets trade are relatively new and largely unregulated, and thus may be exposed to fraud and failure. Incorrect or fraudulent cryptocurrency transactions may be irreversible.

There is a risk that part or all of our crypto assets could be lost, stolen or destroyed. Crypto assets are stored in crypto asset sites commonly referred to as "wallets" which may be accessed to exchange a holder's crypto assets. Access to our Bitcoin assets could also be restricted by cybercrime (such as a denial of service attack) against a service at which we maintain a hosted wallet. 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. Hackers or malicious actors may attempt to steal Bitcoins, such as by attacking the Bitcoin network source code, exchange miners, third-party platforms, storage locations or software, our general computer systems or networks, or by other means. 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).

It is possible that, through computer or human error, theft or criminal action, our crypto assets could be transferred in incorrect amounts or to unauthorized third parties or accounts. In general, Bitcoin transactions are irrevocable, and stolen or incorrectly transferred cryptocurrencies may be irretrievable, and we may have extremely limited or no effective means of recovering such Bitcoins.

Further, digital asset exchanges on which cryptocurrencies trade are relatively new and, in most cases, largely unregulated. Many digital exchanges do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, cryptocurrency exchanges, including prominent exchanges handling a significant portion of the volume of digital asset trading. During 2022 and more recently in 2023, a number of companies in the crypto industry have declared bankruptcy, including Core Scientific, Celsius, Voyager Digital, Three Arrows Capital, BlockFi, FTX, and Genesis Holdco. In June 2022, Celsius began pausing all withdrawals and transfers between accounts on its platform, and in July 2022, it filed for Chapter 11 bankruptcy protection. Further, in November 2022, FTX, one of the major cryptocurrency exchanges, also filed for Chapter 11 bankruptcy. Such bankruptcies have contributed, at least in part, to further price decreases in Bitcoin, a loss of confidence in the participants of the digital asset ecosystem and negative publicity surrounding digital assets more broadly, and other participants and entities in the digital asset industry have been, and may continue to be, negatively affected. These events

have also negatively impacted the liquidity of the digital assets markets as certain entities affiliated with FTX engaged in significant trading activity.

We have not been directly impacted by any of the recent bankruptcies in the crypto asset space, as we have no contractual privity or relationship to the relevant parties. However, we are dependent on the overall crypto assets industry, and such recent events have contributed, at least in part, to decreases and volatility to our and our peers stock price as well as the price of Bitcoin. If the liquidity of the digital assets markets continues to be negatively impacted, digital asset prices (including the price of bitcoin) may continue to experience significant volatility and confidence in the digital asset markets may be further undermined. A perceived lack of stability in the digital asset exchange market and the closure or temporary shutdown of digital asset exchanges due to business failure, hackers or malware, government-mandated regulation, or fraud, may reduce confidence in digital asset networks and result in greater volatility in cryptocurrency values. These potential consequences of a digital asset exchange's failure could adversely affect an investment in us.

We safeguard and keep private our digital assets, including the Bitcoin that we mine, by utilizing storage solutions provided by Anchorage, which requires multi-factor authentication. While we are confident in the security of our digital assets held by Anchorage, given the broader market conditions, there can be no assurance that other crypto asset market participants, including Anchorage as our custodian, will not ultimately be impacted by recent market events. Further, given the current conditions in the digital assets ecosystem, we are liquidating our mined Bitcoin often, and at multiple points every week through Anchorage. If Anchorage were to limit or halt services, we would need to find another custodian. While we have not been directly impacted by any of the recent bankruptcies in the crypto asset space as we had no contractual privity or relationship to the relevant parties, we are dependent on the overall industry perception tied to these recent bankruptcy events, and this is reflected in our and our peers stock price as well as the price of Bitcoin. We cannot provide any assurance that we will not be materially impacted in the future by bankruptcies of participants in the crypto asset space, such as the recent bankruptcy filings by Core Scientific, Celsius, Voyager Digital Ltd., Three Arrows Capital, BlockFi, FTX, and Genesis Holdco, or by potential liquidity or insolvency issues of our service providers and other counterparties. We continue to monitor the digital assets industry as a whole, although these events are continuing to develop and it is not possible at this time to predict all of the risks stemming from these events that may result to us, our service providers, including custodians and wallets, our counterparties, and the broader industry as a whole. At this time, Anchorage is the only company we use to store our digital assets, and we do not utilize any other custodians. In the past we have used other custodians and may do so again in the future, subject to diligence on the security of any such custodian.

Any of these events may adversely affect our operations and results of operations and, consequently, an investment in us.