

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2021

or

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

For the transition period from _____ to _____

MARATHON DIGITAL HOLDINGS, INC.

(Exact Name of Registrant as Specified in Charter)

<u>Nevada</u> (State or other jurisdiction of incorporation)	<u>001-36555</u> (Commission File Number)	<u>01-0949984</u> (IRS Employer Identification No.)
<u>1180 North Town Center Drive, Suite 100 Las Vegas, NV</u> (Address of principal executive offices)		<u>89144</u> (Zip Code)

Registrant's telephone number, including area code: 702-945-2773

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MARA	The Nasdaq Capital Market

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, 102,630,627 shares of common stock are issued and outstanding as of November 15, 2021.

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OTHER PERTINENT INFORMATION

Unless specifically set forth to the contrary, “Marathon Digital Holdings, Inc.,” “we,” “us,” “our” and similar terms refer to Marathon Digital Holdings, Inc., a Nevada corporation, and its subsidiaries.

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Item 1. Financial Statements

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

	September 30, 2021 (Unaudited)	December 31, 2020 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 32,854,092	\$ 141,322,776
Digital currencies	64,357,910	2,271,656
Digital currencies, restricted	9,573,684	-
Other receivable	-	74,767,226
Deposit	203,258,440	65,647,592
Investment fund	208,765,274	-
Prepaid expenses and other current assets	35,750,562	2,399,965
Total current assets	<u>554,559,962</u>	<u>286,409,215</u>
Other assets:		
Property and equipment, net of accumulated depreciation and impairment charges of \$14,442,777 and \$6,480,359 for September 30, 2021 and December 31, 2020, respectively	93,932,227	17,224,321
Prepaid service contract	14,899,389	8,415,000
Right-of-use assets	-	200,301
Intangible assets, net of accumulated amortization of \$260,980 and \$207,598 for September 30, 2021 and December 31, 2020, respectively	949,020	1,002,402
Total other assets	<u>109,780,636</u>	<u>26,842,024</u>
TOTAL ASSETS	<u>\$ 664,340,598</u>	<u>\$ 313,251,239</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,374,507	\$ 999,742
Current portion of lease liability	-	121,596
Warrant liability	549,663	322,437
Total current liabilities	<u>3,924,170</u>	<u>1,443,775</u>
Long-term liabilities		
SBA PPP loan payable	-	62,500
Total long-term liabilities	<u>-</u>	<u>62,500</u>
Total liabilities	<u>3,924,170</u>	<u>1,506,275</u>
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, 0.0001 par value, 50,000,000 shares authorized, no shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	-	-
Common stock, 0.0001 par value; 200,000,000 shares authorized; 102,506,558 and 81,974,619 issued and outstanding at September 30, 2021 and December 31, 2020, respectively	10,251	8,197
Additional paid-in capital	824,612,618	428,242,763
Accumulated other comprehensive loss	(450,719)	(450,719)
Accumulated deficit	(163,755,722)	(116,055,277)
Total stockholders' equity	<u>660,416,428</u>	<u>311,744,964</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 664,340,598</u>	<u>\$ 313,251,239</u>

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

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MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

For the Three Months Ended

For the Nine Months Ended

	September 30,		September 30,	
	2021	2020	2021	2020
Revenues				
Cryptocurrency mining revenue	\$ 51,707,483	\$ 835,184	\$ 90,182,155	\$ 1,713,832
Total revenues	<u>51,707,483</u>	<u>835,184</u>	<u>90,182,155</u>	<u>1,713,832</u>
Operating costs and expenses				
Cost of revenue	10,263,009	1,636,046	19,663,258	3,529,770
Compensation and related taxes	97,181,544	614,604	153,670,098	1,908,741
Consulting fees	159,300	259,563	378,260	325,688
Professional fees	857,921	206,368	3,331,728	515,562
General and administrative	797,574	112,800	1,383,110	311,303
Impairment of mined cryptocurrency	6,731,890	-	18,472,750	-
Total operating expenses	<u>115,991,238</u>	<u>2,829,381</u>	<u>196,899,204</u>	<u>6,591,064</u>
Income (loss) from operations	<u>(64,283,755)</u>	<u>(1,994,197)</u>	<u>(106,717,049)</u>	<u>(4,877,232)</u>
Other income (expenses)				
Other income	-	7,983	62,500	114,391
Loss on conversion of note	-	-	-	(364,832)
Change in fair value of investment in NYDIG fund	41,850,203	-	58,765,274	-
Realized gain (loss) on sale of digital currencies	8,152	11,206	9,088	15,466
Change in fair value of warrant liability	168,666	(21,875)	(227,225)	(18,651)
Change in fair value of mining payable	-	-	-	(66,547)
Interest income	84,454	2,466	409,661	4,845
Interest expense	(287)	-	(2,694)	(20,984)
Total other (expenses) income	<u>42,111,188</u>	<u>(220)</u>	<u>59,016,604</u>	<u>(336,312)</u>
Loss before income taxes	<u>\$ (22,172,567)</u>	<u>\$ (1,994,417)</u>	<u>\$ (47,700,445)</u>	<u>\$ (5,213,544)</u>
Income tax expense	-	-	-	-
Net loss	<u>\$ (22,172,567)</u>	<u>\$ (1,994,417)</u>	<u>\$ (47,700,445)</u>	<u>\$ (5,213,544)</u>
Net loss per share, basic and diluted:	<u>\$ (0.22)</u>	<u>\$ (0.06)</u>	<u>\$ (0.49)</u>	<u>\$ (0.28)</u>
Weighted average shares outstanding, basic and diluted:	<u>100,803,809</u>	<u>31,520,736</u>	<u>98,230,795</u>	<u>18,868,967</u>

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

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MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

For the Three Months Ended September 30, 2021

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Number	Amount	Number	Amount				
Balance as of June 30, 2021	-	\$ -	99,634,123	\$ 9,963	\$ 722,543,196	\$ (141,583,155)	\$ (450,719)	\$ 580,519,285
Stock based compensation, net of withholding taxes	-	-	2,722,435	273	95,739,437	-	-	95,739,710
Common stock issued for service and license agreements	-	-	150,000	15	6,329,985	-	-	6,330,000
Net income	-	-	-	-	-	(22,172,567)	-	(22,172,567)
Balance as of September 30, 2021	<u>-</u>	<u>\$ -</u>	<u>102,506,558</u>	<u>\$ 10,251</u>	<u>\$ 824,612,618</u>	<u>\$ (163,755,722)</u>	<u>\$ (450,719)</u>	<u>\$ 660,416,428</u>

For the Three Months Ended September 30, 2020

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Number	Amount	Number	Amount				
Balance as of June 30, 2020	-	\$ -	24,526,302	\$ 2,453	\$ 118,933,134	\$ (108,826,633)	\$ (450,719)	\$ 9,658,235
Stock based compensation	-	-	-	-	360,211	-	-	360,211
Issuance of common stock, net of offering costs/At-the-market offering	-	-	6,764,742	676	21,985,300	-	-	21,985,976
Issue common stock and warrant for cash	-	-	7,666,666	767	6,270,833	-	-	6,271,600
Warrant exercised for cash	-	-	4,722	1	5,312	-	-	5,313
Net loss	-	-	-	-	-	(1,994,417)	-	(1,994,417)
Balance as of September 30, 2020	<u>-</u>	<u>\$ -</u>	<u>38,962,432</u>	<u>\$ 3,897</u>	<u>\$ 147,554,790</u>	<u>\$ (110,821,050)</u>	<u>\$ (450,719)</u>	<u>\$ 36,286,918</u>

For the Nine Months Ended September 30, 2021

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Number	Amount	Number	Amount				
Balance as of December 31, 2020	-	\$ -	81,974,619	\$ 8,197	\$ 428,242,763	\$ (116,055,277)	\$ (450,719)	\$ 311,744,964

Stock based compensation, net of withholding taxes	-	-	7,523,397	753	147,646,535	-	-	147,647,288
Issuance of common stock, net of offering costs/At-the-market offering	-	-	12,500,000	1,250	237,428,370	-	-	237,429,620
Options exercised on cashless basis	-	-	23,500	3	(3)	-	-	-
Warrant exercised for cash	-	-	170,904	17	160,145	-	-	160,162
Common stock issued for cashless exercise of warrants	-	-	2,044	0	-	-	-	0
Common stock issued for service and license agreements	-	-	312,094	31	11,134,808	-	-	11,134,839
Net loss	-	-	-	-	-	(47,700,445)	-	(47,700,445)
Balance as of September 30, 2021	-	\$ -	102,506,558	\$ 10,251	\$ 824,612,618	\$ (163,755,722)	\$ (450,719)	\$ 660,416,428

For the Nine months Ended September 30, 2020

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Accumulated	Other	Total
	Number	Amount	Number	Amount	Capital	Deficit	Income (Loss)	Comprehensive	Stockholders' Equity
Balance as of December 31, 2019	-	\$ -	8,458,781	\$ 846	\$ 109,705,051	\$ (105,607,506)	\$ (450,719)	\$ -	\$ 3,647,672
Stock based compensation	-	-	2,745,639	275	1,031,924	-	-	-	1,032,199
Issuance of common stock, net of offering costs/At-the-market offering	-	-	17,712,635	1,771	28,791,211	-	-	-	28,792,982
Common stock issued for purchase of mining servers	-	-	350,250	35	171,587	-	-	-	171,622
Common stock issued for note conversion	-	-	2,023,739	202	1,578,872	-	-	-	1,579,074
Issue common stock and warrant for cash	-	-	7,666,666	767	6,270,833	-	-	-	6,271,600
Warrant exercised for cash	-	-	4,722	1	5,312	-	-	-	5,313
Net loss	-	-	-	-	-	(5,213,544)	-	-	(5,213,544)
Balance as of September 30, 2020	-	\$ -	38,962,432	\$ 3,897	\$ 147,554,790	\$ (110,821,050)	\$ (450,719)	\$ -	\$ 36,286,918

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	(47,700,445)	\$ (5,213,544)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	7,961,729	1,797,959
Amortization of patents and website	53,382	53,382
Amortization of leasehold improvements	689	-
Realized gain (loss) on sale of digital currencies	(8,571)	(15,466)
Change in fair value of warrant liability	227,225	18,651
Change in fair value of mining payable	-	66,547
Change in fair value of investment securities	(58,765,274)	-
Gain on PPP loan forgiveness	(62,500)	-
Impairment of cryptocurrencies	18,472,750	-
Stock based compensation	152,335,353	1,032,199
Amortization of right-of-use assets	200,301	72,332
Changes in operating assets and liabilities:		
Digital currencies	(90,182,155)	(1,713,832)
Lease liability	(121,596)	(70,880)
Prepaid expenses and other assets	(28,700,147)	172,472
Accounts payable and accrued expenses	2,374,766	351,960
Net cash used in operating activities	<u>(43,914,493)</u>	<u>(3,448,220)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of digital currencies	64,000	1,278,550
Interest received from digital currencies, restricted	(5,962)	-
Purchase of investment securities	(150,000,000)	-
Purchase of property and equipment	(84,670,324)	(3,133,908)
Deposits for the purchase of mining servers	(137,610,848)	(13,269,670)
Net cash used in investing activities	<u>(372,223,134)</u>	<u>(15,125,028)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received on issuance of notes payable	-	62,500
Proceeds from issuance of common stock/At-the-market offering	324,768,493	29,756,736
Offering costs for the issuance of common stock/At-the-market offering	(12,571,647)	(963,754)
Value of shares withheld for taxes	(4,688,065)	-
Proceeds from issuance of common stock and warrant, net	-	6,271,600
Proceeds received on exercise of options and warrants	160,162	5,313
Net cash provided by financing activities	<u>307,668,943</u>	<u>35,132,395</u>

Net (decrease) increase in cash and cash equivalents	(108,468,684)	16,559,147
Cash and cash equivalents — beginning of period	141,322,776	692,963
Cash and cash equivalents — end of period	32,854,092	\$ 17,252,110

Supplemental schedule of non-cash investing and financing activities:

Common stock issued for purchase of mining servers	\$ -	\$ 171,622
Reduction of share commitment for purchase of mining servers	\$ -	\$ 408,625
Options exercised into common stock	\$ 3	\$ -
Common stock issued for note conversion	\$ -	\$ 1,579,074
Common stock issued for service and license agreements	\$ 11,134,839	\$ -

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Marathon Digital Holdings, Inc. (the “Company”) was incorporated in the State of Nevada on February 23, 2010 under the name Verve Ventures, Inc. On December 7, 2011, the Company changed its name to American Strategic Minerals Corporation and were engaged in exploration and potential development of uranium and vanadium minerals business. In June 2012, the Company discontinued the minerals business and began to invest in real estate properties in Southern California. In October 2012, the Company discontinued its real estate business when the former CEO joined the firm and the Company commenced IP licensing operations, at which time the Company’s name was changed to Marathon Patent Group, Inc. On November 1, 2017, the Company entered into a merger agreement with Global Bit Ventures, Inc. (“GBV”), which is focused on mining digital assets. The Company purchased cryptocurrency mining machines and established a data center in Canada to mine digital assets. The Company expanded its activities in the mining of new digital assets, while at the same time harvesting the value of its remaining IP assets. As of September 30, 2021, the Company has since terminated the lease in Canada and deployed over 17,300 miners in Hardin, Montana.

In the third quarter of 2020, the Company entered into a Long Term Purchase Contract with Bitmain PTE., LTD (“Bitmain”) for the purchase of 10,500 next generation Antminer S-19 Pro ASIC Miners. The purchase price per unit is \$2,362 (\$2,206 with a 6.62% discount) for a total gross purchase price of \$24,801,000. The parties confirm that the total hashrate of the Antminers under this agreement shall not be less than 1,155,000 TH/s. Subsequent to executing this agreement, due to the additional executed contracts, Bitmain applied a total net discount of 8.63% to the purchase price adjusting the amount due to \$22,660,673.

Subject to the timely payment of the purchase price, Bitmain has delivered products according to the following schedule: 1,500 Units on or before January 31, 2021; and 1,800 units on or before each of February 28, 2021; September 30, 2021; April 30, 2021, May 31, 2021 and September 30, 2021. As of September 30, 2021, the Company has paid the entire purchase price under this agreement and has received 10,500 units from Bitmain.

On October 6, 2020, the Company entered into a series of agreements with affiliates of Beowulf Energy LLC, a Delaware limited liability company (collectively and as applicable, “Beowulf”) and Two Point One, LLC, a Delaware limited liability company (“2P1”; Marathon, Beowulf and 2P1 each a “Party” and, collectively, the “Parties”). Beowulf and 2P1 have been designing and developing a data center facility of up to 100-megawatts (the “Facility”) that will be located next to, and supplied energy directly from, Beowulf’s power generating station in Hardin, MT (the “Hardin Station”). The Facility is being developed in two phases to reach its 100 MW capacity, and the Hardin Station will supply the Facility exclusively with energy to operate Bitcoin mining servers.

The projected build out cost for Phase I is approximately \$23 million, which is front loaded as the infrastructure is being built for the full 100 MW project. Phase I accounts for 70 MW of the 100 MW project. It entails high voltage equipment to break down the full 100 MW load from the generating station, and thereafter, the infrastructure cost per MW is a matter of distributing power at a container level. Phase II accounts for 30 MW of the 100 MW project and is anticipated to cost approximately \$9 million. The total projected build out cost for the full 100 MW project is approximately \$34 million. These are all in costs covering all equipment and labor needed starting from the power coming off the Generating Station distributed down to running the actual miners: including breakers, transformers, switches, containers, PDUs, fans, network cables, and the like. As of September 30, 2021, the Company has paid all of the required installments totaling \$34 million in actual costs related to the 100 MW build out.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Marathon and Beowulf entered into an exclusive Power Purchase Agreement for the initial supply of 30 MW (Phase I), and up to 100 MW in the aggregate (Phase II), of energy load to the Facility at a cost of \$0.028/kWh. The initial term of the Power Purchase Agreement is five years, with up to five additional three-year extensions, as mutually agreed, assuming 75% energy utilization of the initial 30 MW of energy supplied to the Facility. Marathon purchased certain mining infrastructure and equipment for the Facility from Beowulf for a purchase price of \$750,000, and Marathon has the right, at no additional cost, to construct and access the Facility on land adjacent to the Hardin Station pursuant to a lease agreement with Beowulf. After the execution of the contract, the Company entered into additional miner purchase agreements. Due to the increased size of the Company’s fleet of miners, Phase I was increased from the initial 30 MW to 70 MW, while Phase II will encompass the completion of the remaining 30 MW for the project.

Beowulf and 2P1 provide operation and maintenance services for the Facility pursuant to a Data Facility Services Agreement, in exchange for an initial issuance of 3,000,000 shares of Marathon’s common stock to each of Beowulf and 2P1 valued at the time of execution at \$1.87 per share or \$11,220,000 in aggregate. Upon completion of Phase I, Marathon issued to Beowulf an additional 150,000 shares of its common stock. During Phase II, Marathon issued to Beowulf an additional 350,000 shares of its common stock – 150,000 shares upon reaching 60 MW of Facility load and 200,000 at completion of the full 100 MW of Facility load. The cost to maintain and run the Facility will be \$0.006/kWh. All shares issued under the Data Facility Services Agreement have issued pursuant to transactions exempt from registration under Section 4(a)(2) of the Securities Act of 1933.

On October 23, 2020, the Company executed a contract with Bitmain to purchase an additional 10,000 next generation Antminer S-19 Pro ASIC Miners. The 2021 delivery schedule was for 2,500 units to be delivered in January, 4,500 units to be delivered in February and the final 3,000 units to be delivered in March 2021. The gross purchase price was \$23,620,000 with 30% due upon the execution of the contract and the balance paid over the next 4 months. Subsequent to executing this agreement, due to the additional executed contracts, Bitmain applied a discount of 8.63% to the purchase price adjusting the amount due to \$21,581,594. As of September 30, 2021, the Company has paid the entire purchase price under this agreement and has received 10,000 units from Bitmain.

On December 8, 2020, the Company executed a contract with Bitmain to purchase an additional 10,000 next generation Antminer S-19j Pro ASIC Miners, with 6,000 units to

be delivered in August 2021, and the remaining 4,000 units to be delivered in September 2021. The gross purchase price is \$23,770,000 with 10% of the purchase price due within 48 hours of execution of the contract, 30% due on January 14, 2021, 10% due on February 15, 2021, 30% due on June 15, 2021 and 20% due on July 15, 2021. Subsequent to executing this agreement, due to the additional executed contracts, Bitmain applied a discount of 8.63% to the purchase price adjusting the amount due to \$21,718,649. As of September 30, 2021, the Company has paid the entire purchase price under this agreement. Subsequent to September 30, 2021, the Company has received 10,000 units from Bitmain.

On December 23, 2020, the Company executed a contract with Bitmain to purchase an additional 70,000 next generation Antminer S-19 ASIC Miners, with 7,000 units to be delivered by August 2021, 2,100 units to be delivered by September 2021, 6,500 units to be delivered by October 31, 2021, 14,700 units to be delivered by November 30, 2021, 24,500 units to be delivered by December 31, 2021 and 15,200 units to be delivered by January 31, 2022. The purchase price is \$167,763,451. The purchase price for the miners shall be paid as follows: 20% within 48 hours of signing of contract; 30% on or before March 1, 2021; 4.75% on June 15, 2021; 1.76% on July 15, 2021; 4.58% on August 15, 2021; 10.19% on September 15, 2021; 17.63% on October 15, 2021 and 11.55% on November 15, 2021. As of September 30, 2021, the Company has paid \$118,799,091 of the total balance of \$167,763,452 and has received 6,460 units from Bitmain.

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MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

On December 31, 2020, the Company sold 6,632,712 shares of common stock pursuant to the At The Market offering. Proceeds of \$77.1 million net of offering costs of \$2.3 million were received on January 4, 2021. Due to the timing of the proceeds received, an other current receivable was recorded in an amount of \$74.8 million. As of September 30, 2021, this amount was received in full.

Effective December 31, 2020, the Board of Directors of the Company ratified the following arrangements approved by its Compensation Committee:

Merrick Okamoto, CEO was awarded a cash bonus of \$2,000,000 which was paid before year end 2020. He was also awarded a special bonus of 1,000,000 RSUs with immediate vesting. He was given a new three-year employment agreement effective January 1, 2021 with the same salary and bonus as the prior agreement. He was also granted the following: award of 1,000,000 RSUs when the company's market capitalization reaches and sustains a market capitalization for 30 consecutive days above \$500,000,000; award of 1,000,000 RSUs priced when the company's market capitalization reaches and sustains a market capitalization for 30 consecutive days above \$750,000,000; award of 2,000,000 RSUs priced at lowest closing stock price in past 30 trading days when the company's market capitalization reaches and sustains a market capitalization for 30 consecutive days above \$1,000,000,000; and award of 2,000,000 RSUs when the Company's market capitalization reaches and sustains a market capitalization for 30 consecutive days above \$2,000,000,000. As of March 12, 2021, Mr. Okamoto had earned all bonuses set forth, and as a result of the maximum shares available under the Company's 2018 Equity Incentive Plan having been issued, he was owed an additional 2,547,392 RSUs, for which the Company, within 15 business days of the date of this report, filed a proxy statement on Schedule 14A to hold an annual or special meeting of shareholders to gain shareholder approval to increase the number of shares available under the Plan in a sufficient number to cover issuance of these 2,547,392 RSUs. The shares underlying these 2,547,392 RSUs were issued on August 23, 2021.

On January 12, 2021, the Company, entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain purchasers named therein (the "Purchasers"), pursuant to which the Company agreed to issue and sell, in a registered direct offering (the "Offering"), 12,500,000 shares of its common stock (the "Securities") at an offering price of \$20.00 per share.

The Purchase Agreement contains customary representations and warranties and agreements of the Company and the Purchasers and customary indemnification rights and obligations of the parties. The closing of the Offering occurred on January 15, 2021. The Company received gross proceeds of \$250,000,000 in connection with the Offering, before deducting placement agent fees and related offering expenses.

On January 25, 2021, the Company announced that it has purchased 4,812.66 BTC in an aggregate purchase price of \$150 million through an investment fund of one managed by NYDIG as the general partner, while the Company retains 100% of the limited partner interests. We expect to purchase additional bitcoin held by NYDIG Digital Assets Fund III, LP, the investment fund in future periods, though we may also sell bitcoin in future periods as needed to generate Cash Assets for treasury management purposes.

On February 11, 2021, the Company issued 4,701,442 shares of common stock pursuant to the 2018 Equity Incentive Plan.

Effective March 1, 2021, the Company changed its name to Marathon Digital Holdings, Inc.

On March 7, 2021, the Company entered into a termination agreement with the 9349-0001 Quebec Inc., to agree to terminate the outstanding lease. As of that date, the Company was fully released and discharged from any and all obligations under the Lease Agreement. In November 2017, the Company assumed a lease in connection with the mining operations in Quebec, Canada.

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MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

On May 21, 2021, Marathon Digital Holdings, Inc. (the "Company") entered into a binding letter of intent with Compute North, LLC to host 73,000 Bitcoin Miners over a staged implementation between October 2021 and March 2022. The hosting cost is \$0.50 per machine per month and the hosting rate will be \$0.044 per kWh. In order to build out the infrastructure without paying for the capital expenditure, the Company will provide an 18 month bridge loan to Compute North of up to \$67 million dollars, in tranches, based upon specified requirements being met. The terms of the contract are limited to three years with increases thereafter capped at three percent per year thereafter. The Company has also agreed to pay up to \$14 million in expedite fees for construction/electrical and supply chain expediting activities. As of September 30, 2021, the Company paid \$8 million of the \$14 million in expedite fees recorded as a deposit on the balance sheet and loaned Compute North \$30 million. On September 3, 2021, the Company entered into a master agreement with Compute North, LLC whereas the Company will pay an initial deposit of \$14.6 million in aggregate over five installments. As of September 30, 2021, the Company paid \$9.1 million of the \$14.6 million initial deposit recorded as a deposit on the balance sheet.

On July 30, 2021, Marathon Digital Holdings, Inc. (the "Company") entered into a fully executed contract with Bitmain to purchase an additional 80,000 S-19 Pro ASIC Miners, with 5,000 units scheduled to be delivered in each of January 2022, February 2022, March 2022, April 2022, May 2022, and June 2022. The purchase price is \$126,000,000 with (i) 25% of the purchase price due paid within one day of execution of the contract, (ii) 35% of the purchase price of each batch due in consecutive months with 35% of the January 2022 batch due immediately, and then 35% of each of the remaining five batches due on the 15th of each consecutive month starting August 15, 2021, through December 15, 2021 and (iii) the remaining 40% of the purchase price of each batch due on the 15th of each consecutive month starting November 15, 2021 and then 40% of each of the remaining five batches due on the 15th of each consecutive month through April 2022. As of September 30, 2021, the Company has paid \$54,775,000 of the total balance of \$120,711,500.

On August 27, 2021, Marathon Digital Holdings, Inc. (the "Company") entered into a Master Securities Loan Agreement (the "Agreement") with NYDIG Funding, LLC ("NYDIG"). Pursuant to the Agreement, the Company will loan its bitcoin ("BTC") to NYDIG with an interest rate of three percent (3%) per annum. Interest accrues daily and is payable on a monthly basis. The Agreement provides that the Company may recall its BTC at any time. NYDIG shall, prior to or concurrently with the transfer of the of the BTC to NYDIG, but in no case later than the close of business on the day of such transfer, transfer to the Company collateral with a market value at least equal to 100% of the

market value of the loaned BTC, and the Company is granted a first priority lien on such collateral. As of August 27, 2021, the Company loaned 300 BTC to NYDIG.

Risks and Uncertainties

The impact of the worldwide spread of a novel strain of coronavirus (“COVID 19”) has been and continues to be unprecedented and unpredictable, but based on the Company’s current assessment, the Company does not expect any material impact on its long-term strategic plans, operations and its liquidity due to the worldwide spread of COVID-19. However, the Company is continuing to assess the effect on its operations by monitoring the spread of COVID-19 and the actions implemented to combat the virus throughout the world and its assessment of the impact of COVID-19 may change.

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MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying unaudited consolidated condensed financial statements, including the accounts of the Company’s subsidiaries, Marathon Crypto Mining, Inc., Crypto Currency Patent Holding Company and Soems Acquisition Corp., have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations. These consolidated condensed financial statements reflect all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial position, the results of operations and cash flows of the Company for the periods presented. It is suggested that these consolidated condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company’s most recent Annual Report on Form 10-K. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year ended December 31, 2021.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and 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. Significant estimates made by management include, but are not limited to, estimating the useful lives of patent assets and fixed assets, the assumptions used to calculate fair value of warrants and options granted, realization of long-lived assets, deferred income taxes, unrealized tax positions and the realization of digital currencies.

Significant Accounting Policies

There have been no material changes to the Company’s significant accounting policies to those previously disclosed in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Digital Currencies

Digital currencies are included in current assets in the consolidated balance sheets. Digital currencies are recorded at cost less 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.

Halving – The bitcoin blockchain and the cryptocurrency reward for solving a block is subject to periodic incremental halving. Halving is a process designed to control the overall supply and reduce the risk of inflation in cryptocurrencies using a Proof-of-Work consensus algorithm. At a predetermined block, the mining reward is cut in half, hence the term “Halving”. The last halving for bitcoin occurred on May 12, 2020.

The following table presents the activities of the digital currencies for the nine months ended September 30, 2021:

Digital currencies at December 31, 2020	\$	2,271,656
Additions of digital currencies		90,182,155
Realized gain on sale of digital currencies		8,571
Impairment of cryptocurrencies		(18,472,750)
Interest received on cryptocurrencies, restricted		5,962
Sale of digital currencies		(64,000)
Digital currencies at September 30, 2021	\$	<u>73,931,594</u>

On August 27, 2021, Marathon Digital Holdings, Inc. (the “Company”) entered into a Master Securities Loan Agreement (the “Agreement”) with NYDIG Funding, LLC (“NYDIG”). Pursuant to the Agreement, the Company will loan its bitcoin (“BTC”) to NYDIG with an interest rate of three percent (3%) per annum and classify the bitcoin loaned out as digital currencies, restricted on the consolidated condensed balance sheets. As of September 30, 2021, the Company held an aggregate amount of digital currencies that comprised of restricted and unrestricted bitcoin of \$73,931,594. Of that amount, \$9,573,684 and \$64,357,910 was restricted and unrestricted, respectively.

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MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Investment Fund

In 2016, the FASB issued Accounting Standards Update (ASU) 2016-01, *Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, that requires entities to generally measure investments in equity securities at fair value and recognize changes in fair value in net income.

On January 25, 2021, the Company entered into a limited partnership agreement with NYDIG Digital Assets Fund III, LP (“fund”) whereas the fund purchased 4,812.66 BTC in an aggregate purchase price of \$150 million. The Company owns 100% of the limited partnership interest. The investment fund is included in current assets in the consolidated

balance sheets.

Each Fund qualifies and operates as an investment company for accounting purposes pursuant to the accounting and reporting guidance under ASC 946, Financial Services – Investment Companies, which requires fair value measurement of the Fund’s investments in digital assets. The digital assets held by each Fund are traded on a number of active markets globally, including the over-the-counter (“OTC”) market and digital asset exchanges. A fair value measurement under ASC 820 for an asset assumes that the asset is exchanged in an orderly transaction between market participants either in the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset (ASC 820-10-35-5). An entity must have access to the principal (or most advantageous) market at the measurement date (ASC 820-10-35-6A).

Fair Value of Financial Instruments

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.

The carrying amounts reported in the consolidated balance sheet for cash, accounts receivable, accounts payable, and accrued expenses, approximate their estimated fair market value based on the short-term maturity of these instruments. The carrying value of notes payable and other long-term liabilities approximate fair value as the related interest rates approximate rates currently available to the Company.

Financial assets and liabilities are classified in their entirety within the fair value hierarchy based on the lowest level of input that is significant to their fair value measurement. The Company measures the fair value of its marketable securities and investments by taking into consideration valuations obtained from third-party pricing sources. The pricing services utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs included reported trades of and broker-dealer quotes on the same or similar securities, issuer credit spreads, benchmark securities and other observable inputs.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

The following tables present information about the Company’s assets and liabilities measured at fair value on a recurring basis and the Company’s estimated level within the fair value hierarchy of those assets and liabilities as of September 30, 2021 and December 31, 2020, respectively:

	Fair value measured at September 30, 2021			
	Total carrying value at September 30, 2021	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Investment Fund	\$ 208,765,274		\$ 208,765,274	
Liabilities				
Warrant liability	\$ 549,663	\$ -	\$ -	\$ 549,663
	Fair value measured at December 31, 2020			
	Total carrying value at December 31, 2020	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities				
Warrant liability	\$ 322,437	\$ -	\$ -	\$ 322,437

There were no transfers between Level 1, 2 or 3 during the three months ended September 30, 2021.

Fair value of warrant liabilities

At September 30, 2021, the Company had an outstanding warrant liability in the amount of \$549,663 associated with warrants that were issued in January 2017 and January 2021 and warrants issued related to the Convertible Notes issued in August and September of 2017. The following table rolls forward the fair value of the Company’s warrant liability, the fair value of which is determined by Level 3 inputs for the nine months ended September 30, 2021.

	Fair value
Outstanding as of December 31, 2020	\$ 322,437
Change in fair value of warrants	227,226
Outstanding as of September 30, 2021	\$ 549,663

Non-recurring measurement of Fair Value

The Company accounts for its digital currencies as indefinite-lived intangible assets in accordance with Accounting Standards Codification (“ASC”) 350 *Intangibles – Goodwill and Other*. The Company’s digital currencies are initially recorded at fair value upon receipt (or “carrying value”). On a quarterly basis, they are measured at carrying value, net of any impairment losses incurred since receipt. Pursuant to guidance from ASC 820, *Fair Value Measurement*, the Company is required to determine the non-recurring fair value measurement used to determine impairment of the digital currencies held on the balance sheet. The Company will record impairment losses as the fair value falls below the carrying value of the digital currencies. The digital currencies can only be marked down when impaired and not marked up when their value increases. The resulting carrying value represents the fair value of the asset. The last impairment date for the digital currencies was September 30, 2021. The Company had an outstanding carrying balance of digital assets of approximately \$74 million, net of impairment losses incurred of \$18.5 million for the nine month period ended September 30, 2021. As of September 30, 2021, the fair value of the approximate 2,223 bitcoin held as digital currencies is approximately \$97.2 million.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Net Income (Loss) and Basic and Diluted Net Income (Loss) per Share

Net loss for the three and nine months ended September 30, 2021 is (\$22,172,567) and (\$47,700,445). Net income (loss) per common share is calculated in accordance with ASC Topic 260: Earnings Per Share (“ASC 260”). Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. The computation of diluted net loss per share does not include dilutive common stock equivalents in the weighted average shares outstanding, as they would be anti-dilutive.

Potentially dilutive securities that are not included in the calculation of diluted net loss per share because their effect is anti-dilutive are as follows:

	<u>As of September 30,</u>	
	<u>2021</u>	<u>2020</u>
Warrants to purchase common stock	457,837	696,167
Restricted stock	95,179	1,372,820
Options to purchase common stock	81,120	140,182
Total	634,136	2,209,169

The following table sets forth the computation of basic and diluted loss per share:

	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net loss attributable to common shareholders	\$ (22,172,567)	\$ (1,994,417)	\$ (47,700,445)	\$ (5,213,544)
Denominator:				
Weighted average common shares - basic and diluted	100,803,809	31,520,736	98,230,795	18,868,967
Income (loss) per common share - basic and diluted	\$ (0.22)	\$ (0.06)	\$ (0.49)	\$ (0.28)

Recent Accounting Pronouncements

The Company adopted Accounting Standards Update (“ASU”) No. 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU 2019-12”)” effective as of January 1, 2021, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in material changes to its financial position.

In 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, to address the complexity in accounting for certain financial instruments with characteristics of liabilities and equity. Amongst other provisions, the amendments in this ASU significantly change the guidance on the issuer’s accounting for convertible instruments and the guidance on the derivative scope exception for contracts in an entity’s own equity such that fewer conversion features will require separate recognition, and fewer freestanding instruments, like warrants, will require liability treatment. This guidance is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Company adopted ASU 2020-06 early as of January 1, 2021. Such adoption did not result in any material changes to its financial position, results of operations or cash flows.

Any new accounting standards, not disclosed above, that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 3 – DEPOSIT, PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

On May 11, 2020, the Company signed a Contract Addendum with Compute North, to pause and suspend services under its Colocation Agreement. This suspended all production of Bitcoin using our S-9 miners.

Halving – The bitcoin blockchain and the cryptocurrency reward for solving a block is subject to periodic incremental halving. Halving is a process designed to control the overall supply and reduce the risk of inflation in cryptocurrencies using a Proof-of-Work consensus algorithm. At a predetermined block, the mining reward is cut in half, hence the term “Halving”. The last halving for bitcoin occurred on May 12, 2020.

On May 11, 2020, the Company purchased 700 new generation M305+ASIC Miners from MicroBT for approximately \$1.3 million. The 700 miners produce 80/Th and will generate 56 PH/s (petahash) of hashing power, compared to the Company’s current S-9 production of 46 PH/s. These next generation MicroBT ASIC miners are markedly more energy efficient than our existing Bitmain models. These miners were delivered to the Company’s Hosting Facility in June 2020 and are producing Bitcoins.

The Company purchased 660 latest generation Bitmain S19 Pro Miners on May 12, 2020, 500 units on May 18, 2020 and an additional 500 units on June 11, 2020. These miners produce 110 TH/s and will generate 73 PH/s (petahash) of hashing power, compared to the Company’s S-9 production of 46 PH/s. The Company made the payments of approximately \$4.2 million in the second quarter of 2020 and received 660 of the 1,660 units at its Hosting Facility in August, and its hosting partner, Compute North, had installed them upon their arrival. Of the 1,000 remaining S-19 Pro Miners due to arrive in the 4th quarter of 2020, 500 were received in November and installed in the Company’s Hosting Facility in Montana, while 500 were anticipated to be received and installed during the remainder of the 4th quarter. These miners will produce an additional 110 PH/s increasing the Company to an aggregate Hashpower of 294 PH/s. As of September 30, 2021, these miners were received and installed.

On July 29, 2020, the Company announced the purchase of 700 next generation M31S+ASIC Miners from MicroBT. The miners arrived mid-August.

On August 13, 2020, the Company entered into a Long Term Purchase Contract with Bitmaintech PTE., LTD (“Bitmain”) for the purchase of 10,500 next generation Antminer S-19 Pro ASIC Miners.

The purchase price per unit is \$2,362 (\$2,206 with a 6.62% discount) for a total purchase price of \$24,801,000 (with a 6.62% discount for a discounted price of \$23,159,174). The parties confirm that the total hashrate of the Antminers under this agreement shall not be less than 1,155,000 TH/s.

Subject to the timely payment of the purchase price, Bitmain is and has been scheduled deliver products according to the following schedule: 1,500 Units on or before January 31, 2021; and 1,800 units on or before each of February 28, 2021; September 30, 2021; April 30, 2021, May 31, 2021 and September 30, 2021. As of September 30, 2021, the Company has paid the entire purchase price under this agreement and has received 10,500 units from Bitmain.

On October 23, 2020, the Company executed a contract with Bitmain to purchase an additional 10,000 next generation Antminer S-19 Pro ASIC Miners. The 2021 delivery schedule was for 2,500 units to be delivered in January, 4,500 units to be delivered in February and the final 3,000 units to be delivered in March 2021. The gross purchase price was \$23,620,000 with 30% due upon the execution of the contract and the balance paid over the next 4 months. Subsequent to executing this agreement, due to the additional executed contracts, Bitmain applied a discount of 8.63% to the purchase price adjusting the amount due to \$21,581,594. As of September 30, 2021, the Company has paid the entire purchase price under this agreement and has received 10,000 units from Bitmain.

On December 8, 2020, the Company executed a contract with Bitmain to purchase an additional 10,000 next generation Antminer S-19j Pro ASIC Miners, with 6,000 units to be delivered in August 2021, and the remaining 4,000 units to be delivered in September 2021. The gross purchase price is \$23,770,000 with 10% of the purchase price due within 48 hours of execution of the contract, 30% due on January 14, 2021, 10% due on February 15, 2021, 30% due on June 15, 2021 and 20% due on July 15, 2021. Subsequent to executing this agreement, due to the additional executed contracts, Bitmain applied a discount of 8.63% to the purchase price adjusting the amount due to \$21,718,649. As of September 30, 2021, the Company has paid the entire purchase price under this agreement. Subsequent to September 30, 2021, the Company has received 10,000 units from Bitmain.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

On December 23, 2020, the Company executed a contract with Bitmain to purchase an additional 70,000 next generation Antminer S-19 ASIC Miners, with 7,000 units to be delivered by August 2021, 2,100 units to be delivered by September 2021, 6,500 units to be delivered by October 31, 2021, 14,700 units to be delivered by November 30, 2021, 24,500 units to be delivered by December 31, 2021 and 15,200 units to be delivered by January 31, 2022. The purchase price is \$167,763,451. The purchase price for the miners shall be paid as follows: 20% within 48 hours of signing of contract; 30% on or before March 1, 2021; 4.75% on June 15, 2021; 1.76% on July 15, 2021; 4.58% on August 15, 2021; 10.19% on September 15, 2021; 17.63% on October 15, 2021 and 11.55% on November 15, 2021. As of September 30, 2021, the Company has paid \$118,799,091 of the total balance of \$167,763,451 and has received 6,460 units from Bitmain.

On February 1, 2021, Marathon announced that Bitmain had shipped approximately 4,000 S-19 Pro ASIC miners to the Company's mining facility in Hardin, MT, all of which were delivered as scheduled.

In addition to the initial 4,000 miners delivered to the Hardin facility in February, Bitmain has shipped another 22,960 miners to Hardin. Marathon has received over 26,900 miners as of September 30, 2021 and subsequent to quarter end increased its active mining fleet to approximately 25,272 miners, generating approximately 2.74 EH/s.

As of September 30, 2021, approximately \$185.6 million cash paid for Miners was recorded as a deposit on the balance sheet.

On May 21, 2021, the Company entered into a binding letter of intent with Compute North, LLC to host 73,000 Bitcoin Miners over a staged implementation between October 2021 and March 2022. The hosting cost is \$0.50 per machine per month and the hosting rate will be \$0.044 per kWh. In order to build out the infrastructure without paying for the capital expenditure, the Company will provide an 18 month bridge loan to Compute North of up to \$67 million dollars, in tranches, based upon specified requirements being met. The terms of the contract are limited to three years with increases thereafter capped at three percent per year thereafter. The Company has also agreed to pay up to \$14 million in expedite fees for construction/electrical and supply chain expediting activities. As of September 30, 2021, the Company paid \$8 million of the \$14 million in expedite fees recorded as a deposit on the balance sheet. On September 3, 2021, the Company entered into a master agreement with Compute North, LLC pursuant to which the Company is paying an initial deposit of \$14.6 million in the aggregate over five installments. As of September 30, 2021, the Company paid \$9.1 million of the \$14.6 million initial deposit recorded as a deposit on the balance sheet.

The components of property, equipment and intangible assets as of September 30, 2021 and December 31, 2020 are:

	Useful life (Years)	September 30, 2021	December 31, 2020
Website	7	121,787	\$ 121,787
Mining equipment	5	98,863,798	12,989,318
Construction in Progress	N/A	9,389,419	10,593,575
Mining patent	17	1,210,000	1,210,000
Gross property, equipment and intangible assets		109,585,004	24,914,680
Less: Accumulated depreciation and amortization		(14,703,757)	(6,687,957)
Property, equipment and intangible assets, net		\$ 94,881,247	\$ 18,226,723

The Company's depreciation expense for the three months ended September 30, 2021 and 2020 were \$4.3 million and \$787,689, and amortization expense were \$18,483 and \$17,794 for the three months ended September 30, 2021 and 2020, respectively. The Company's depreciation expense for the nine months ended September 30, 2021 and 2020 were \$8.0 million and \$1.8 million, and amortization expense were \$54,071 and \$53,382 for the nine months ended September 30, 2021 and 2020, respectively.

NOTE 4 - STOCKHOLDERS' EQUITY

Common Stock

On January 1, 2018, our Board adopted the 2018 Equity Incentive Plan, subsequently approved by the stockholders on March 7, 2018, pursuant to which up to 625,000 shares of common stock, stock options, restricted stock, preferred stock, stock-based awards and other awards are reserved for issuance as awards to employees, directors, consultants, advisors and other service providers. In August 2021, the Plan was increased by an additional 7.5 million shares which were registered pursuant to a Registration Statement on Form S-8.

MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Registered Direct Offering

On January 12, 2021, the Company, entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain purchasers named therein (the "Purchasers"), pursuant to which the Company agreed to issue and sell, in a registered direct offering (the "Offering"), 12,500,000 shares of its common stock (the "Securities") at an offering price of \$20.00 per share.

The Purchase Agreement contains customary representations and warranties and agreements of the Company and the Purchasers and customary indemnification rights and obligations of the parties. The closing of the Offering occurred on January 15, 2021. The Company received gross proceeds of \$250,000,000 in connection with the Offering, before deducting placement agent fees and related offering expenses.

Pursuant to a letter agreement, dated August 2020 (the “Engagement Letter”), the Company engaged H.C. Wainwright & Co., LLC (the “Placement Agent”) as placement agent in connection with the Offering. The Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the Securities. The Company agreed to pay to the Placement Agent a cash fee of 5.0% of the aggregate gross proceeds raised in the Offering. The Company also issued to designees of the Placement Agent warrants to purchase up to 3.0% of the aggregate number of shares of Common Stock sold in the transactions, or warrants to purchase up to 375,000 shares of Common Stock (the “Placement Agent Warrants”). The Placement Agent Warrants have an exercise price equal to 125% of the offering price per share (or \$25.00 per share). The Company also agreed to pay the Placement Agent \$50,000 for accountable expenses, to reimburse an investor’s legal fees in an amount up to \$7,500 and to pay \$12,900 for the Placement Agent’s clearing fees. Pursuant to the terms of the Engagement Letter, the Placement Agent has the right, for a period of twelve months following the closing of the Offerings, to act (i) as financial advisor in connection with any merger, consolidation or similar business combination by the Company and (ii) as sole book-running manager, sole underwriter or sole placement agent in connection with certain debt and equity financing transactions by the Company.

Series B Convertible Preferred Stock

As of September 30, 2021, there were no shares of Series B Convertible Preferred Stock outstanding.

Series E Preferred Stock

There was no Series E Convertible Preferred Stock outstanding as of September 30, 2021.

Common Stock Warrants

A summary of the status of the Company’s outstanding stock warrants and changes during the nine months ended September 30, 2021 is as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)
Outstanding as of December 31, 2020	287,656	\$ 12.64	2.7
Issued	386,719	25.00	4.3
Expired	-	-	-
Exercised	(216,538)	7.55	-
Outstanding as of September 30, 2021	457,837	\$ 25.54	3.5
Warrants exercisable as of September 30, 2021	457,837	\$ 25.54	3.5
The aggregate intrinsic value of warrants outstanding and exercisable at September 30, 2021 was		\$ 2,812,878	

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MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Common Stock Options

A summary of the stock options as of September 30, 2021 and changes during the period are presented below:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)
Outstanding as of December 31, 2020	106,120	\$ 44.32	4.28
Exercised	(25,000)	2.04	-
Outstanding as of September 30, 2021	81,120	\$ 57.35	3.75
Options vested and expected to vest as of September 30, 2021	81,120	\$ 57.35	3.75
Options vested and exercisable as of September 30, 2021	81,120	\$ 57.35	3.75
The aggregate intrinsic value of options outstanding and exercisable at September 30, 2021 was		\$ 55,522	

Restricted Stock

On January 6, 2021, the Company issued 566,279 shares pursuant to the 2018 Equity Incentive Plan for shares that vested as of December 31, 2020. Subsequent to year end, the Company issued 172,948 and 23,500 shares of common stock pursuant to warrant and option exercises, respectively.

A summary of the restricted stock award activity for the nine months ended September 30, 2021 as follows:

	Number of Units	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2020	566,279	\$ 0.43
Granted	7,618,577	19.49
Vested	(8,089,677)	18.11
Nonvested at September 30, 2021	95,179	\$ 23.13

The Company anticipates incurring non-cash stock based compensation expense of \$642,789, \$232,241 and \$2,533 on December 31, 2021, March 31, 2022 and June 30, 2022,

respectively related to the 95,179 nonvested shares.

NOTE 5 - DEBT, COMMITMENTS AND CONTINGENCIES

Leases

Effective June 1, 2018, the Company rented its corporate office at 1180 North Town Center Drive, Suite 100, Las Vegas, Nevada 89144, on a month to month basis. The monthly rent is \$1,997. A security deposit of \$3,815 has been paid.

The Company also assumed a lease in connection with the mining operations in Quebec, Canada. Operating leases are included in operating lease right-of-use assets, operating lease liabilities, and noncurrent operating lease liabilities on the balance sheets. On March 7, 2021, the Company entered into a termination agreement with the 9349-0001 Quebec Inc., to agree to terminate the outstanding lease. As of that date, the Company was fully released and discharged from any and all obligations under the Lease Agreement. Due to the lease termination, the Company incurred a loss on cancellation in an amount of approximately \$81,000.

Operation lease costs are recorded on a straight-line basis within operating expenses. The Company's total lease expense is comprised of the following:

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MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Additional information regarding the Company's leasing activities as a lessee is as follow:

	For the Three Months Ended	
	September 30, 2021	September 30, 2020
Operating leases		
Operating lease cost	\$ -	\$ 26,803
Operating lease expense	-	26,803
Short-term lease rent expense	9,579	6,231
Total rent expense	\$ 9,579	\$ 33,034

	For the Nine months Ended	
	September 30, 2021	September 30, 2020
Operating leases		
Operating lease cost	\$ 97,407	\$ 79,925
Operating lease expense	97,407	79,925
Short-term lease rent expense	23,867	18,295
Total rent expense	\$ 121,274	\$ 98,220

Additional information regarding the Company's leasing activities as a lessee is as follow:

	For the Nine months Ended	
	September 30, 2021	September 30, 2020
Operating cash flows from operating leases	\$ -	\$ 78,796
Weighted-average remaining lease term – operating leases	-	1.6
Weighted-average discount rate – operating leases	0.0%	6.5%

As of September 30, 2021, contractual minimal lease payments are nil.

Legal Proceedings

Feinberg Litigation

On March 27, 2018, Jeffrey Feinberg, purportedly joined by the Jeffrey L. Feinberg Personal Trust and the Jeffrey L. Feinberg Family Trust, filed a complaint against the Company and certain of its former officers and directors. The complaint was filed in the Supreme Court of the State of New York, County of New York. The plaintiffs purported to state claims under Sections 11, 12(a)(2) and 15 of the federal Securities Act of 1933 and common law claims for “actual fraud and fraudulent concealment,” constructive fraud, and negligent misrepresentation, seeking unspecified money damages (including punitive damages), as well as costs and attorneys’ fees, and equitable or injunctive relief. On June 15, 2018, the defendants filed a motion to dismiss all claims asserted in the complaint and, on July 27, 2018, the plaintiffs filed an opposition to that motion. The court heard argument on the motion and, on January 15, 2019, the court granted the motion to dismiss, allowing 30 days for the filing of an amended complaint. On February 15, 2019, Jeffrey Feinberg, individually and as trustee of the Jeffrey L. Feinberg Personal Trust, and Terrence K. Ankner, as trustee of the Jeffrey L. Feinberg Family Trust, filed an amended complaint that purports to state the same claims and seeks the same relief sought in the original complaint. On March 7 and 22, 2019, defendants filed motions to dismiss the amended complaint and on April 5, 2019, plaintiffs filed an opposition to those motions. The court heard oral argument on the motions to dismiss on July 9, 2019, and at the conclusion of the argument the court took the motions under submission. On March 13, 2020, the court issued its Decision in which it granted the motions to dismiss in full and ordered that the case be dismissed with prejudice. On or about May 4, 2020, the plaintiffs filed a notice of appeal. Plaintiffs filed their opening appellate brief on January 4, 2021, and defendants filed their responsive appellate briefs on February 3, 2021. Oral argument on the appeal was conducted on April 1, 2021. On April 22, 2021, the court's Appellate Division issued its Decision and Order affirming the dismissal of the case.

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MARATHON DIGITAL HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Ho Matter

On January 14, 2021, Plaintiff Michael Ho (“Plaintiff” or “Ho”) filed a Civil Complaint for Damages and Restitution (“Complaint”) against Marathon Patent Group, Inc., now known as Marathon Digital Holdings, Inc. (the “Company”) and 10 Doe Defendants in the Superior Court of the State of California for the County of Riverside. The Complaint alleges six causes of action against the Company, (1) Breach of Written Contract; (2) Breach of Implied Contract; (3) Quasi-Contract; (4) Services Rendered; (5) Intentional Interference with Prospective Economic Relations; and (6) Negligent Interference with Prospective Economic Relations. Claims 5 and 6 are pled against “all Defendants” and may involve later named defendants. The Complaint seeks damages, restitution, punitive damages, and costs of suit. The claims arise from the same set of facts. Ho alleges that

the Company profited from commercially-sensitive information he shared with the Company, purportedly under a mutual non-disclosure agreement, and that the Company failed to compensate him for his role in securing the acquisition of a supplier of energy for the Company. On February 22, 2021, the Company responded to Mr. Ho's Complaint with a general denial and the assertion of applicable affirmative defenses. Then, on February 25, 2021, the Company removed the action to the United States District Court in the Central District of California, where the action remains pending. The parties are currently engaged in discovery, including written discovery and depositions. The Company will move to have Plaintiff's claims dismissed before trial. Trial is set to begin on March 3, 2022. Due to outstanding issues of fact and law, it is impossible to predict the outcome at this time; however, after consulting legal counsel the Company is confident that it will prevail in this litigation since it did not have a contract with Mr. Ho and he did not disclose any commercially-sensitive information under any mutual nondisclosure agreement that was used to structure any joint venture with energy providers.

Information Subpoena

On October 6, 2020, the Company entered into a series of agreements with multiple parties to design and build a data center for up to 100-megawatts in Hardin, MT. In conjunction therewith, the Company filed a Current Report on Form 8-K on October 13, 2020. The 8-K discloses that, pursuant to a Data Facility Services Agreement, the Company issued 6,000,000 shares of restricted Common Stock, in transactions exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended. During the quarter ended September 30, 2021, the Company and certain of its executives received a subpoena to produce documents and communications concerning the Hardin, Montana data center facility described in our Form 8-K dated October 13, 2020. We understand that the SEC may be investigating whether or not there may have been any violations of the federal securities law. We are cooperating with the SEC.

NOTE 6 – Subsequent Events

On October 1, 2021, Marathon Digital Holdings, Inc. (the "Company") entered into a Revolving Credit and Security Agreement (the "Agreement") with Silvergate Bank (the "Bank") pursuant to which Silvergate has agreed to loan the Company up to \$100,000,000 on a revolving basis pursuant to the terms of the Agreement and the \$100,000,000 principal amount revolving credit note issued by the Company in favor of the Bank under the Agreement ("Note"). The terms of the facility ("RLOC") set forth in the Agreement and Note are as follows:

Initial Term: One (1) Year

Availability: The RLOC shall be made available from time to time to the Company for periodic draws (provided no event of default then exists) from its closing date up to and including the one-year anniversary of the loan date.

Origination

Fee: 0.25% of the Loan Commitment to the Bank (or \$250,000); due at RLOC closing.

Unused

Commitment

Fee: 0.25% per annum of the portion of the unused Loan Commitment, payable monthly in arrears.

Renewal: The RLOC may be renewed annually by agreement between the Bank and the Company, subject to (without limitation): (i) Company makes a request for renewal, in writing, no less than sixty (60) days prior to the then current maturity date, (ii) no event of default then exists, (iii) Company provides all necessary documentation to extend the RLOC, (iv) Company has paid all applicable fees related to the loan renewal, and (v) the Bank has approved such extension request according to its internal credit policies as determined by the Bank in its sole and absolute discretion.

If the Bank approves a request by Company to renew the RLOC upon any maturity, then a Renewal Fee of 0.25% of the Loan Commitment (or \$250,000) shall be due and payable upon extension of the Loan Commitment.

Payments: Interest only to be paid monthly, with principal all due at maturity.

Collateral: The RLOC will be secured by a pledge of a sufficient amount of Company's right, title and interest in and to bitcoin and/or U.S. Dollar ("USD") stored in a custody account for the benefit of the Bank (the "Collateral Account"). The Bank will establish a Collateral Account with a regulated custodial entity (the "Custodian") that has been approved by the Bank. The Bank and Custodian will have a custodial agreement to perfect the security interest in the pledged Collateral Account which, among other things, allows for 1) the Bank to monitor the balance of the Collateral Account and 2) allows the Bank to have exclusive control over the Collateral Account including liquidation of the collateral in the event of Company's default under the terms of the RLOC. The Bank may also file a UCC financing statement on the pledged collateral.

Minimum Advance Rate: At origination, the Company must ensure the Collateral Account balance has sufficient bitcoin (and/or US\$) to cause a Loan to Value (the "LTV") ratio of 65% (or less) ("Minimum Advance Rate") on the unpaid principal balance of the RLOC.

Rate:

Covenants: The Company must maintain a minimum debt to equity ratio of 0.5:1. The Company must maintain a minimum liquidity of \$25,000,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This report on Form 10-Q ("Report") and other written and oral statements made from time to time by us may contain so-called "forward-looking statements," all of which are subject to risks and uncertainties. Forward-looking statements can be identified by the use of words such as "expects," "plans," "will," "forecasts," "projects," "intends," "estimates," and other words of similar meaning. One can identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address our growth strategy, financial results and product and development programs. One must carefully consider any such statement and should understand that many factors could cause actual results to differ from our forward-looking statements. These factors may include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially.

Information regarding market and industry statistics contained in this Report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources, and cannot assure investors of the accuracy or completeness of the data included in this Report. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not assume any obligation to update any forward-looking statement. As a result, investors should not place undue reliance on these forward-looking statements.

The following discussion and analysis is intended as a review of significant factors affecting our financial condition and results of operations for the periods indicated. The discussion should be read in conjunction with our consolidated financial statements and the notes presented herein. In addition to historical information, the following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ significantly from those expressed, implied or anticipated in these forward-looking statements as a result of certain factors discussed herein and any other periodic reports filed and to be filed with the Securities and Exchange Commission.

Cautionary Note Regarding Forward-Looking Statements

This report and other documents that we file with the Securities and Exchange Commission contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about our future performance, our business, our beliefs and our management's assumptions. Statements that are not historical facts are forward-looking statements. Words such as "expect," "outlook," "forecast," "would," "could," "should," "project," "intend," "plan," "continue," "sustain", "on track", "believe," "seek," "estimate," "anticipate," "may," "assume," and variations of such words and similar expressions are often used to identify such forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance and involve risks, assumptions and uncertainties, including, but not limited to, those described in our reports that we file or furnish with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Except to the extent required by law, we undertake no obligation to update publicly any forward-looking statements after the date they are made, whether as a result of new information, future events, changes in assumptions or otherwise.

Business of the Company

We were incorporated in the State of Nevada on February 23, 2010 under the name Verve Ventures, Inc. As of the date of this filing, our name has been changed to Marathon Digital Holdings, Inc. On December 7, 2011, we changed our name to American Strategic Minerals Corporation and were engaged in exploration and potential development of uranium and vanadium minerals business. In June 2012, we discontinued our minerals business and began to invest in real estate properties in Southern California. In October 2012, we discontinued our real estate business when our former CEO joined the firm and we commenced our IP licensing operations, at which time the Company's name was changed to Marathon Patent Group, Inc. On November 1, 2017, we entered into a merger agreement with Global Bit Ventures, Inc. ("GBV"), which is focused on mining digital assets. We have since purchased our cryptocurrency mining machines and established a data center in Canada to mine digital assets. Following the merger, we intended to add GBV's existing technical capabilities and digital asset miners and expand our activities in the mining of new digital assets, while at the same time harvesting the value of our remaining IP assets. On June 28, 2018, the board has determined that it is in the best interests of the Company and its shareholders to allow the Amended Merger Agreement to expire on its current termination date of June 28, 2018 without further negotiation or extension. The Board approved to issue 750,000 shares of our common stock to GBV as a termination fee for canceling the proposed merger between the two companies. The fair value of the common stocks was \$2,850,000.

The Company believes that bitcoin is attractive because it can serve as a store of value, supported by a robust and public open source architecture, that is untethered to sovereign monetary policy and can therefore serve as a hedge against inflation. Bitcoin exists entirely in electronic form, as virtually irreversible public transaction ledger entries on the blockchain, and transactions in bitcoin are recorded and authenticated not by a central repository, but by a decentralized peer-to-peer network. This decentralization avoids certain threats common to centralized computer networks, such as denial of service attacks, and reduces the dependency of the bitcoin network on any single system. While the bitcoin network as a whole is decentralized, the private keys used to access bitcoin balances are not widely distributed and are held on hardware (which can be physically controlled by the holder or by a third party such as a custodian) or via software programs on third-party servers and loss of such private keys results in an inability to access, and effective loss of, the corresponding bitcoin. Consequently, bitcoin holdings are susceptible to all of the risks inherent in holding any electronic data, such as power failure, data corruption, security breach, communication failure, and user error, among others. These risks, in turn, make bitcoin subject to theft, destruction, or loss of value from hackers, corruption, or technology-specific factors such as viruses that do not affect conventional fiat currency. In addition, the bitcoin network relies on open source developers to maintain and improve the bitcoin protocol. Accordingly, bitcoin may be subject to protocol design changes, governance disputes such as "forked" protocols, competing protocols, and other open source-specific risks that do not affect conventional proprietary software.

The Company believes that in the context of the economic and public health crisis precipitated by COVID-19 and the unprecedented government financial stimulus measures adopted around the world, decreasing interest rates, as well as the breakdown of trust in and between political institutions and political parties in the United States and globally, bitcoin represents a more attractive store of value than fiat currency, and further that opportunity for appreciation in the value of bitcoin exists in the event that such factors lead to even more widespread adoption of bitcoin as a treasury reserve alternative.

As of September 30, 2021

	<u>Existing Operations</u>	<u>Purchase Agreements</u>	<u>Cumulative Fleet</u>
Total miners ordered	2,620	130,500	133,120
Total miners shipped	2,620	26,960	29,580
Total miners installed	2,620	22,652	25,272
Total produced hashrate to date	243 PH/s	2,492 PH/s	2,735 PH/s

Recent Developments

On January 6, 2021, the Company issued 566,279 shares pursuant to the 2018 Equity Incentive Plan for shares that vested as of December 31, 2020. Subsequent to year end, the Company issued 170,904 and 23,500 shares of common stock pursuant to warrant and option exercises, respectively.

On January 12, 2021, the Company also announced that it had successfully completed its previously announced \$200 million shelf offering by utilizing its at-the-market (ATM) facility. Pursuant to the terms of the offering 12,500,000 shares of common stock were issued at a value of \$20 per share. As a result, the Company ended the 2020 fiscal year with \$141.3 million in cash and 81,974,619 shares outstanding.

On January 12, 2021, the Company, entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain purchasers named therein (the "Purchasers"), pursuant to which the Company agreed to issue and sell, in a registered direct offering (the "Offering"), 12,500,000 shares of its common stock (the "Securities") at an offering price of \$20.00 per share.

The Purchase Agreement contains customary representations and warranties and agreements of the Company and the Purchasers and customary indemnification rights and obligations of the parties. The closing of the Offering occurred on January 15, 2021. The Company received gross proceeds of \$250,000,000 in connection with the Offering, before deducting placement agent fees and related offering expenses.

Pursuant to a letter agreement, dated August 2020 (the "Engagement Letter"), the Company engaged H.C. Wainwright & Co., LLC (the "Placement Agent") as placement agent in connection with the Offering. The Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the Securities. The Company agreed to pay to the Placement Agent a cash fee of 5.0% of the aggregate gross proceeds raised in the Offering. The Company also issued to designees of the Placement Agent warrants to purchase up to 3.0% of the aggregate number of shares of Common Stock sold in the transactions, or warrants to purchase up to 375,000 shares of Common Stock (the "Placement Agent Warrants"). The Placement Agent Warrants have an exercise price equal to 125% of the offering price per share (or \$25.00 per share). The Company also agreed to pay the Placement Agent \$50,000 for accountable expenses, to reimburse an investor's legal fees in an amount up to \$7,500 and to pay \$12,900 for the Placement Agent's clearing fees. Pursuant to the terms of the Engagement Letter, the Placement Agent has the right, for a period of twelve months following the closing of the Offerings, to act (i) as financial advisor in connection with any merger, consolidation or similar business combination by the Company and (ii) as sole book-running manager, sole underwriter or sole placement agent in connection with certain debt and equity financing transactions by the Company.

Effective January 19, 2021, David Lieberman resigned as a director of the Company. On the same date, the Company's Board appointed Kevin DeNuccio as a director to fill the vacancy created by Mr. Lieberman's resignation.

Mr. DeNuccio is the Founder and General Partner of Wild West Capital LLC since 2012 where he focused on angel investments, primarily in SAAS software start-ups.

He brings to Marathon more than 25 years of experience as a chief executive, global sales leader, public and private board member, and more than a dozen angel investments, managing and growing leading technology businesses. He served in senior executive positions with Verizon, Cisco Systems, Ericsson, Redback Networks, Wang Laboratories and Unisys Corporation.

On January 25, 2021, the Company entered into a limited partnership agreement with NYDIG Digital Assets Fund III, LP ("fund") whereas the fund purchased 4,812.66 BTC in an aggregate purchase price of \$150 million. The Company owns 100% of the limited partnership interest. The investment fund is included in current assets in the consolidated balance sheets.

On February 11, 2021, the Company issued 4,701,442 shares of common stock pursuant to the 2018 Equity Incentive Plan.

Effective March 1, 2021, the Company changed its name to Marathon Digital Holdings, Inc.

On March 7, 2021, the Company entered into a termination agreement with the 9349-0001 Quebec Inc., to agree to terminate the outstanding lease. As of that date, the Company was fully released and discharged from any and all obligations under the Lease Agreement. In November 2017, the Company assumed a lease in connection with the mining operations in Quebec, Canada.

On April 26, 2021, the Company appointed Fred Thiel as its new chief executive officer. Mr. Thiel has succeeded Merrick Okamoto, who has served as the Company's chief executive officer since 2018, and who will serve as executive chairman of the board of directors following the transition.

On March 25, 2021, Marathon Digital Holdings, Inc. (the "Company") entered into a licensing agreement with DMG Blockchain Solutions, Inc. to license DMG's proprietary Blockseer pool technology for use in its new Marathon OFAC Pool. Pursuant to the terms and conditions of the Agreement, the Company will be granted an exclusive and irrevocable license to use the technology in the U.S., and DMG will receive: \$500,000 in restricted common stock of the Company (stock to be issued in a transaction exempt from registration under Section 4(a)(2) under the Securities Act of 1933, as amended); a monthly license fee with a sliding scale based on the MARAPool's block rewards and transaction fees received by the pool; and technical support services to be provided on an as-needed basis with payment in US dollars. As of September 30, 2021, DMG has received shares equivalent to \$500,000 in restricted common stock of the Company.

On May 20, 2021, the Company appointed Georges Antoun and Jay Leupp to its board of directors, effective immediately, as Peter Benz transitions to become the company's vice president of corporate development and Michael Berg steps down from his position of director to pursue other projects. As a result, Marathon's board of directors now consists of five directors, including three independent directors and two inside directors.

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On May 21, 2021, Marathon Digital Holdings, Inc. (the "Company") entered into a binding letter of intent with Compute North, LLC to host 73,000 Bitcoin Miners over a staged in implementation between October 2021 and March 2022. The hosting cost is \$0.50 per machine per month and the hosting rate will be \$0.044 per kWh. In order to build out the infrastructure without paying for the capital expenditure, the Company will provide an 18 month bridge loan to Compute North of up to \$67 million dollars, in tranches, based upon specified requirements being met. The terms of the contract are limited to three years with increases thereafter capped at three percent per year thereafter. The Company has also agreed to pay up to \$14 million in expedite fees for construction/electrical and supply chain expediting activities. As of September 30, 2021, the Company paid \$8 million of the \$14 million in expedite fees recorded as a deposit on the balance sheet. On September 3, 2021, the Company entered into a master agreement with Compute North, LLC whereas the Company will pay an initial deposit of \$14.6 million in aggregate over five installments. As of September 30, 2021, the Company paid \$9.1 million of the \$14.6 million initial deposit recorded as a deposit on the balance sheet.

On July 30, 2021, Marathon Digital Holdings, Inc. (the "Company") entered into a fully executed contract with Bitmain to purchase an additional 30,000 S-19j Pro ASIC Miners, with 5,000 units scheduled to be delivered in each of January 2022, February 2022, March 2022, April 2022, May 2022, and June 2022. The purchase price is \$126,000,000 with (i) 25% of the purchase price due paid within one day of execution of the contract, (ii) 35% of the purchase price of each batch due in consecutive months with 35% of the January 2022 batch due immediately, and then 35% of each of the remaining five batches due on the 15th of each consecutive month starting August 15, 2021, through December 15, 2021 and (iii) the remaining 40% of the purchase price of each batch due on the 15th of each consecutive month starting November 15, 2021 and then 40% of each of the remaining five batches due on the 15th of each consecutive month through April 2022.

On August 9, 2021, the Company appointed Sarita James and Said Ouissal to its board of directors, effective immediately. As a result, Marathon's board of directors now consists of seven directors, including five independent directors and two inside directors.

On August 23, 2021, the Company issued 2,722,435 shares of common stock pursuant to the 2018 Equity Incentive Plan.

On August 27, 2021, Marathon Digital Holdings, Inc. (the "Company") entered into a Master Securities Loan Agreement (the "Agreement") with NYDIG Funding, LLC ("NYDIG"). Pursuant to the Agreement, the Company will loan its bitcoin ("BTC") to NYDIG with an interest rate of three percent (3%) per annum. Interest accrues daily and is payable on a monthly basis. The Agreement provides that the Company may recall its BTC at any time. NYDIG shall, prior to or concurrently with the transfer of the BTC to NYDIG, but in no case later than the close of business on the day of such transfer, transfer to the Company collateral with a market value at least equal to 100% of the market value of the loaned BTC, and the Company is granted a first priority lien on such collateral. As of August 27, 2021, the Company loaned 300 BTC to NYDIG.

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As previously disclosed in the Company's monthly production updates, there have been multiple instances of the power generating station in Hardin, MT operating below peak capacity and thus limiting the Company's ability to mine bitcoin during 2021. To mitigate these issues in the future, system upgrades will be performed on the power generating station beginning in November 2021 and continuing into 2022. Each phase of this maintenance will require the plant, and therefore the Company's mining operations in Hardin, MT, to be offline for approximately three to five days. The upgrades are intended to improve the power generating station's efficacy and efficiency, increase safety, mitigate the potential for unexpected downtime in the future, and ultimately improve the Company's ability to effectively mine bitcoin. The Company believes that the impact of these upgrades on its mining operations will minimize future downtime and thus counterbalance any maintenance downtime experienced as a result of these repairs.

Critical Accounting Policies and Estimates

We believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating this management discussion and analysis:

Digital Currencies

Digital currencies are included in current assets in the consolidated balance sheets as intangible assets with indefinite useful lives. Digital currencies are recorded at cost less 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, which is measured using the quoted price of the digital currency 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.

At September 30, 2021, we carried \$282.7 million of digital assets on our balance sheet, which include cumulative impairments of \$18.5 million, consisting of the approximately 7,035 bitcoins, and held \$32.9 million in cash and cash equivalents, compared to \$2.3 million of digital assets and \$141.3 million in cash and cash equivalents at December 31, 2020, reflecting the shift in our liquid assets. As of November 15, 2021, we held approximately 7,562 bitcoins, of which, 4,812.66 bitcoins were acquired at an aggregate purchase price of \$150 million at an average purchase price of approximately \$31,168 per bitcoin, inclusive of fees and expenses. These purchased bitcoins are held in an investment fund of one where the Company is the sole limited partner. We expect to purchase additional bitcoin held by NYDIG Digital Assets Fund III, LP, the investment fund in future periods, though we may also sell bitcoin in future periods as needed to generate Cash Assets for treasury management purposes.

Non-GAAP Financial Measures

We are providing supplemental financial measures for (i) non-GAAP income from operations that excludes the impact of depreciation and amortization of fixed assets, impairment losses on mined cryptocurrency, server maintenance contract amortization and stock compensation expense and (ii) non-GAAP net income and non-GAAP diluted earnings per share that exclude the impact of depreciation and amortization of fixed assets, impairment losses on mined cryptocurrency, change in fair value of warrant liability, server maintenance contract amortization and stock compensation expense, net of withholding taxes. These supplemental financial measures are not measurements of financial performance under generally accepted accounting principles in the United States ("GAAP") and, as a result, these supplemental financial measures may not be comparable to similarly titled measures of other companies. Management uses these non-GAAP financial measures internally to help understand, manage, and evaluate our business performance and to help make operating decisions.

We believe that these non-GAAP financial measures are also useful to investors and analysts in comparing our performance across reporting periods on a consistent basis. The first supplemental financial measure excludes non-cash operational expenses that we believe are not reflective of our general business performance such as (i) depreciation and amortization of fixed assets, (ii) significant impairment losses on mined cryptocurrency, (iii) server maintenance contract amortization and (iv) stock compensation expense, net of withholding taxes that could vary significantly in comparison to other companies.

The second set of supplemental financial measures excludes the impact of (i) depreciation and amortization of fixed assets, (ii) significant impairment losses on mined cryptocurrency, (iii) change in fair value of warrant liability (iv) server maintenance contract amortization and (v) stock compensation expense, net of withholding taxes. We believe the use of these non-GAAP financial measures can also facilitate comparison of our operating results to those of our competitors.

Non-GAAP financial measures are subject to material limitations as they are not in accordance with, or a substitute for, measurements prepared in accordance with GAAP. For example, we expect that share-based compensation expense, which is excluded from the first two non-GAAP financial measures, will continue to be a significant recurring expense over the coming years and is an important part of the compensation provided to certain employees, officers, and directors. Similarly, we expect that depreciation and amortization of fixed assets will continue to be a recurring expense over the term of the useful life of the assets. We have also excluded impairment losses on mined cryptocurrency from the first two non-GAAP financial measures, which may occur in future periods as a result of our continued holdings of significant amounts of bitcoin. Our non-GAAP financial measures are not meant to be considered in isolation and should be read only in conjunction with our Consolidated Condensed Financial Statements, which have been prepared in accordance with GAAP. We rely primarily on such Consolidated Condensed Financial Statements to understand, manage, and evaluate our business performance and use the non-GAAP financial measures only supplementally.

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The following is a reconciliation of our non-GAAP income from operations, which excludes the impact of (i) depreciation and amortization of fixed assets (ii) impairment losses on mined cryptocurrency (iii) server maintenance contract amortization and (iv) stock compensation expense, net of withholding taxes, to its most directly comparable GAAP measures for the periods indicated:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Reconciliation of non-GAAP income from operations:				
Operating loss	\$ (64,283,755)	\$ (1,994,197)	\$ (106,717,049)	\$ (4,877,232)
Depreciation and Amortization of Fixed Assets	4,340,198	805,483	8,015,801	1,851,341
Impairment of mined cryptocurrency	6,731,890	-	18,472,750	-
Server maintenance contract amortization	949,280	-	2,071,280	-
Stock Compensation Expense, net of withholding taxes	95,739,710	360,211	147,647,288	1,032,199
Non-GAAP income (loss) from operations	<u>\$ 43,477,323</u>	<u>\$ (828,503)</u>	<u>\$ 69,490,070</u>	<u>\$ (1,993,692)</u>

The following are reconciliations of our non-GAAP net income and non-GAAP diluted earnings per share, in each case excluding the impact of (i) depreciation and amortization of fixed assets (ii) impairment losses on mined cryptocurrency (iii) change in fair value of warrant liability (iv) server maintenance contract amortization and (v) stock compensation expense, net of withholding taxes, to its most directly comparable GAAP measures for the periods indicated:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Reconciliation of non-GAAP net income:				
Net loss	\$ (22,172,567)	\$ (1,994,417)	\$ (47,700,445)	\$ (5,213,544)
Non-cash adjustments to Net Income (loss)				
Depreciation and Amortization of Fixed Assets	4,340,198	805,483	8,015,801	1,851,341
Impairment of mined cryptocurrency	6,731,890	-	18,472,750	-
Change in fair value of warrant liability	(168,666)	21,875	227,225	18,651
Server maintenance contract amortization	949,280	-	2,071,280	-
Stock Compensation Expense, net of withholding taxes	95,739,710	360,211	147,647,288	1,032,199
Total Non-cash adjustments to Net Income (Loss)	<u>\$ 107,592,412</u>	<u>\$ 1,187,569</u>	<u>\$ 176,434,344</u>	<u>\$ 2,902,191</u>
Non-GAAP net (loss) income	<u>\$ 85,419,845</u>	<u>\$ (806,848)</u>	<u>\$ 128,733,899</u>	<u>\$ (2,311,353)</u>

Reconciliation of non-GAAP diluted earnings (loss) per share:

Diluted (loss) earnings per share	\$ (0.22)	\$ (0.06)	\$ (0.49)	\$ (0.28)
Depreciation and Amortization of Fixed Assets (per diluted share)	0.04	0.03	0.08	0.10
Impairment of mined cryptocurrency (per diluted share)	0.07	-	0.19	-
Change in fair value of warrant liability (per diluted share)	-	-	-	-
Server maintenance contract amortization (per diluted share)	0.01	-	0.02	-
Stock Compensation Expense, net of withholding taxes (per diluted share)	0.95	0.01	1.50	0.05
Non-GAAP diluted earnings (loss) per share	\$ 0.85	\$ (0.02)	\$ 1.30	\$ (0.13)

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Recent Issued Accounting Standards

See Note 2 to our consolidated financial statements for a discussion of recent accounting standards and pronouncements.

Results of Operations

For the Three and Nine Months Ended September 30, 2021 and 2020

We generated revenues of \$51.7 million and \$90.2 million during the three and nine months ended September 30, 2021 as compared to \$835,184 and \$1.7 million during the three and nine months ended September 30, 2020. For the three and nine months ended September 30, 2021, this represented an increase of \$50.9 million or 6,091% and \$88.5 million or 5,162% over the same period in 2020. Revenue for the three and nine months ended September 30, 2021 and 2020 were derived primarily from cryptocurrency mining. The increase in revenue is due to the deployment of approximately 22,652 miners, increasing the Company's hash rate by 1,381% for the nine month period ending September 30, 2021.

Direct cost of revenues during the three and nine months ended September 30, 2021 amounted to \$10.3 million and \$19.7 million and for the three and nine months ended September 30, 2020, the direct cost of revenues amounted to \$1.6 million and \$3.5 million. For the three and nine months ended September 30, 2021, this represented an increase of \$8.6 million or 527% and \$16.1 million or 457% over the same period in 2020. Direct costs of revenue include depreciation and amortization expenses of the cryptocurrency mining machines and patents, contingent payments to patent enforcement legal costs, patent enforcement advisors and inventors as well as various non-contingent costs associated with enforcing the Company's patent rights and otherwise in developing and entering into settlement and licensing agreements that generate the Company's revenue.

We incurred other operating expenses of \$105.7 million and \$177.2 million for the three and nine months ended September 30, 2021 and \$1.2 million and \$3.1 million for the three and nine months ended September 30, 2020. For the three and nine months ended September 30, 2021, this represented an increase of \$104.5 million or 8,760% and \$174.2 million or 5,690% over 2020. These expenses primarily consisted of stock-based compensation, compensation to our officers, directors and employees, impairment of cryptocurrencies, professional fees and consulting incurred in connection with the day-to-day operation of our business.

The operating expenses consisted of the following:

	Total Other Operating Expenses		Total Other Operating Expenses	
	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Compensation and related taxes (1)	\$ 97,181,544	\$ 614,604	\$ 153,670,098	\$ 1,908,741
Consulting fees (2)	159,300	259,563	378,260	325,688
Professional fees (3)	857,921	206,368	3,331,728	515,562
Other general and administrative (4)	797,574	112,800	1,383,110	311,303
Impairment of cryptocurrencies (5)	6,731,890	-	18,472,750	-
Total	\$ 105,728,229	\$ 1,193,335	\$ 177,235,946	\$ 3,061,294

	Non-Cash Other Operating Expenses		Non-Cash Other Operating Expenses	
	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Compensation and related taxes (1)	\$ 95,739,710	\$ 360,211	\$ 147,647,288	\$ 1,032,199
Impairment of cryptocurrencies (5)	6,731,890	-	18,472,750	-
Total	\$ 102,471,600	\$ 360,211	\$ 166,120,038	\$ 1,032,199

(1) Compensation expense and related taxes: Compensation expense includes cash compensation and related payroll taxes and benefits, and non-cash equity compensation expenses. For the three and nine months ended September 30, 2021, compensation expense and related payroll taxes were \$97.2 million and \$153.7 million, an increase of \$96.6 million or 15,712% and \$151.8 million or 7,951% over the comparable periods in 2020. During the three and nine months ended September 30, 2021, we recognized non-cash employee and board equity-based compensation of \$95.7 million and \$147.6 million, respectively, and \$360,211 and \$1,032,199 for the three and nine months ended September 30, 2020, respectively.

(2) Consulting fees: For the three and nine months ended September 30, 2021, we incurred consulting fees of \$159,300 and \$378,260, a decrease of \$100,263 or 39% and an increase of \$52,572 or 16% over the comparable periods in 2020. Consulting fees include both cash and non-cash related consulting fees primarily for investor relations and public relations services as well as other consulting services.

(3) Professional fees: For the three and nine months ended September 30, 2021 professional fees were \$857,921 and \$3.3 million, an increase of \$651,553 or 316% and \$2.8 million or 546% over the comparable periods in 2020. Professional fees primarily reflect the costs of professional outside accounting fees, legal fees and audit fees.

(4) Other general and administrative expenses: For the three and nine months ended September 30, 2021, other general and administrative expenses were \$797,574 and \$1.4 million, an increase of \$684,774 or 607% and \$1.1 million or 344% over the comparable periods in 2020. General and administrative expenses reflect the other non-categorized operating costs of the Company and include expenses related to being a public company, rent, insurance, technology and other expenses incurred to support the operations of the Company.

(5) Impairment of cryptocurrencies: For the three and nine months ended September 30, 2021, impairment of cryptocurrencies were \$6.7 million and \$18.5 million, an increase of \$6.7 million or 100% and \$18.5 million or 100% over the comparable periods in 2020. Impairment of cryptocurrencies reflect the impairment of the bitcoin earned by the

Loss from Operations

We reported a loss from operations of \$64.3 million and \$106.7 million for the three and nine months ended September 30, 2021, respectively. We reported an operating loss of \$2.0 million and \$4.9 million for the three and nine months ended September 30, 2020, respectively.

Other (Expenses) Income

Total other income was \$42.1 million and \$59.0 million for the three and nine months ended September 30, 2021 and total other expenses were \$220 and \$336,312 for the three and nine months ended September 30, 2020, respectively. The increase in other income is due to the change in fair value of the investment fund that holds the purchased 4,812.66 bitcoin subject to mark-to-market valuation. Each Fund qualifies and operates as an investment company for accounting purposes pursuant to the accounting and reporting guidance under ASC 946, Financial Services – Investment Companies, which requires fair value measurement of the Fund's investments in digital assets. The bitcoin held in the investment fund was purchased for approximately \$31,168 per bitcoin. As of September 30, 2021, the fair market value of bitcoin was approximately \$43,529 per bitcoin.

Net Loss Available to Common Shareholders

We reported a net loss of \$22.2 million and \$47.7 million for the three and nine months ended September 30, 2021 and a net loss of \$2.0 million and \$5.2 million for the three and nine months ended September 30, 2020.

Liquidity and Capital Resources

The Company's condensed consolidated financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the condensed consolidated financial statements, the Company had an accumulated deficit of approximately \$163.8 million at September 30, 2021, net loss of approximately \$47.7 million and \$43.9 million net cash used by operating activities for the nine months ended September 30, 2021.

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. At September 30, 2021, the Company's cash and cash equivalents balances totaled \$32.9 million compared to \$141.3 million at December 31, 2020. During the nine month period ending September 30, 2021 and September 30, 2020, the Company mined approximately 2,099 and 181 bitcoin, respectively. An increase of 1,918 bitcoin or 1,060%. The average price of a bitcoin during the first nine months of 2020 was \$9,220. The average price of a bitcoin during the first nine months of 2021 was \$44,555, an increase of \$35,335 or 383%.

At September 30, 2021, we carried \$282.7 million of digital assets on our balance sheet, which include cumulative impairments of \$18.5 million, consisting of the approximately 7,035 bitcoins, and held \$32.9 million in cash and cash equivalents, compared to \$2.3 million of digital assets and \$141.3 million in cash and cash equivalents at December 31, 2020, reflecting the shift in our liquid assets. As of November 15, 2021, we held approximately 7,562 bitcoins, of which, 4,812.66 bitcoins were acquired at an aggregate purchase price of \$150 million at an average purchase price of approximately \$31,168 per bitcoin, inclusive of fees and expenses. These purchased bitcoins are held in an investment fund of one where the Company is the sole limited partner. We expect to purchase additional bitcoin held by NYDIG Digital Assets Fund III, LP, the investment fund in future periods, though we may also sell bitcoin in future periods as needed to generate Cash Assets for treasury management purposes.

Net working capital increased by \$265.6 million, to working capital of \$550.6 million at September 30, 2021 from working capital of \$285.0 million at December 31, 2020.

Cash used in operating activities was \$43.9 million during the nine months ended September 30, 2021 compared to cash used in operating activities of \$3.4 million during the nine months ended September 30, 2020.

Cash used in investing activities was \$372.2 million during the nine months ended September 30, 2021 compared to cash used in investing activities of \$15.1 million for the nine months ended September 30, 2020.

Cash provided by financing activities was \$307.7 million during the nine months ended September 30, 2021 compared to cash provided by financing activities of \$35.1 million for the nine months ended September 30, 2020.

Based on our current revenue and profit projections, we believe that our existing cash will be sufficient to fund our operations through at least the next twelve months.

Off-balance Sheet Arrangements

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as stockholder's equity or that are not reflected in our consolidated condensed financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required for smaller reporting companies.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures .

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management is also required to assess and report on the effectiveness of our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States. Management assessed the effectiveness of our internal control over financial reporting as of September 30, 2021. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework in the 2013 COSO framework. Based on this assessment, management concluded that our disclosure controls and procedures were effective.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of our ongoing program to implement changes and further improve our internal controls and in conjunction with our Code of Ethics, our independent directors have been working with management to include protocols and measures aimed at ensuring quality of our internal controls. Among those measures is the implementation of a whistleblower hotline, which allows third parties to anonymously report noncompliant activity. The hotline may be accessed as follows:

To file a report, use the Client Code "MarathonPG" and pick one of the following options:

- Call: 1-877-647-3335
- Click: <http://www.RedFlagReporting.com>

Changes in Internal Controls.

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings .

Feinberg Litigation

On March 27, 2018, Jeffrey Feinberg, purportedly joined by the Jeffrey L. Feinberg Personal Trust and the Jeffrey L. Feinberg Family Trust, filed a complaint against the Company and certain of its former officers and directors. The complaint was filed in the Supreme Court of the State of New York, County of New York. The plaintiffs purported to state claims under Sections 11, 12(a)(2) and 15 of the federal Securities Act of 1933 and common law claims for "actual fraud and fraudulent concealment," constructive fraud, and negligent misrepresentation, seeking unspecified money damages (including punitive damages), as well as costs and attorneys' fees, and equitable or injunctive relief. On June 15, 2018, the defendants filed a motion to dismiss all claims asserted in the complaint and, on July 27, 2018, the plaintiffs filed an opposition to that motion. The court heard argument on the motion and, on January 15, 2019, the court granted the motion to dismiss, allowing 30 days for the filing of an amended complaint. On February 15, 2019, Jeffrey Feinberg, individually and as trustee of the Jeffrey L. Feinberg Personal Trust, and Terrence K. Ankner, as trustee of the Jeffrey L. Feinberg Family Trust, filed an amended complaint that purports to state the same claims and seeks the same relief sought in the original complaint. On March 7 and 22, 2019, defendants filed motions to dismiss the amended complaint and on April 5, 2019, plaintiffs filed an opposition to those motions. The court heard oral argument on the motions to dismiss on July 9, 2019, and at the conclusion of the argument the court took the motions under submission. On March 13, 2020, the court issued its Decision in which it granted the motions to dismiss in full and ordered that the case be dismissed with prejudice. On or about May 4, 2020, the plaintiffs filed a notice of appeal. Plaintiffs filed their opening appellate brief on January 4, 2021, and defendants filed their responsive appellate briefs on February 3, 2021. Oral argument on the appeal was conducted on April 1, 2021. On April 22, 2021, the court's Appellate Division issued its Decision and Order affirming the dismissal of the case.

Ho Matter

On January 14, 2021, Plaintiff Michael Ho ("Plaintiff" or "Ho") filed a Civil Complaint for Damages and Restitution ("Complaint") against Marathon Patent Group, Inc., now known as Marathon Digital Holdings, Inc. (the "Company") and 10 Doe Defendants in the Superior Court of the State of California for the County of Riverside. The Complaint alleges six causes of action against the Company, (1) Breach of Written Contract; (2) Breach of Implied Contract; (3) Quasi-Contract; (4) Services Rendered; (5) Intentional Interference with Prospective Economic Relations; and (6) Negligent Interference with Prospective Economic Relations. Claims 5 and 6 are pled against "all Defendants" and may involve later named defendants. The Complaint seeks damages, restitution, punitive damages, and costs of suit. The claims arise from the same set of facts. Ho alleges that the Company profited from commercially-sensitive information he shared with the Company, purportedly under a mutual non-disclosure agreement, and that the Company failed to compensate him for his role in securing the acquisition of a supplier of energy for the Company. On February 22, 2021, the Company responded to Mr. Ho's Complaint with a general denial and the assertion of applicable affirmative defenses. Then, on February 25, 2021, the Company removed the action to the United States District Court in the Central District of California, where the action remains pending. The parties are currently engaged in discovery, including written discovery and depositions. The Company will move to have Plaintiff's claims dismissed before trial. Trial is set to begin on March 3, 2022. Due to outstanding issues of fact and law, it is impossible to predict the outcome at this time; however, after consulting legal counsel the Company is confident that it will prevail in this litigation since it did not have a contract with Mr. Ho and he did not disclose any commercially-sensitive information under any mutual nondisclosure agreement that was used to structure any joint venture with energy providers .

Information Subpoena

On October 6, 2020, the Company entered into a series of agreements with multiple parties to design and build a data center for up to 100-megawatts in Hardin, MT. In conjunction therewith, the Company filed a Current Report on Form 8-K on October 13, 2020. The 8-K discloses that, pursuant to a Data Facility Services Agreement, the Company issued 6,000,000 shares of restricted Common Stock, in transactions exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended. During the quarter ended September 30, 2021, the Company and certain of its executives received a subpoena to produce documents and communications concerning the Hardin, Montana data center facility described in our Form 8-K dated October 13, 2020. We understand that the SEC may be investigating whether or not there may have been any violations of the federal securities law. We are cooperating with the SEC.

Other than as disclosed herein, we know of no other material, active or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceedings or pending litigation other than in the normal course of business.

Item 1A. Risk Factors.

Not required for smaller reporting companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

- 10.1 [Compute North Agreements dated July 2021](#)
- 10.2 [Line of Credit with Silvergate Bank dated October 2021](#)
- 31.1 [Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*](#)
- 31.2 [Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*](#)
- 32.1 [Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*](#)
- 32.2 [Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*](#)
- 101.ins XBRL Instance Document**
- 101.sch XBRL Taxonomy Schema Document**
- 101.cal XBRL Taxonomy Calculation Document**
- 101.def XBRL Taxonomy Linkbase Document**
- 101.lab XBRL Taxonomy Label Linkbase Document**
- 101.pre XBRL Taxonomy Presentation Linkbase Document**
- 104 Cover Page Interactive Data File (formatted in iXBRL, and included in exhibit 101).

* Furnished herewith

** Filed herein

SIGNATURES

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 thereunto duly authorized.

Date: November 15, 2021

MARATHON DIGITAL HOLDINGS, INC.

By: /s/ Fred Thiel

Name: Fred Thiel

Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ Simeon Salzman

Name: Simeon Salzman

Title: Chief Financial Officer
(Principal Financial and Accounting Officer)



MASTER AGREEMENT

This Master Agreement (the "**Agreement**"), dated Sep 03, 2021, is between Compute North LLC ("**Compute North**") and Marathon Digital Holdings Inc ("**Customer**"). In consideration of the promises set forth below, the parties agree as follows:

1. **Services.** Subject to the terms and conditions of this Agreement, Compute North shall provide, and Customer shall pay for, the colocation, managed and other services (the "**Services**") for Customer's cryptocurrency mining hardware (the "**Mining Equipment**") identified on the order form attached hereto as Exhibit A, as may be updated in writing and duly signed by Customer and Compute North from time to time (the "**Order Form**"). Compute North shall provide the Services consistent with, and as more fully described in, its customer handbook (the "**Customer Handbook**"), available at www.computenorth.com/handbook-sla.pdf and incorporated herein, as Compute North reasonably may update from time to time.

2. **Colocation Services.**
 - 2.1. **Colocation Facility.** Compute North will provide cryptocurrency mining facilities, including rack space, electrical power, ambient air cooling, internet connectivity and physical security ("**Colocation Services**") for Mining Equipment at the Compute North location specified the Order Form (the "**Facility**") in accordance with the Customer Handbook.
 - 2.2. **Acceptable Use Policy.** Customer's receipt of Colocation Services and its use of Mining Equipment pursuant to this Agreement is subject to Customer's compliance with Compute North's then-current Acceptable Use Policy, available at www.computenorth.com/acceptable-use-policy and incorporated herein, as Compute North may reasonably update from time to time.
 - 2.3. **Customer Portal.** Compute North will provide Customer with access to its customer portal (the "**Customer Portal**"). Customer's access to and use of the Customer Portal is subject to, and Customer agrees to be bound by, Compute North's Terms of Use, available at www.computenorth.com/terms-of-use/ and incorporated herein, as Compute North may reasonably update from time to time. All written notices required by Customer under this Agreement shall be submitted using the Customer Portal.
 - 2.4. **Transfer of Mining Equipment.** Customer shall provide prompt written notice to Compute North if it transfers legal title or grants any third party rights in or to any Mining Equipment to an Affiliate (defined below) or other third party. All transfers shall be subject to and shall preserve Compute North's security interest under Section 7. In the event of a transfer, Customer shall remain obligated to pay Compute North the Monthly Service Fees for the transferred Mining Equipment for the remainder of the term applicable to such Mining Equipment (the "**Equipment Term**") unless and until such Mining Equipment is placed into service under, and is subject to, a collocation agreement between the acquiring third party and Compute North, which shall require Compute North's approval (including satisfaction of Compute North's know-your-customer requirements), which shall not be unreasonably withheld.
 - 2.5. **Transfer of Services.** Other than to Affiliate, Customer may not sublicense, assign, delegate or otherwise transfer its receipt of Colocation Services under this Agreement to any third party without Compute North's express written consent in Compute North's sole discretion. Customer agrees that Compute North shall not under any circumstance be deemed to be providing any Colocation Services to any third party for Customer or on its behalf.

3. **Managed Services.**

- 3.1. Managed Services. Compute North will provide managed services for the Mining Equipment as elected on the Order Form ("Managed Services"). Compute North will provide Managed Services in a professional and workmanlike manner consistent with the Customer Handbook. If Customer does not elect Managed Services, Customer shall be solely responsible for configuring and maintaining the Mining Equipment remotely via VPN.
- 3.2. Third-Party Management. Customer shall notify Compute North if it engages a third party to provide services on its behalf with respect to the Mining Equipment. Customer shall be fully responsible and liable to Compute North under this Agreement for any acts or omissions by any third-party service provider acting for or on its behalf.
4. [Intentionally omitted.]
5. **Term and Termination.**
 - 5.1. Term of Master Agreement. This Agreement shall be effective as of the date on which it has been executed by Compute North and Customer (the "Effective Date") and, unless otherwise terminated, shall continue until all applicable Equipment Terms have expired or terminated.
 - 5.2. Equipment Term. The Equipment Term set forth on an Order Form for Mining Equipment shall commence as of the date Compute North notifies Customer in writing that the Mining Equipment has been received and turned on by Compute North. Unless an Order Form provides otherwise, the Equipment Term shall renew for successive one (1) year periods with a three percent (3%) increase per extension term unless one party notifies the other in writing at least one hundred eighty (180) days prior to the conclusion of the then-current Equipment Term.
 - 5.3. Mining Equipment Return. Upon Customer's written request, and provided Customer has paid all undisputed amounts then due and owing under this Agreement, Compute North shall decommission and return the corresponding Mining Equipment to Customer upon the expiration of an Equipment Term as provided in Section 9.4.
 - 5.4. Termination for Cause. Compute North may terminate this Agreement for cause immediately upon written notice to Customer if Customer (a) fails to make any payment(s) due pursuant to this Agreement or otherwise violates, or fails to perform or fulfill any covenant or provision of this Agreement, and any such matter is not cured within thirty (30) days after written notice from Compute North, or (b) enters into bankruptcy, dissolution, financial failure or insolvency; and Customer may terminate this Agreement upon written notice to Compute North if Compute North (y) fails to perform any of its obligations hereunder in any material respect that is not cured within forty-five (45) days after written notice from Customer that identifies the failure, or (z) enters into bankruptcy, dissolution, financial failure or insolvency (each, a "Default").
 - 5.5. Effect of Default. In the event of a Default by Customer that is not rectified within thirty (30) days after written notice from Compute North and continuing, Compute North shall have the right, but not the obligation, to terminate this Agreement on written notice to Customer, and Customer shall pay immediately to Compute North all amounts then owed under this Agreement and, as liquidated damages and not a penalty, all amounts due for the remainder of the applicable term of the Agreement. If Customer fails to make any such payments, in addition to any other rights and remedies it may have, Compute North shall have the right to (a) sell or retain possession of, (b) reconfigure for Compute North's use, or (c) remove and store at Customer's expense, all or any portion of the Mining Equipment without any cost, obligation or liability of Compute North to Customer.
6. **Fees and Payment.**

- 6.1. **Initial Fees.** The one-time fee for setup, installation and configuration of Mining Equipment (the "Initial Setup Fee") and the Initial Deposit set forth on the Order Form and any Hardware Deposit shall be due and payable as of the date on which Compute North and Customer have both executed the Order Form. The Initial Setup Fees, Initial Deposit and Hardware Deposit are non-transferrable under any circumstance and are refundable only to the extent that all of Customer's obligations under this Agreement have been fully satisfied.
- 6.2. **Monthly Fees.** On the first day of every month during the Term of this Agreement, Customer shall pay Compute North the Monthly Service Fees and Monthly Package Fees (collectively, the "Fees") set forth on the Order Form. Compute North reserves the right to adjust the Monthly Service Fees based on the actual performance and efficiency of the Mining Equipment, as mutually agreed by Compute North and the Customer.
- 6.3. **Taxes.** All amounts payable by Customer under this Agreement are exclusive of, and Customer shall solely be responsible for paying, all taxes, duties and fees, including federal, state and local taxes on manufacture, sales, gross income, receipts, occupation and use, not based on Compute North's income that arise out of this Agreement. Except as expressly set forth on an Order Form, the foregoing includes all requirements for renewable energy certificates, allowances or other carbon offsets required by or otherwise necessary for compliance with any federal, state, local or other applicable law.
- 6.4. **Payment Method.** All payments due and owing under this Agreement shall be made through automated clearing house ("ACH") transfers by Compute North from an account established by Customer at a United States bank designated by Customer (the "Payment Account"). Customer hereby agrees to execute and deliver to Compute North or its ACH payment agent an authorization agreement authorizing Compute North to initiate ACH transfers from the Payment Account to Compute North in the amounts required or permitted under this Agreement. For as long as this Agreement remains effective, Customer shall be responsible for all costs, expenses or other fees and charges incurred by Compute North as a result of any failed or returned ACH transfers, whether resulting from insufficient sums being available in the Payment Account or otherwise. Any other payment method must be pre-authorized by Compute North and will be subject to a fee.
7. **Security Interest.** Customer hereby grants and assigns to Compute North a continuing first-position security interest in, and lien on, the Mining Equipment as collateral security for Customer's performance of its obligations under this Agreement when due. Compute North may, as it deems appropriate, file UCC-1 financing statements to evidence this security interest and Customer agrees to cooperate fully with Compute North to obtain and perfect this security interest as may be reasonably required.
8. **Network and Access.**
 - 8.1. **Network.** Compute North will provide a minimum of 100 mbps of local network connectivity to each piece of Mining Equipment on a single Ethernet segment. Customer may request a VPN to securely access the Equipment by notifying Compute North in writing. Customer is solely responsible for preventing unauthorized access to the Mining Equipment. Customer acknowledges and agrees that Compute North may monitor Customer's network usage and traffic and Customer hereby authorizes Compute North to access, collect and use data relating to the Mining Equipment and Customer's use thereof.
 - 8.2. **Access.** Only those persons specifically authorized by Compute North in writing may access the Facility. Compute North may reasonably deny or suspend Customer's access to the Mining Equipment based on Compute North's then-current Security Policies and Procedures, which include, but are not limited to:
 - 8.2.1. All access into the Facility must be supervised by a Compute North representative;

- 8.2.2. Customer shall provide one (1) business day's written notice to Compute North prior to any maintenance or repair of the Mining Equipment;
- 8.2.3. Customer shall perform Mining Equipment maintenance and repairs during normal business hours (Monday-Friday, 7AM – 6PM Central Time);
- 8.2.4. Customer may request immediate or after-hour access to the Facility to perform emergency maintenance. Compute North will make every reasonable attempt to accommodate Customer's after-hour emergency access requests.

Customer shall be solely responsible for any damage or loss caused by anyone acting for or on its behalf while at the Facility except to the extent of any contributory negligence on the part of Compute North.

- 8.3. Hazardous Conditions. If, in the reasonable discretion of Compute North, any hazardous conditions arise on, from, or affecting the Facility, whether caused by Customer or a third party, Compute North is hereby authorized to suspend service under this Agreement without subjecting Compute North to any liability.
- 8.4. Demand Response/Load Resource Participation Program. Customer acknowledges and understands that Compute North participates in various Demand Response/Load Resource Participation Programs ("LRP Program") at its facilities. Customer understands and agrees that the LRP Program provides the local grid operator with the capability to shut off the power load serving Compute North customers in response to certain load situations. Customer agrees that the Fees reflect Compute North's participation in the LRP Program and that Compute North shall have no liability to Customer for any actions or omissions due to or resulting from its participation in the LRP Program.

9. Removals and Relocation of Mining Equipment.

- 9.1. Relocation. Compute North may relocate Mining Equipment within the Facility or to another Compute North facility upon twenty (20) days' prior written notice to Customer at Compute North's expense.
- 9.2. Interference. If Customer's Mining Equipment is causing unacceptable environmental or other interference, Compute North may upon written notice require Customer to remove or relocate such Mining Equipment at Customer's sole expense. If Customer is unable to cure such interference by relocating the Mining Equipment, Compute North may terminate this Agreement with respect to the interfering Mining Equipment without further obligation to Customer.
- 9.3. Emergency. In the event of an emergency, and upon prior written notice to the Customer, Compute North may rearrange, remove, or relocate Mining Equipment without any liability to Compute North.
- 9.4. Mining Equipment Return. Provided that Customer has paid all amounts then due and owing under this Agreement, Compute North shall decommission and make the Mining Equipment available to Customer for pickup at, or shipment from, the Facility within thirty (30) business days of Customer's written request. Customer shall be responsible for all reasonable, documented deinstallation, packing, storage, transportation, delivery and other costs associated with removing and returning its Mining Equipment. Compute North will notify Customer when its Mining Equipment is ready for pickup, and Customer shall arrange for pickup and removal of the Mining Equipment at its sole risk and expense. If Customer does not remove the Mining Equipment as provided herein, Compute North may charge Customer for storage from the date of notice that the Mining Equipment is ready for pickup. Customer shall remain liable to Compute North for all amounts due for the remainder of the applicable Equipment Term for such Mining Equipment, if any.

10. Customer Responsibilities.

- 10.1. Compliance with Laws. Customer's use of the Facility and the Mining Equipment located at the Facility must at all times conform to all applicable laws, including international laws, the laws of the United States of America, the laws of the states in which Customer is doing business, and the laws of the city, county and state where the Facility is located.
- 10.2. Licenses and Permits. Customer shall be responsible for obtaining any licenses, permits, consents, and approvals from any federal, state or local government that may be necessary to install, possess, own, or operate the Mining Equipment.
- 10.3. Insurance. Customer acknowledges that Compute North is not an insurer and Mining Equipment is not covered by any insurance policy held by Compute North. Customer is solely responsible for obtaining insurance coverage for the Mining Equipment. Customer shall have and maintain throughout the Term of this Agreement commercial general liability insurance for both bodily injury and property damage.
- 10.4. Equipment in Good Working Order. Customer shall be responsible for delivering the Mining Equipment to the Facility in good working order and suitable for use in the Facility. Customer shall be responsible for any and all costs associated with the troubleshooting and repair of Mining Equipment received in non-working order, including parts and labor at Compute North's then-current rates. Compute North is not responsible in any way for installation delays or loss of profits as a result of Mining Equipment deemed not to be in good working order upon arrival at Facility.
- 10.5. Modification or Overclocking of Mining Equipment. Customer shall notify and obtain prior written approval from Compute North before any material modifications, alternations, firmware adjustments, over-clocking or other changes are made to Mining Equipment ("Modified Equipment") that is intended to or might cause the Mining Equipment's performance to deviate from the standard or factory specifications.
- 10.6. Representations. Customer and Computer North each represents and warrants that (i) it is properly constituted and organized, (ii) it is duly authorized to enter into and perform this Agreement, and (iii) the execution and delivery of this Agreement and its performance of its duties hereunder will not violate the terms of any other agreement to which it is a party or by which it is bound.

11. Representations, Warranties, and Disclaimer.

- 11.1. Mutual. Customer and Computer North each represents and warrants that: it is properly constituted and organized; it is duly authorized to enter into and perform this Agreement; and, its execution, delivery, and performance of this Agreement will not violate the terms of any other agreement to which it is a party or obligation by which it is bound.
- 11.2. By Customer. Customer represents and warrants that it owns and has good title to the Mining Equipment free and clear of any mortgage, pledge, lien, charge, security interest, claim or other encumbrance. Customer further represents and warrants that neither it nor any of its subsidiaries nor, to Customer's knowledge, any director, officer, agent, employee, affiliate, or person acting on behalf of Customer or its subsidiaries: has violated or will violate any applicable anti-bribery or anti-corruption law, including the U.S. Foreign Corrupt Practices Act; has violated or will violate any applicable money laundering laws; or is or will become subject to any U.S. sanctions administered by the Office of Foreign Asset Control of the U.S. Treasury Department.
- 11.3. By Compute North. Compute North represents and warrants that it will provide the Services at the Facility in a professional and workmanlike manner consistent with the terms and conditions of this Agreement. Except as expressly set forth herein, COMPUTE NORTH MAKES NO

WARRANTIES OR GUARANTEES RELATED TO THE AVAILABILITY OF SERVICES OR OPERATING TEMPERATURE OF THE FACILITY. THE SERVICES AND FACILITY ARE PROVIDED ON AN "AS IS" BASIS. COMPUTE NORTH DOES NOT PROVIDE MECHANICAL COOLING OR BACKUP POWER AND THE FACILITY IS SUBJECT TO SWINGS IN LOCAL TEMPERATURE, WIND, HUMIDITY AND OTHER CONDITIONS. COMPUTE NORTH MAKES NO WARRANTY, AND HEREBY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY (A) WARRANTY OF MERCHANTABILITY; (B) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (C) WARRANTY OF NONINFRINGEMENT AND (D) WARRANTY AGAINST INTERFERENCE. COMPUTE NORTH DOES NOT WARRANT THAT (A) THE SERVICE WILL BE FREE FROM INTERRUPTION; (B) THE SERVICE WILL MEET CUSTOMER'S REQUIREMENTS OTHER THAN AS EXPRESSLY SET FORTH HEREIN; OR (C) THE SERVICE WILL PROVIDE ANY FUNCTION NOT EXPRESSLY DESIGNATED AND SET FORTH HEREIN.

12. Limitation of Liability.

- 12.1. Customer understands and acknowledges that, in certain situations, Services and Mining Equipment functionality may be unavailable due to factors outside of Compute North's control, including force majeure, weather, network failures, pool operator failures, denial of service attacks, network and power grid outages, hacking or malicious attacks on networks or exchanges, or Acts of God. Customer further acknowledges that cryptocurrency price movements, difficulty, and legal and regulatory risks could have a material adverse impact on the value of cryptocurrencies, cryptocurrency mining, the Mining Equipment, and the Services. Customer assumes responsibility for all such risks, and Compute North hereby disclaims all liability for any losses that may arise as a result thereof.
- 12.2. COMPUTE NORTH SHALL HAVE NO OBLIGATION, RESPONSIBILITY, OR LIABILITY FOR ANY OF THE FOLLOWING: (A) ANY INTERRUPTION OR DEFECTS IN THE MINING EQUIPMENT CAUSED BY FACTORS OUTSIDE OF COMPUTE NORTH'S REASONABLE CONTROL; (B) ANY LOSS, DELETION, OR CORRUPTION OF CUSTOMER'S DATA OR FILES; (C) ANY LOST REVENUE OR PROFITS TO CUSTOMER DURING NETWORK OR POWER OUTAGES OR CURTAILMENT, MINING EQUIPMENT FAILURES, OR OTHER FACTORS OUTSIDE OF COMPUTE NORTH'S DIRECT CONTROL; (D) DAMAGES RESULTING FROM ANY ACTIONS OR INACTIONS OF CUSTOMER OR ANY THIRD PARTY NOT UNDER COMPUTE NORTH'S CONTROL; OR (E) DAMAGES RESULTING FROM MINING EQUIPMENT OR ANY THIRD-PARTY EQUIPMENT.
- 12.3. IN NO EVENT SHALL COMPUTE NORTH BE LIABLE TO CUSTOMER OR ANY OTHER PERSON, FIRM, OR ENTITY IN ANY RESPECT, INCLUDING, WITHOUT LIMITATION, FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, INCIDENTAL, RELIANCE, EXEMPLARY, OR PUNITIVE DAMAGES, INCLUDING LOSS OF PROFITS, LOSS OF REVENUE, LOSS OF BUSINESS, OR COST OF COVER OF ANY KIND OR NATURE WHATSOEVER, ARISING OUT OF OR RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT EVEN IF ADVISED OF THE POSSIBILITY THEREOF. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, COMPUTE NORTH'S TOTAL CUMULATIVE LIABILITY UNDER OR RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT, WHETHER UNDER CONTRACT LAW, TORT LAW, WARRANTY, OR OTHERWISE (INCLUDING ATTORNEYS' FEES), SHALL BE LIMITED TO DIRECT DAMAGES NOT TO EXCEED THE AMOUNTS ACTUALLY RECEIVED BY COMPUTE NORTH FROM CUSTOMER FOR THE SERVICE MONTH DURING WHICH THE EVENT GIVING RISE TO THE CLAIM OCCURRED.
- 12.4. Remedy. Customer's sole remedy for Compute North's non-performance of its obligations under this Agreement shall be a refund of any fees paid to Compute North for the then-current service

month. Unless applicable law requires a longer period, any action against Compute North in connection with this Agreement must be commenced within one (1) year after the cause of the action has accrued.

- 12.5. **Insurance loss.** Customer agrees to look exclusively to Customer's insurer to recover for injury or damage in the event of any covered loss or injury, and releases and waives all right of recovery against Compute North for any covered loss or injury.
13. **Indemnification.** Customer shall indemnify, hold harmless and defend Compute North, its subsidiaries, employees, agents, directors, owners, executives, representatives, and subcontractors from any and all third-party liability, claim, judgment, loss, cost, expense or damage, including attorneys' fees and legal expenses, arising out of or relating to the Mining Equipment or Customer's use thereof, or any injuries or damages sustained by a third party due to any direct or indirect act, omission, negligence or misconduct of Customer, its agents, representatives, employees, contractors and their employees and subcontractors and their employees, including due to a breach of this Agreement by Customer. Compute North shall indemnify, hold harmless and defend the Customer, its subsidiaries, employees, agents, directors, owners, executives, representatives, and subcontractors from any and all third-party liability, claim, judgment, loss, cost, expense or damage, including attorneys' fees and legal expenses, arising out of or relating to any direct or indirect act, omission, negligence or misconduct of Compute North, its agents, representatives, employees, contractors and their employees and subcontractors and their employees, including due to a breach of this Agreement by Compute North. Neither Compute North nor the Customer shall not enter into any settlement or resolution with a third party under this section without the other Party's prior written consent, which shall not be unreasonably withheld.
14. **Miscellaneous.**
- 14.1. **Lease Agreement.** Compute North may lease certain premises in the Facility from the Facility's owner ("Leaser") pursuant to a lease agreement ("Lease"). Customer is not a party to or a beneficiary under such Lease, if any, and has no rights thereunder; however, Customer shall be required to adhere to any and all rules of operation established by Leaser for the Facility. Whether owned or leased by Compute North, Customer acknowledges and agrees that it does not have, has not been granted, and will not own or hold any real property interest in the Facility, that it is a licensee and not a tenant, and that it does not have any of the rights, privileges or remedies that a tenant or lessee would have under a real property lease or occupancy agreement.
- 14.2. **Entire Agreement.** This Agreement, including the Order Form and any documents referenced herein, constitutes the parties' entire understanding regarding its subject and supersedes all prior or contemporaneous communications, agreements and understanding, including any prior master or colocation agreement, between them relating thereto. Customer acknowledges and agrees that it has not, and will not, rely upon any representations, understandings, or other agreements not specifically set forth in this Agreement. This Agreement shall not be superseded, terminated, modified or amended except by express written agreement of the parties that specifically identifies this Agreement.
- 14.3. **Waiver, Severability.** The waiver of any breach or default does not constitute the waiver of any subsequent breach or default. If any provision of this Agreement is held to be illegal or unenforceable, it shall be deemed amended to conform to the applicable laws or regulations, or, if it cannot be so amended without materially altering the intention of the parties, it shall be stricken and the remainder of this Agreement shall continue in full force and effect.
- 14.4. **Assignment.** Except as part of or in connection with a Change of Control or a reorganization solely among Customer and its Affiliates, Customer shall not assign or otherwise transfer any of its rights, or delegate or otherwise transfer any of its obligations or performance under this Agreement, in each case whether voluntarily, involuntarily, by operation of law, or otherwise, without Compute North's

prior written consent. "Change of Control" means (i) a sale by Customer of all or substantially all of its assets that are the subject of this Agreement to an unaffiliated person or entity, (ii) a merger, reorganization, conversion or other transaction in which more than fifty percent (50%) of the voting control of Customer is held by persons or entities who did not hold voting control of such party, whether directly or indirectly, immediately prior to such transaction (excluding any reorganization solely among Customer and any entities that directly or indirectly controls, is controlled by, or is under common control with Customer (each, an "Affiliate")), or (iii) a sale by the equity holders of Customer that results in more than fifty percent (50%) of the voting control of such party being held by persons or entities who did not hold voting control of Customer, whether directly or indirectly, immediately prior to such sale (excluding any reorganization solely among Customer and its Affiliates). Compute North may at any time assign, transfer, delegate or subcontract any or all of its rights or obligations under this Agreement without Customer's prior written consent. Subject to the restrictions on assignment of this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties, their legal representatives, successors, and assigns.

- 14.5. Force Majeure. Neither party shall be liable in any way for delay, failure in performance, loss or damage due to any of the following force majeure conditions: fire, strike, embargo, explosion, power failure, flood, lightning, war, water, electrical storms, labor disputes, civil disturbances, governmental requirements, acts of civil or military authority, acts of God, acts of public enemies, inability to secure replacement parts or materials, transportation facilities, or other causes beyond its reasonable control, whether or not similar to the foregoing. This also includes planned service and maintenance needs.
- 14.6. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York, without giving effect to principals of conflicts of laws. Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled exclusively conducted by a single arbitrator in the State of New York in accordance with the American Arbitration Association's then-current Commercial Arbitration Rules. Judgment may be entered on the arbitrator's award in any court having jurisdiction. All documents and proceedings shall be in English. The parties may participate in the arbitration via synchronous videoconferencing or similar technology and no party shall need to physically and personally appear. An action by a party to enforce any provision of this Agreement shall not relieve the other party from any of its obligations under this Agreement, and no failure to enforce any provision of this Agreement shall constitute a waiver of any future default or breach of that or any other provision.
- 14.7. Relationship of the Parties. The parties agree that their relationship hereunder is in the nature of independent contractors. Neither party shall be deemed to be the agent, partner, joint venturer or employee of the other, and neither shall have any authority to make any agreements or representations on the other's behalf. Each party shall be solely responsible for the payment of compensation, insurance and taxes of its own personnel, and such personnel are not entitled to the provisions of any employee benefits from the other party. Neither party shall have any authority to make any agreements or representations on the other's behalf without the other's written consent. Additionally, Compute North shall not be responsible for any costs and expenses arising from Customer's performance of its duties and obligations pursuant to this Agreement.
- 14.8. Third-Party Beneficiaries. Nothing in this Agreement is intended, nor shall anything herein be construed to confer any rights, legal or equitable, in any person or entity other than the parties hereto and their respective successors and permitted assigns.
- 1.1. Notices. All notices required or permitted under this Agreement shall be made via the Customer Portal.
- 14.9. Construction; Interpretation. Unless the context otherwise requires, words in the singular include the plural, and in the plural include the singular; masculine words include the feminine and neuter;

“or” means “either or both” and shall not be construed as exclusive; “including” means “including but not limited to”; “any” and “all” shall not be construed as terms of limitation; and, a reference to a thing (including any right or other intangible asset) includes any part or the whole thereof. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation and construction of this Agreement, and this Agreement shall be construed as having been jointly drafted by the parties. The titles and headings for particular paragraphs, sections and subsections of this Agreement have been inserted solely for reference purposes and shall not be used to interpret or construe the terms of this Agreement.

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

IN WITNESS WHEREOF, the parties have executed this Agreement in a manner appropriate to each and with the authority to do so as of the date set forth below.

Compute North LLC
By: *Dave Perrill*
Name: Dave Perrill
Its: CEO

Customer
By: *Fred Thiel*
Name: Fred Thiel
Its: CEO

Exhibit A – Order Form
Customer: Marathon Digital Holdings

Facility: TBD

Equipment and Fees:

Batch #	001		
Order Type	<input checked="" type="checkbox"/> New Order <input type="checkbox"/> Renewal <input type="checkbox"/> Change Order		
Equipment			
Quantity	Model	Unit Efficiency (W/TH)	
6,000 (September 2021 batch)	Bitmain S19j Pro (100TH)	31	
2,100 (September 2021 batch)	Bitmain S19 Pro (110TH)	30.5	
8,500 (October 2021 batch)	Bitmain S19j Pro (100TH)	31	
2,000 (October 2021 batch)	Bitmain S19j (90TH)	36	
9,200 (November 2021 batch)	Bitmain S19j Pro (100TH)	31	
5,500 (November 2021 batch)	Bitmain S19j (90TH)	36	
19,000 (December 2021 batch)	Bitmain S19j Pro (100TH)	31	
5,500 (December 2021 batch)	Bitmain S19j (90TH)	36	
15,200 (January 2022 batch)	Bitmain S19j Pro (100TH)	31	
Hosting Services Rate (USD)	\$0.044 / kWh (Anticipated Daily Rate: \$241,460.21)		
Total Monthly Package Fee (per unit)	Select @ \$0.50		
Equipment Term	3 Years		
Initial Setup Fee	\$0.00		

Package Details:

	Basic	Select	Premier
Core Features			
Equipment	Customer Provided	Customer Provided	Customer Provided
Equipment Managed	No	Yes	Yes
Rack Space	X	X	X
240V Power	X	X	X
Ambient Air Cooling	X	X	X
Redundant Internet Connectivity	X	X	X
Physical Security	X	X	X
Technical Support			
Basic Remote Hands	X	X	X
Advanced Remote Hands		X	X
SLA Level	Network & Power	Hashrate Performance	Hashrate Performance
VPN Access	X		
RMA Processing		X	X
Premium Features			
Miner Configuration		X	X
Miner Monitoring		X	X
Alert Management and Proactive Response		X	X
Automated Rules-based Reboots		X	X
Stock Firmware Upgrades		X	X

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Compute North Pool (U.S.-based pool)			X
Pool to Hash Performance Monitoring, Audit, Reconciliation			X
Discounted Pool Fee			X
Performance Enhancing Firmware			
• Overclocking, Underclocking, Auto-tuning, Upgrades			X
• Customer provided (subject to Compute North approval) or			
• Compute North provided (miner model limited)			

Payment and Billing Terms:

- **Initial Setup Fee:** Initial Setup Fee is due upon execution of this Order Form.
- **Monthly Fees:**
 - Last month of Monthly Service and Package Fees are due upon execution of this Order Form (the "Initial Deposit"), as follows:

Initial Deposit	
Service Fees (\$241,460.21/day x 30 days/mo. x 2 months)	\$14,487,612.60
Package Fees (73,000 miners x \$0.50/miner x 2 months)	+ \$73,000.00
Total Initial Deposit	\$14,560,612.60

Second month of Monthly Service and Package Fees are due 60 days before each batch shipment. Equipment installation will not begin until received.

Hosting Payment Schedule	Amount
Last month due upon signature	\$8,096,805.68
9/15/2021	\$1,045,304.40
10/15/2021	\$1,475,401.20
11/15/2021	\$2,442,739.60
12/15/2021	\$1,500,361.60
Total	\$14,560,612.60

- The Monthly Service Fees are payable based on the actual hashrate performance of the Equipment per miner type per location as a percentage of the anticipated monthly hashrate per miner type. Customer shall pay a minimum service fee monthly in advance equal to seventy percent (70%) of the Monthly Service Fees (the "Minimum Service Fee").
 - **Hashrate performance adjustment:** Shall be calculated as follows:
 $\text{Expected Monthly Service Fees} \times \text{Actual hashrate performance percentage by model type} = \text{Hashrate Performance Adjustment}$
 - The Minimum Service Fee is nonrefundable. Any Monthly Service Fee owed in excess of the Minimum Service Fee based on the actual hashrate performance of the Equipment will be invoiced monthly in arrears and subject to the hashrate performance adjustment.
- Monthly Service Fees and Monthly Package Fees will be invoiced monthly beginning on the date of Installation and are due upon receipt of invoices submitted by Compute North. Late payments will incur interest at the lesser of 1.5% per month (18% annum) or the maximum amount allowed under applicable law.
- Pricing is subject to monthly automated ACH payments. Other payment methods may be subject to a service fee.

Billing Example	
Anticipated Daily Rate (One Miner)	\$4.00
Period (Days in the Month)	30
Number of Units	10
Expected Total Monthly Service Fees	\$1,200.00
	x 70%

Monthly Minimum Service Fee \$840.00

Billing Example: 96% hashrate performance	
Expected Total Monthly Service Fees	\$1,200.00
Hashrate Performance Adjustment (-4%)	-\$48.00
Total Monthly Service Fee	\$1,152.00
Minimum Service Fee (Prepaid)	-\$840.00
Balance Due	\$312.00

Billing Example: 105% hashrate performance	
Expected Total Monthly Service Fees	\$1,200.00
Hashrate Performance Adjustment (5%)	\$60.00
Total Monthly Service Fee	\$1,260.00
Minimum Service Fee (Prepaid)	-\$840.00
Balance Due	\$420.00

Firmware:

Customer acknowledges and agrees that its use of alternate or non-standard firmware may be subject to third-party fees or other charges, which shall be Customer's sole responsibility. Customer acknowledges and agrees that Compute North's consent to Customer's use of alternate or non-standard firmware and its provision of services relating thereto is for Customer's convenience on an as-is basis, that Customer's use of alternate or non-standard firmware is at Customer's sole risk, and that Compute North does not make any warranties or guarantees, whether express or implied, with respect thereto.

Equipment Term:

The initial Equipment Term for hosting the Equipment will be three (3) years. The Equipment Term shall automatically renew for successive one (1) year renewal terms unless either party provides written notice at least 365 days prior to the expiration of the then-current Equipment Term. Compute North may increase the Hosting Service Rate applicable to a renewal term by up to three percent (3%) by giving written notice to Customer prior to the expiration of the then-current Equipment Term.

Batch Deployment Completion Schedule:

MARAs / Compute North (CN) DEPLOYMENT SCHEDULE			
<i>*560 units per container</i>			
	MARAs Units Received	Deployment Completion	CN Containers
Sep-21	8100	-	-
Oct-21	10500	8100	15
Nov-21	14700	10500	19
Dec-21	24500	14700	27
Jan-22	15200	14700	27
Feb-22	-	14700	27
Mar-22	-	10300	19
TOTAL	73000	73000	134

Subject to the risk factors identified below, the parties shall undertake all commercially reasonable efforts to achieve and accelerate the completion dates set forth in the Deployment Schedule.

Risk Factors:

- Land/Site Acquisition
- Regulatory Affairs
- Power Purchase Agreement (PPA)
- Infrastructure Equipment Availability (medium voltage cables, containers, etc.)
- Long Lead Time Equipment Procurement (substation, transformer, etc.)

Carbon Neutral Target:

Compute North shall collaborate with Customer to achieve a goal of 100% carbon neutral energy sources. Compute North's Hosting Fee includes up to \$0.50/MWh in RECs, carbon offsets or other agreed-upon ESG/renewable instruments needed for Customer to achieve its carbon neutral requirements. Any cost for achieving Customer's carbon neutral goals beyond the \$0.50 credit provided by Company shall be borne by Customer.

Order Type:

For orders designated as "Renewal" or "Change Order": This Order Form replaces all then-existing order forms under the applicable Agreement between Compute North and Customer for the identified Equipment, with all other order forms remaining in full force and effect. The Previous Orders and Equipment List attached and appended hereto identifies the Equipment that remains subject to a prior order form as of the date of this Order Form.

For orders designated as "New": This Addendum is and shall be in addition to all then-existing order forms under the applicable Agreement between Compute North and Customer, which order forms shall remain in full force and effect. The Previous Orders and Equipment List attached and appended hereto identifies the Equipment that remains subject to a prior order form as of the date of this Order Form.

Compute North LLC

By: *Dave Perrill*
Name: Dave Perrill
Its: CEO

Customer

By: *Fred Thiel*
Name: Fred Thiel
Its: CEO

Signature Certificate

Document Ref.: EPZTS-CYVRT-GVWKL-RCDLD

Document signed by:

	Fred Thiel Verified E-mail: fred@marathondh.com	<i>Fred Thiel</i>
IP: 68.5.61.195	Date: 03 Sep 2021 23:41:22 UTC	

	Dave Perrill Verified E-mail: dave.perrill@computenorth.com	<i>Dave Perrill</i>
IP: 174.20.161.160	Date: 03 Sep 2021 23:49:59 UTC	

Document completed by all parties on:
03 Sep 2021 23:49:59 UTC

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Signed with PandaDoc.com

PandaDoc is a document workflow and certified eSignature solution trusted by 25,000+ companies worldwide.



REVOLVING CREDIT NOTE

\$100,000,000.00

October 1, 2021

FOR VALUE RECEIVED, Marathon Digital Holdings, Inc., a Nevada corporation (the “Borrower”), promises to pay to the order of SILVERGATE BANK, California-chartered commercial bank (the “Lender”), on the Maturity Date as provided in that certain Revolving Credit and Security Agreement dated as of the date hereof (as the same may be amended, supplemented or restated from time to time, the “Loan Agreement”), by and among Borrower and Lender, in lawful money of the United States of America and in immediately available funds, the principal sum of ONE HUNDRED MILLION AND NO/100THS DOLLARS (\$100,000,000.00) or, if less, the aggregate unpaid principal amount of all advances made by the Lender to the Borrower under the Loan Agreement (collectively, the “**Advances**”), together with interest from the date hereof until this Note is fully paid on the principal amount hereunder remaining unpaid from time to time, computed in the manner, and at the rates specified in the Loan Agreement. The principal hereof and interest accruing thereon shall be due and payable as provided in the Loan Agreement.

This Note evidences the Advances. This Note is a Loan Document under the Loan Agreement and is entitled to the benefits and security, and is subject to the terms and conditions, of the Loan Agreement, including, without limitation, acceleration upon the terms provided therein and in the other Loan Documents. All capitalized terms used herein which are defined in the Loan Agreement and not otherwise defined herein shall have the meanings given in the Loan Agreement.

This Note is subject to voluntary and mandatory prepayment, in full or in part, in accordance with, and subject to the terms of, the Loan Agreement. All payments of principal and interest under this Note shall be made in lawful money of the United States of America in immediately available funds at the office of the Lender or at such other place as may be designated by the Lender to the Borrower in writing. Borrower waives any rights pursuant to California Civil Code Sections 1479 and 2822 (and any amendments or successors thereto), to designate how payments will be applied, and acknowledges and agrees that Lender shall have the right in its sole discretion to determine the order and method of the application of payments on this Note or any other Loan Document.

Upon the occurrence of an Event of Default, the outstanding principal balance hereunder, together with any accrued but unpaid interest and together with all of the other Obligations, may be accelerated and become immediately due and payable at the option of the Lender and without demand or notice of every kind (which are hereby expressly waived by the Borrower).

The Borrower agrees to pay all costs of collection, including attorneys’ fees, all as provided in the Loan Agreement, if this Note is not paid when due, whether or not legal proceedings are commenced.

Presentment or other demand for payment, notice of dishonor and protest are expressly waived.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAWS PROVISIONS) OF THE STATE OF NEW YORK.

The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Lender in any way relating to this Note or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the U.S. Federal or California state courts sitting in San Diego County, California or in New York County, New York, and the Borrower irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such California State or New York State, or, to the extent permitted by law, in such Federal court, pursuant to the Loan Agreement. The Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Note or any other Loan

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Document shall affect any right that the Lender may otherwise have to bring any action or proceeding against the Borrower or its properties in the courts of any other jurisdiction.

The Borrower irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Note or any other Loan Document in any court referred to in the preceding paragraph. The Borrower irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

The Borrower irrevocably consents to service of process in the manner provided for notices in the Loan Agreement. Nothing in this Note or any other Loan Document will affect the right of the Borrower or the Lender to serve process in any other manner permitted by law.

TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER HEREBY KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS NOTE, THE SECURITY INSTRUMENT, OR THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM, OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY BORROWER.

Notwithstanding the foregoing to the contrary, in the event that the jury trial waiver contained herein shall be held or deemed to be unenforceable, Borrower hereby agrees that any controversy, dispute, or claim between the parties arising out of or relating to this Note shall be resolved by a reference proceeding in California in accordance with the provisions of California Code of Civil Procedure § 638. The referee shall be a retired California state court judge selected by mutual written agreement of the parties. If the parties are unable to agree upon a referee within ten (10) calendar days after one party serves a written notice of its intent to commence a judicial reference proceeding on the other party, then the referee will be selected by the court in accordance with California Code of Civil Procedure § 640(b). The referee shall be appointed to sit as a temporary judge, with all of the powers of a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). The referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the California Code of Civil Procedure, the California Rules of Court, and the California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee's statement of decision shall set forth findings of fact and conclusions of law. The referee's decision shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure §§ 644 and 645, and shall be appealable in accordance with California law.

Nothing in this Note shall be deemed to apply to or limit Lender's right to: (i) exercise self-help remedies such as (but not limited to) setoff; (ii) foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights; (iii) obtain from a court provisional or ancillary remedies (including, without limitation, injunctive relief, a writ of possession, prejudgment attachment, a protective order, or the appointment of a receiver); or (iv) pursue its rights against any Person in a third-party proceeding in any action brought against Lender (including, without limitation, actions in bankruptcy court). Neither the exercise of any self-help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies, or the opposition to any such provisional remedies, shall constitute a waiver of the right of any party, including, without limitation, the claimant in any such action, to require submission to judicial reference the merits of the dispute

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occasioning resort to such remedies. No provision in the Loan Documents regarding submission to jurisdiction or venue in any court is intended to or shall be construed to be in derogation of the foregoing general judicial reference.

The foregoing judicial reference procedure constitutes a full and complete waiver of the right to a trial by jury that the parties may otherwise have and this waiver and judicial reference procedure is a material consideration to each party hereto.

If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired California state court judge, in accordance with the California Arbitration Act, California Code of Civil Procedure §§ 1280 through 1294.2 as amended from time to time.

Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Note.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized officer as of the day and year and at the place set forth above.

MARATHON DIGITAL HOLDINGS, INC.,
A NEVADA CORPORATION

DocuSigned by:
By: 
Name: Fred Thiel
Its: Chief Executive Officer

(Signature page to Revolving Note)

REVOLVING CREDIT AND SECURITY AGREEMENT

AMONG

SILVERGATE BANK

(AS LENDER)

AND

MARATHON DIGITAL HOLDINGS, INC.

(AS BORROWER)

October 1, 2021

REVOLVING CREDIT AND SECURITY AGREEMENT

This Revolving Credit and Security Agreement is dated as of October 1, 2021 among Marathon Digital Holdings, Inc., a Nevada corporation (the "Borrower") and SILVERGATE BANK, a California-chartered commercial bank ("Lender").

IN CONSIDERATION of the mutual covenants and undertakings herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower and Lender hereby agree as follows:

I. DEFINITIONS.

1.1. Accounting Terms. As used in this Agreement, the Loan Documents or any certificate, report or other document made or delivered pursuant to this Agreement, accounting terms not defined in Section 1.2 or elsewhere in this Agreement and accounting terms partly defined in Section 1.2 to the extent not defined shall have the respective meanings given to them under GAAP.

1.2. General Terms. For purposes of this Agreement the following terms shall have the following meanings:

"Account" shall mean, collectively, any deposit accounts maintained by Borrower with Lender.

"Advance Date" shall mean the date on which an Advance is made by Lender.

"Advance Rate" shall mean sixty-five percent (65%).

"Advances" shall mean advances under the Revolving Commitment.

"Affiliate" of any Person shall mean (a) any Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person, or (b) any Person who is a director, manager, member, managing member, general partner or officer (i) of such Person, (ii) of any Subsidiary of such Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote five percent (5%) or more of the Equity Interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for any such Person, or (y) to direct or cause the direction of the management and policies of such Person whether by ownership of Equity Interests, contract or otherwise.

"Agreement" shall mean this Revolving Credit and Security Agreement, as the same may be amended, amended and restated, replaced and restated, extended, supplemented and/or otherwise modified from time to time.

"Anti-Terrorism Laws" shall mean any Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws, all as amended, supplemented or replaced from time to time.

“Applicable Law” shall mean all Laws applicable to the Person, conduct, transaction, covenant, Loan Document or contract in question, all provisions of all applicable state, federal and foreign constitutions, statutes, rules, regulations, treaties, directives and orders of any Governmental Body, and all orders, judgments and decrees of all courts and arbitrators.

“Applicable Margin” shall mean two and three-quarter percent (2.75%).

“Approved Electronic Communication” shall mean each notice, demand, communication, information, document and other material transmitted, posted or otherwise made or communicated by e-mail, E-Fax, or any other equivalent electronic service agreed to by Lender, whether owned, operated or hosted by Lender, that any party is obligated to, or otherwise chooses to, provide to Lender pursuant to this Agreement or any Loan Document, including any financial statement, financial and other report, notice, request, certificate and other information material; provided that Approved Electronic Communications shall not include any notice, demand, communication, information, document or other material that Lender specifically instructs a Person to deliver in physical form.

“Availability Period” means the time period during which Borrower is entitled to request Advances.

“Base Rate” is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the “prime rate” then in effect; provided that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Lender, the “Prime Rate” shall mean the rate of interest per annum announced by Lender as its prime rate in effect at its principal office in the State of California (such Lender announced Prime Rate not being intended to be the lowest rate of interest charged by Lender in connection with extensions of credit to debtors).

“Beneficial Owner” shall mean, for Borrower, each of the following: (a) each individual, if any, who, directly or indirectly, owns 25% or more of such Borrower’s Equity Interests; and (b) a single individual with significant responsibility to control, manage, or direct such Borrower.

“Bitcoin” means a digital commodity (or “digital asset”) based on the decentralized, open source protocol of the peer-to-peer Bitcoin computer network. By common convention, Bitcoin with a capital “B” typically refers to the Bitcoin Network as a whole, whereas bitcoin with a lowercase “b” refers to the digital asset native to the Bitcoin Network. For purposes of Article IV of this Agreement, the term bitcoin shall be deemed to include Forked Assets, which will be considered proceeds of the original bitcoin for which they share a common public address.

“Bitcoin Network” means the peer-to-peer Bitcoin computer network;

“Blockchain” means the public transaction ledger of the Bitcoin Network;

“Borrower” shall have the meaning set forth in the preamble to this Agreement and shall extend to all permitted successors and assigns of such Persons.

“Borrowing Base” means, as of any date of determination, the value in Dollars of bitcoin held in the Collateral Account, in each case as reasonably determined by Lender as of 1:00 p.m. Pacific Time (“PT”) on the immediately preceding day. In the absence of fraud or manifest error, any valuations prepared by Custodial Intermediary and approved by Lender shall be deemed reasonable for purposes of this paragraph. In determining the Borrowing Base, Lender may exclude from the calculation of the Borrowing Base any bitcoin or other assets that Lender determines creates an unreasonable risk relating to OFAC, BSA/AML compliance or similar matters based on Lender’s blockchain analytics analysis and other diligence.

“Business Day” shall mean any day other than Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by Law to be closed for business in California.

“Certificate of Beneficial Ownership” shall mean, for Borrower, a certificate in form and substance acceptable to Lender (as amended or modified by Lender from time to time in its sole discretion), certifying, among other things, the Beneficial Owner of Borrower.

“Change in Law” shall mean the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Applicable Law; (b) any change in any Applicable Law or in the administration, implementation, interpretation or application thereof by any Governmental Body; or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of Law) by any Governmental Body; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of Applicable Law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of Law), in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

“Change of Control” shall mean: (a) the occurrence of any event (whether in one or more transactions) which results in a transfer of control of Borrower to a Person; (b) any merger, consolidation or sale of substantially all of the property or assets of Borrower; or (c) removal of either Merrick Okamoto or Fred Thiel as officers and directors of the Borrower. For purposes of this definition, “control of Borrower” shall mean the power, direct or indirect, in a single transaction, not involving a public offering(x) to vote more than fifty percent (50%) of the Equity Interests having ordinary voting power for the election of directors (or the individuals performing similar functions) of Borrower or (y) to direct or cause all or substantially all of the direction of the management and policies of Borrower by contract or otherwise.

“Closing Date” shall mean the date on which the conditions precedent set forth in Section 8.1 shall be satisfied or waived, in accordance with the terms hereof or such other date as may be agreed to in writing by the parties hereto.

“Code” shall mean the Internal Revenue Code of 1986, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

“Collateral” shall mean and include all of Borrower’s rights, title and interest, in and to any assets, including Dollars and bitcoin, deposited, or required to be deposited, in the Collateral Account, together with all security entitlements (as such term is defined in Article 8 of the Uniform Commercial Code as adopted in the State of California), in and to any assets, including Dollars and bitcoin, held in the Collateral Account, together with all substitutions, replacements and proceeds arising out of any of the foregoing.

“Collateral Account” means the account in the name of Lender established pursuant to the Servicing and Custody Agreements to hold bitcoin and/or cash collateral pledged by Borrower to the Lender, as security for the Indebtedness owed by Borrower to Lender. The Collateral Account may be commingled with other property of the Lender, including, other collateral pledged by other borrowers.

“Consents” shall mean all filings and all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Bodies and other third parties, domestic or foreign, necessary to carry on Borrower’s business or necessary (including to avoid a conflict or breach under any agreement, instrument, other document, license, permit or other authorization) for the execution, delivery or performance of this Agreement, or the Loan Documents, including any Consents required under all applicable federal, state or other Applicable Law.

“Controlled Group” shall mean, at any time, Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control and all other entities which, together with Borrower, are treated as a single employer under Section 414 of the Code or 29 U.S.C. 1301(b)(1).

“Covered Entity” shall mean (a) Borrower, each of Borrower’s Subsidiaries, all Guarantors and all pledgors of Collateral and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding Equity Interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of Equity Interests, contract or otherwise.

“Custodial Intermediaries” shall mean, collectively, NYDIG Servicing, LLC, NYDIG Trust Company LLC and NYDIG Execution LLC, or such other Persons as Lender may designate from time to time.

“Default” shall mean an event, circumstance or condition which, with the giving of notice or passage of time or both, would constitute an Event of Default.

“Dollar” and the sign “\$” shall mean lawful money of the United States of America.

“Effective Date” means the date indicated in a document or agreement to be the date on which such document or agreement becomes effective, or, if there is no such indication, the date of execution of such document or agreement.

“Eligible Contract Participant” has the meaning ascribed to such term under Section 1(a)(12) of the Commodity Exchange Act, as amended and which may further be amended from time to time, including as amended by the Commodity Futures Modernization Act of 2000.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended or supplemented from time to time and the rules and regulations promulgated thereunder.

“Event of Default” shall have the meaning set forth in Article X hereof.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Forked Assets” shall mean digital assets that result from any Hard Fork occurring after the Effective Date.

“GAAP” shall mean generally accepted accounting principles in the United States of America in effect from time to time.

“Governmental Body” shall mean any nation or government, any state or other political subdivision thereof or any entity, authority, agency, division or department exercising the executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to a government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Hard Fork” means a substantial software modification to the Blockchain which results in two or more competing and incompatible Blockchain implementations, one running the pre-modification software program and the other running the modified version (i.e., a second “Bitcoin network”).

“Indebtedness” shall mean, as to any Person at any time, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person.

“Indemnified Taxes” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Body, including any interest, additions to tax or penalties applicable thereto.

“Insolvency Event” shall mean, with respect to any Person, including without limitation any Lender, such Person or such Person’s direct or indirect parent company (a) becomes the subject of a bankruptcy or insolvency proceeding (including any proceeding under Title 11 of the United States Code), or regulatory restrictions, or (b) has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it or has called a meeting of its creditors, (c) admits in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business.

“Interest Payment Date” shall mean the first day of each month, or if such day is not a Business Day, the next succeeding Business Day, commencing on the first day of the first full calendar month after the initial Advance Date; provided that the final Interest Payment Date shall be the Maturity Date.

“Interest Period” shall mean, with respect to any Interest Payment Date, the period of time from and including the first day of the month of the immediately preceding Interest Payment Date through the last day of such month; provided that the Interest Period for the initial Interest Payment Date shall be the period from and including the initial Advance Date to, and including, the last day of the month of the Advance Date, and the final Interest Period shall end on the Maturity Date.

“Interest Rate” means a per annum rate equal to the greater of (i) the Base Rate *plus* the Applicable Margin or (ii) six percent (6%).

“Law(s)” shall mean any law(s) (including common law and equitable principles), constitution, statute, treaty, regulation, rule, ordinance, opinion, issued guidance, code, release, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or any settlement arrangement, by agreement, consent or otherwise, with any Governmental Body, foreign or domestic.

“Lien” shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien (whether statutory or otherwise), charge, claim or encumbrance, or preference, priority or other security agreement or preferential arrangement held or asserted in respect of any asset of any kind or nature whatsoever including any conditional sale or other title retention agreement, any lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction.

“Loan” shall mean the extension of credit made pursuant to this Agreement.

“Loan Documents” shall mean, collectively, this Agreement, the Note, Loan Schedule and any and all other documents, instruments and agreements made by Borrower in favor of Lender in connection with the Loan, as the same may be hereafter amended, modified or supplemented from time to time.

“Loan Party” shall mean, at each relevant time of determination, (a) Borrower, and (b) any other Person that is now or hereafter becomes a party to this Agreement as a “Borrower” or as a “Guarantor”; and “Loan Parties” shall mean collectively all such Persons.

“Loan Schedule” shall mean the schedule of Loan details attached hereto as Schedule 1, as supplemented by Lender from time to time.

“LTV Ratio” means, as of any date of determination, the quotient expressed as a percentage of (x) the outstanding Advances *divided by* (y) the Borrowing Base.

“Material Adverse Effect” shall mean (a) a material adverse effect upon, the operations, business, assets or financial condition of Borrower, including, without limitation, any material disruption of the Bitcoin Network and/or the marketplaces where bitcoin is exchanged for U.S. Dollars; (b) a material impairment of the ability of Borrower to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity and/or enforceability of this Agreement or any of the Loan Documents; in each case, as determined by Lender in its commercially reasonable discretion.

“Maturity Date” means the earlier to occur of (a) the last day of the Term (as defined in Section 13.1 below), and (b) the date on which this Loan becomes due in accordance with Article XI of this Agreement.

“Maximum Rate” means, on any day, the highest rate of interest (if any) permitted by applicable law on such day.

“Note” shall mean the meaning given to that term in Section 2.1, as amended, restated, extended, supplemented or otherwise modified from time to time.

“Obligations” shall mean and include any and all loans (including without limitation, all Advances), advances, debts, liabilities, obligations, covenants and duties owing by Borrower or any Subsidiary of Borrower under this Agreement or any Loan Document (and any amendments, extensions, renewals or increases thereto), to Lender (or to any other direct or indirect subsidiary or affiliate of Lender) of any kind or nature, present or future (including any interest or other amounts accruing thereon, any fees accruing under or in connection therewith, any costs and expenses of any Person payable by Borrower and any indemnification obligations payable by Borrower arising or payable after maturity, or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to Borrower, whether or not a claim for post-filing or post-petition interest, fees or other amounts is allowable or allowed in such proceeding), whether direct or indirect (including those acquired by assignment or participation), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise including all costs and expenses of Lender incurred in the documentation, negotiation, modification, enforcement, collection or otherwise in connection with any of the foregoing, including but not limited to reasonable attorneys’ fees and expenses and all obligations of Borrower to Lender to perform acts or refrain from taking any action.

“Ordinary Course of Business” shall mean, with respect to Borrower, the ordinary course of such Borrower’s business as conducted on the Closing Date and reasonable extensions thereof.

“Organizational Documents” shall mean, with respect to any Person, any charter, articles or certificate of incorporation, certificate of organization, registration or formation, certificate of

partnership or limited partnership, bylaws, operating agreement, limited liability company agreement, or partnership agreement of such Person and any and all other applicable documents relating to such Person's formation, organization or entity governance matters (including any shareholders' or equity holders' agreement or voting trust agreement) and specifically includes, without limitation, any certificates of designation for preferred stock or other forms of preferred equity.

"Other Taxes" shall mean all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any Loan Document.

"Participant" shall mean each Person who shall be granted the right by any Lender to participate in any of the Advances and who shall have entered into a participation agreement in form and substance satisfactory to such Lender.

"Payment Office" shall mean such office of Lender or account instructions, which Lender designates to receive payments from Borrower of amounts due under this Agreement.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any successor.

"Person" shall mean any individual, sole proprietorship, partnership, corporation, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, limited liability partnership, institution, public benefit corporation, joint venture, entity or Governmental Body (whether federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof).

"Plan" shall mean any employee benefit plan within the meaning of Section 3(3) of ERISA maintained by Borrower or any member of the Controlled Group or to which Borrower or any member of the Controlled Group is required to contribute.

"Reportable Compliance Event" shall mean that any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint or similar charging instrument, arraigned, or custodially detained in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations is in actual or probable violation of any Anti-Terrorism Law.

"Revolving Advances" shall mean Advances made under the Note pursuant to this Agreement.

"Revolving Commitment" shall mean the obligation of Lender to make Revolving Advances, in an aggregate principal and/or face amount not to exceed \$100,000,000.

"Sanctioned Country" shall mean a country subject to a sanctions program maintained under any Anti-Terrorism Law.

“Sanctioned Person” shall mean any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any Anti-Terrorism Law.

“Servicing and Custody Agreements” shall mean one or more agreements entered into by Lender and a Custodial Intermediary relating to the Collateral.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Subsidiary” of any Person shall mean a corporation or other entity of whose Equity Interests having ordinary voting power (other than Equity Interests having such power only by reason of the happening of a contingency) to elect a majority of the directors of such corporation, or other Persons performing similar functions for such entity, are owned, directly or indirectly, by such Person.

“Uniform Commercial Code” or “UCC” shall have the meaning set forth in Section 1.3 hereof.

“USA PATRIOT Act” shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

1.3. Uniform Commercial Code Terms. All terms used herein and defined in the Uniform Commercial Code as adopted in the State of California from time to time (the “Uniform Commercial Code”) shall have the meaning given therein unless otherwise defined herein. To the extent the definition of any category or type of collateral is expanded by any amendment, modification or revision to the Uniform Commercial Code, such expanded definition will apply automatically as of the date of such amendment, modification or revision.

1.4. Certain Matters of Construction. The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. All references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement. Any pronoun used shall be deemed to cover all genders. Wherever appropriate in the context, terms used herein in the singular also include the plural and vice versa. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. Unless otherwise provided, all references to any instruments or agreements to which Lender is a party, including references to any of the Loan Documents, shall include any and all modifications, supplements or amendments thereto, any and all restatements or replacements thereof and any and all extensions or renewals thereof. Except as otherwise expressly provided for herein, all references herein to the time of day shall mean the time in San Diego, California. Whenever the words “including” or “include” shall be used, such words shall be understood to mean “including, without limitation” or “include, without limitation”. A Default or an Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default occurs to the date on which such Default or Event of Default is waived in writing pursuant to this Agreement or, in the case of a

Default, is cured within any period of cure expressly provided for in this Agreement; and an Event of Default shall "continue" or be "continuing" until such Event of Default has been waived in writing pursuant to this Agreement. Any Lien referred to in this Agreement or any of the Loan Documents as having been created in favor of Lender, any agreement entered into by Lender pursuant to this Agreement or any of the Loan Documents, any payment made by or to or funds received by Lender pursuant to or as contemplated by this Agreement or any of the Loan Documents, or any act taken or omitted to be taken by Lender, shall, unless otherwise expressly provided, be created, entered into, made or received, or taken or omitted, for the benefit or account of Lender. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a default if such action is taken or condition exists. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.

II. ADVANCES, PAYMENTS.

2.1. Revolving Advances. Subject to the terms and conditions set forth in this Agreement, Lender will make Revolving Advances to Borrower in aggregate amounts outstanding at any time equal to the lesser of (x) the Revolving Commitment or (y) an amount equal to the product of (i) the Advance Rate multiplied by (ii) the Borrowing Base (the "Maximum Advance Amount"). The Revolving Advances shall be evidenced by the Revolving Credit Note, of even date herewith, made by Borrower in favor of Lender (the "Note").

2.2. Procedures for Requesting Revolving Advances. To make a request for an Advance, the Borrower shall deliver to the Lender and Custodial Intermediary, not later than 2:00 p.m. PT two (2) Business Days prior to the proposed Advance Date, a request for advance in an amount not less than \$500,000 in the form of Exhibit A hereto (a "Request for Advance"), and be limited to no more than one (1) draw per Business Day. Lender shall be entitled to rely on any Request for Advance signed by the individual signing this Agreement on behalf of Borrower or otherwise designated by Borrower, in writing, as authorized to make requests for Advances. Upon the satisfaction or waiver of each of the conditions precedent set forth in Section 8.2, the Lender shall disburse such Advance to Borrower's deposit account with Lender. If Borrower requests that an Advance be deposited into another account of Borrower, Borrower shall deliver complete wire instructions for that account when it submits its Request for Advance, and Borrower shall be responsible for any wire transfer fees imposed by Lender in accordance with its fee schedule governing Borrower's bank transactions. Any wire requests and/or instructions submitted after 10:00 a.m. PT on the Advance Date may not be deposited until the next Business Day.

2.3. Manner and Repayment of Advances.

(a) The Revolving Advances shall be due and payable in full on the last day of the Term subject to earlier prepayment as herein provided. Notwithstanding the foregoing, all Advances shall be subject to earlier repayment upon (x) acceleration upon the occurrence of an Event of Default under this Agreement or (y) termination of this Agreement.

(b) All payments of principal, interest and other amounts payable hereunder, or under any of the Loan Documents shall be made to Lender at the Payment Office not later than 3:00 p.m. PT on the due date therefor in Dollars in federal funds or other funds immediately available to Lender. Lender shall have the right to effectuate payment of any and all Obligations due and owing hereunder by charging Borrower's Account.

(c) Except as expressly provided herein, all payments (including prepayments) to be made by Borrower on account of principal, interest, fees and other amounts payable hereunder shall be made without deduction, setoff or counterclaim and shall be made to Lender, in each case on or prior to 3:00 p.m. PT, in Dollars and in immediately available funds.

2.4. Repayment of Excess Advances.

(a) If, on any day, the LTV Ratio is equal to or greater than seventy-five percent (75%) (a "Collateral Shortfall"), the Borrower shall have one (1) Business Day to cause the LTV Ratio to be less than or equal to sixty-five percent (65%). If the LTV Ratio is not less than or equal to sixty-five percent (65%) by 5 p.m. PST on the first (1st) Business Day after the occurrence of a Collateral Shortfall, an Event of Default shall be deemed to exist, in which case Lender shall be entitled to exercise any and all rights and remedies under Article XI and/or applicable law. For purposes of this Section 2.4, a notice provided by a Custodial Intermediary shall be considered notice delivered by Lender.

(b) If, on any day, the LTV Ratio is less than sixty-five percent (65%), the Borrower may, in its sole discretion, increase the LTV Ratio up to sixty-five percent (65%) by either (i) after giving at least two (2) Business Day's prior notice to the Lender, withdrawing bitcoin or Dollars from the Collateral Account in accordance with Section 2.6 below, which after giving effect to such withdrawal would not increase the LTV Ratio to be greater than sixty-five percent (65%), and/or (ii) requesting additional Advances as set forth in Section 2.2.

2.5 Use of Proceeds. Borrower shall apply the proceeds of Advances to (i) provide financing for capital expenditures and general corporate expenses related to the Borrower's bitcoin mining business (collectively, the "Transactions"), and (ii) pay fees and expenses relating to the Transactions.

2.6 Return of Excess Collateral. From time to time, Borrower may have more Collateral in the Account than is required by Section 2.4(b) based on the then current valuation of the Collateral (as determined by Lender) and the then principal amount of all outstanding Advances (such excess Collateral, the "Excess Collateral"). Borrower may, but not more frequently than once per Business Day and limited to no more than two (2) request per work week (i.e. Monday through Friday), request a return of some or all of the Excess Collateral. Requests for a return of Excess Collateral must be in writing (which may be delivered by email) and be for a minimum amount of at least \$1,000,000 (or equivalent amount of BTC). Borrower shall deliver written requests to the Lender's representative identified on the Loan Schedule. Lender shall use commercially reasonable efforts to cause such requests to be processed by the Custodial Intermediaries within two (2) Business Days after Lender's receipt of the request. Any returned BTC will be transferred to Borrower's public bitcoin address identified on the Loan Schedule. In no event shall Borrower be entitled to a return of any Collateral, if, after giving effect to the return

of that Collateral, the principal amount of outstanding Advances (together with any accrued but unpaid interest and any other amounts owed to Lender) would exceed the Maximum Advance Amount. When withdrawing or depositing Collateral, Borrower shall strictly adhere to all procedures established by Lender and/or Custodial Intermediaries, including, without limitation, sending a test transaction for a small amount of virtual currency when transmitting to a specific public address for the first time.

III. INTEREST AND FEES.

3.1. Interest. Subject to the last sentence of this paragraph, the Obligations shall bear interest at the Interest Rate. Interest on Advances shall be payable in arrears on each Interest Payment Date; provided that all accrued and unpaid interest shall be due and payable at the end of the Term. Upon and after the occurrence of an Event of Default, and during the continuation thereof, at the option of Lender, or in the case of any Event of Default under Article X, immediately and automatically upon the occurrence of any such Event of Default without the requirement of any affirmative action by any party, the Obligations shall bear interest at the lesser of: (a) the Interest Rate, plus six percent (6%); or (b) the Maximum Rate (the "Default Rate").

3.2. Origination Fee. Borrower shall pay to Lender an origination fee of \$250,000, being paid upon the execution of this Agreement. In addition, to the extent the Term of this facility has been extended pursuant to Section 13.1, on the first Business Day immediately preceding the date that is the end of the initial Term (as defined in Section 13.1 below), and on that date each year thereafter until the Loan is repaid in full and the Commitment terminated, Borrower shall pay to Lender an annual fee in the amount of \$250,000.

3.3. Unused Commitment Fee. Borrower shall pay to Lender a fee equal to one-quarter of one percent (1/4%) per annum (computed on the basis of a 360-day year, actual days elapsed) on the daily unused amount of the Commitment, which fee shall be calculated on a monthly basis by Lender and shall be due and payable by Borrower in arrears on the first day of each month, commencing on the first day of the first full calendar month after the Effective Date.

3.4. Computation of Interest and Fees. Interest and fees hereunder shall be computed on the basis of a year of 360 days and for the actual number of days elapsed. If any payment to be made hereunder becomes due and payable on a day other than a Business Day, the due date thereof shall be extended to the next succeeding Business Day and interest thereon shall be payable at the applicable Interest Rate for the outstanding Advances during such extension.

3.5. Maximum Charges. In no event whatsoever shall interest and other charges charged hereunder exceed the highest rate permissible under Applicable Law. In the event interest and other charges as computed hereunder would otherwise exceed the highest rate permitted under Applicable Law: (a) the interest rates hereunder will be reduced to the maximum rate permitted under Applicable Law; (b) such excess amount shall be first applied to any unpaid principal balance owed by Borrower; and (c) if the then remaining excess amount is greater than the previously unpaid principal balance, Lender shall promptly refund such excess amount to Borrower and the provisions hereof shall be deemed amended to provide for such permissible rate. Notwithstanding anything to the contrary contained in this Agreement or in any Loan Document, all agreements which either now are or which shall become agreements among Loan Parties and

Lender are hereby limited so that in no contingency or event whatsoever shall the total liability for payments in the nature of interest, additional interest and other charges exceed the applicable limits imposed by any applicable usury laws. If any payments in the nature of interest, additional interest and other charges made under this Agreement or any Loan Document are held to be in excess of the limits imposed by any applicable usury laws, it is agreed that any such amount held to be in excess shall be considered payment of principal hereunder, and the indebtedness evidenced hereby shall be reduced by such amount so that the total liability for payments in the nature of interest, additional interest and other charges shall not exceed the applicable limits imposed by any applicable usury laws, in compliance with the desires of Loan Parties and Lender. The foregoing provisions shall never be superseded or waived and shall control every other provision of this Agreement or any Loan Document and all agreements among Borrower and Lender, or their respective successors and assigns. If the applicable state or federal law is amended in the future to allow a greater rate of interest to be charged under this Agreement than is presently allowed by applicable state or federal law, then the limitation of interest hereunder shall be increased to the maximum rate of interest allowed by applicable state or federal law as amended, which increase shall be effective hereunder on the effective date of such amendment, and all interest charges owing to Lender by reason thereof shall be payable in accordance with Section 3.1 of this Agreement.

3.6. **Increased Costs.** In the event that any Applicable Law or any Change in Law or compliance by Lender with any request or directive (whether or not having the force of law) from any central bank or other financial, monetary or other authority, shall:

(a) subject Lender to any tax of any kind whatsoever with respect to this Agreement, or change the basis of taxation of payments to Lender in respect;

(b) impose, modify or deem applicable any reserve, special deposit, assessment, special deposit, compulsory loan, insurance charge or similar requirement against assets held by, or deposits in or for the account of, advances or loans by, or other credit extended by, any office of Lender, including pursuant to Regulation D of the Board of Governors of the Federal Reserve System; or

(c) impose on Lender any other condition, loss or expense (other than Taxes) affecting this Agreement or any Loan Document or any Advance made by Lender;

and the result of any of the foregoing is to increase the cost to Lender of making, converting to, continuing, renewing or maintaining its Advances hereunder by an amount that Lender deems to be material or to reduce the amount of any payment (whether of principal, interest or otherwise) in respect of any of the Advances by an amount Lender deems to be material, then, in any case Borrower shall promptly pay Lender, upon its demand, such additional amount as will compensate Lender for such additional cost or such reduction, as the case may be; provided that the foregoing shall not apply to increased costs which are reflected in the Base Rate, as the case may be. Lender shall certify the amount of such additional cost or reduced amount to Borrower, and such certification shall be conclusive absent manifest error. For purposes of this Section 3.6, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any and all rules, regulations, orders, requests, guidelines, and directives adopted, promulgated or implemented in connection therewith are deemed to have been introduced and adopted after the date of this Agreement.

3.7. Application of Payments. So long as no Event of Default then exists, all payments from Borrower received by Lender shall first be applied to accrued but unpaid interest; second, to the principal balance outstanding; and third, to any late charges and costs of collection. Upon the occurrence of an Event of Default, Lender may apply payments in such order and amounts as Lender elects, in its sole and absolute discretion.

3.8. Taxes.

(a) Any and all payments by or on account of any Obligations hereunder or under any Loan Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; provided that if Borrower shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions and (iii) Borrower shall timely pay the full amount deducted to the relevant Governmental Body in accordance with Applicable Law.

(b) Without limiting the provisions of Section 3.8(a) above, Borrower shall timely pay any Other Taxes to the relevant Governmental Body in accordance with Applicable Law.

(c) Borrower shall indemnify Lender, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Body. A certificate as to the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by Borrower to a Governmental Body, Borrower shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

(e) If Lender determines, in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by Borrower or with respect to which Borrower have paid additional amounts pursuant to this Section, it shall pay to Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by Borrower under this Section with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender and without interest (other than any interest paid by the relevant Governmental Body with respect to such refund); provided that Borrower, upon the request of Lender, agrees to repay the amount paid over to Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Body) to Lender in the event Lender is required to repay such refund to such Governmental Body.

This Section shall not be construed to require Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to Borrower or any other Person.

IV. COLLATERAL: GENERAL TERMS.

4.1. Security Interest in the Collateral. To secure the prompt payment and performance to Lender of the Obligations, Borrower hereby assigns, pledges and grants to Lender, a continuing security interest in and to and Lien on all of the Collateral, whether now owned or existing or hereafter created, acquired or arising and wheresoever located.

4.2. Perfection of Security Interest. Borrower shall take all action that may be necessary or desirable, or that Lender may request, so as at all times to maintain the validity, perfection, enforceability and priority of Lender's security interest in and Lien on the Collateral or to enable Lender to protect, exercise or enforce its rights hereunder and in the Collateral, including, but not limited to, (a) immediately discharging all Liens on the Collateral other than Lender's security interest, (b) entering into custodial arrangements satisfactory to Lender, and (c) executing and delivering financing statements, control agreements, instruments of pledge, notices and assignments, in each case in form and substance satisfactory to Lender, relating to the creation, validity, perfection, maintenance or continuation of Lender's security interest and Lien under the UCC or other Applicable Law. By its signature hereto, Borrower hereby authorizes Lender to file against such Borrower, one or more financing, continuation or amendment statements pursuant to the UCC in form and substance satisfactory to Lender, on the condition that the description of the collateral in any such statement only is limited to only the Collateral. All charges, expenses and fees Lender may incur in doing any of the foregoing, and any local taxes relating thereto, shall be charged to Borrower's Account as a Revolving Advance and added to the Obligations, or, at Lender's option, shall be paid by Borrower to Lender immediately upon demand.

4.3. Preservation of Collateral. Following the occurrence of a Default or Event of Default, in addition to the rights and remedies set forth in Section 11.1 hereof, Lender: (a) may at any time take such steps as Lender deems necessary to protect Lender's interest in and to preserve the Collateral, including the hiring of cyber and security consultants or implementing other security protection measures as Lender may deem appropriate; (b) may purchase or lease cold storage vaults to preserve the Collateral and to otherwise do all acts necessary to protect Lender's interests in the Collateral; and (c) may acquire one or more hardware wallets where Lender may store the private keys associated with all or part of the Collateral. Borrower shall cooperate fully with all of Lender's efforts to preserve the Collateral and will take such actions to preserve the Collateral as Lender may direct. All of Lender's expenses of preserving the Collateral, including any expenses relating to the bonding or insuring of a custodian, shall be charged to Borrower's Account as a Revolving Advance and added to the Obligations. Nothing contained in this Section 4.3 is intended to impose any burden or obligation on Lender to preserve or hold any portion of the Collateral, and Lender may immediately, with or without notice, liquidate some or all of the Collateral following an Event of Default.

4.4. Ownership and Location of Collateral. With respect to the Collateral, at the time the Collateral becomes subject to Lender's security interest, Borrower shall be the sole owner of and fully authorized and able to sell, transfer, pledge and/or grant a first priority security interest

in each and every item of its respective Collateral to Lender; and the Collateral shall be free and clear of all Liens whatsoever.

4.5. Defense of Lender's Interests. Until (a) payment and performance in full of all of the Obligations and (b) termination of this Agreement, Lender's interests in the Collateral shall continue in full force and effect. During such period Borrower shall not, without Lender's prior written consent, pledge, sell, assign, transfer, create or suffer to exist a Lien upon or encumber or allow or suffer to be encumbered in any way, any part of the Collateral. Borrower shall defend Lender's interests in the Collateral against any and all Persons whatsoever. At any time, following demand by Lender for payment of all Obligations during the continuance of an Event of Default, Lender shall have the right to take control of the Collateral in whatever manner stored, including hardware wallets, software wallets, whether encrypted or unencrypted, and all medium upon which the private keys associated with the Collateral are retrievable. In addition, with respect to all Collateral, Lender shall be entitled to all of the rights and remedies set forth herein and further provided by the Uniform Commercial Code or other Applicable Law.

4.6. Financing Statements. Except with respect to the financing statements filed by Lender, no financing statement covering any of the Collateral or any proceeds thereof is or will be on file in any public office.

4.7. Custodial Intermediaries. As a condition to extending credit under this Agreement, Lender requires that the Collateral be held by one or more of the Custodial Intermediaries in accordance with the terms and conditions of this Agreement (those provisions governing the Custodial Intermediaries' obligations with respect to the storage and disposition of the Collateral, collectively, the "**Collateral Covenants**"). The Collateral Covenants are for the sole benefit of Lender, and neither Borrower nor any other person is intended to become a third-party beneficiary under the Collateral Covenants. Notwithstanding Lender's requirement that Custodial Intermediaries take control of the Collateral, Lender's liability to Borrower or other person for Custodial Intermediary's failure to comply with any of its contractual obligations with respect to the Collateral or any other acts or omissions of Custodial Intermediary, including, without limitation, any losses or damages arising out of the theft or misappropriation of the Collateral or claims that Custodial Intermediary failed to properly safeguard the Collateral shall be subject to the terms of this Agreement. Any diligence performed by Lender with respect to the qualifications and suitability of Custodial Intermediary is solely for Lender's benefit. Lender makes no representations or statements about the Custodial Intermediary's experience or qualifications to perform its obligations under the Collateral Covenants. Borrower is engaged in commercial activities involving virtual currency and digital assets, has significant experience buying, selling and storing virtual currency and other digital assets, including bitcoin, and has done its own evaluation and diligence concerning Custodial Intermediary. By entering into this Agreement and accepting the Advances, Borrower represents and warrants to Lender that it has performed independent diligence on the Custodial Intermediary and determined Custodial Intermediary to be qualified to act in the capacity required under the Collateral Covenants. Borrower is under no obligation to enter into the transactions evidenced by this Agreement and does so only after making the determination in the immediately preceding sentence.

(b) In the event Borrower suffers any loss or damages solely as a result of Custodial Intermediary's acts or omissions, including without limitation, any theft or misappropriation of the

Collateral, Borrower shall first exercise any remedies available to Borrower against the Custodial Intermediary or any applicable insurer for any such loss or damage before exercising any remedies against Lender to the extent Lender may be liable for any such losses or damages under Applicable Law. To the extent Lender is liable for any such losses or damages, Borrower will reasonably cooperate with Lender to effect any subrogation of claims against Borrower, if reasonably requested by Lender.

(c) Without limiting the generality of the provisions in subparagraph (a) above, Borrower also acknowledges that it shall have no right to offset any amounts owed under this Agreement or any Loan Documents by any claims against Custodial Intermediary, including, without limitation, claims arising out of the theft or misappropriation of any of the Collateral, it being understood that Borrower's obligations hereunder are absolute and irrespective of any such losses or claims.

(d) Borrower acknowledges that Lender may have entered into separate agreements with Custodial Intermediary, including, without limitation, the Servicing and Custody Agreements, pursuant to which Secured Party compensates Custodial Intermediary, including, without limitation, for performing certain loan servicing functions with respect to the Collateral. The obligations of Custodial Intermediary under those agreements to service certain aspects of the Loan and provide trade execution services are for the sole benefit of Lender and Borrower is not an intended third-party beneficiary under any such agreements.

(e) Lender shall not be liable to Borrower for any delays in the return of any Collateral to Borrower resulting from any delays caused by the Custodial Intermediaries or any other cause outside the reasonable control of Lender, including, without limitation, any disruption of the bitcoin network or governmental directive preventing the lawful transfer of the Collateral to Borrower.

(f) Each of the Custodial Intermediaries shall constitute a "securities intermediary" as that term is defined in Article 8 of the Uniform Commercial Code of the State of New York ("**Article 8**"), or an agent thereof. Borrower and Lender acknowledge and agree that (i) the Collateral Account is considered a "securities account" under Article 8, Lender is the "entitlement holder" of the securities account under Article 8, and (iii) the Collateral in the Collateral Account shall be considered "financial assets" under Article 8. The treatment of Collateral as a financial asset under Article 8 does not determine the characterization or treatment of those assets under any other law or rule.

(g) Lender may from time to time designate one or more replacement Custodial Intermediaries (each, a "Replacement Intermediary"). In connection therewith, Lender may request written confirmation (a "Replacement Reaffirmation") from Borrower (i) acknowledging the designation of the Replacement Intermediary, (ii) reaffirming Borrower's covenants and representations made in this Section 4.7 with respect to the Replacement Intermediary, and (iii) consenting to the transfer of the Collateral to one or more digital wallets controlled by the Replacement Intermediary. Borrower shall return a duly executed Replacement Reaffirmation, in form and substance satisfactory to Lender, within ten (10) Business Days after receiving Lender's request. Borrower's failure to provide the Replacement Reaffirmation, within that ten (10) Business Day period, shall entitle Lender to immediately cause the liquidation of the Collateral

and the application of the proceeds to repay all outstanding Advances. Thereafter, Borrower shall remain liable for any remaining outstanding Advances after application of the proceeds from the liquidated Collateral and Lender shall have no obligation to make further Advances until its receipt of the required Replacement Reaffirmation. Borrower acknowledges that the provisions of this Section 4.7 are not intended to condition the effectiveness of Lender's designation of a Custodial Intermediary on Borrower's consent or approval.

V. REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants as follows:

5.1. Authority. Borrower has full power, authority and legal right to enter into this Agreement and the Loan Documents to which it is a party and to perform all its respective Obligations hereunder and thereunder. This Agreement and the Loan Documents to which it is a party have been duly executed and delivered by Borrower, and this Agreement and the Loan Documents to which it is a party constitute the legal, valid and binding obligation of such Borrower enforceable in accordance with their terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally. The execution, delivery and performance of this Agreement and of the Loan Documents to which it is a party (a) are within such Borrower's corporate or company powers, as applicable, have been duly authorized by all necessary corporate or company action, as applicable, are not in contravention of law or the terms of such Borrower's Organizational Documents or to the conduct of such Borrower's business or of any material contract or undertaking to which such Borrower is a party or by which such Borrower is bound, (b) will not conflict with or violate any law or regulation, or any judgment, order or decree of any Governmental Body, (c) will not require the Consent of any Governmental Body, any party to a material contract or any other Person, and (d) will not conflict with, nor result in any breach in any of the provisions of or constitute a default under or result in the creation of any Lien upon any asset of such Borrower (other than the liens created hereunder in favor of Lender) under the provisions of any agreement, instrument, or other document to which such Borrower is a party or by which it or its property is a party or by which it may be bound.

5.2. Formation and Qualification. Borrower is duly incorporated or formed, as applicable, and in good standing under the laws of the state in which it is organized and is qualified to do business and is in good standing in the states where it conducts business which constitute all states in which qualification and good standing are necessary for Borrower to conduct its business and own its property and where the failure to so qualify could reasonably be expected to have a Material Adverse Effect on such Borrower. Borrower has delivered to Lender true and complete copies of its Organizational Documents and will promptly notify Lender of any amendment or changes thereto.

5.3. Survival of Representations and Warranties. All representations and warranties of such Borrower contained in this Agreement and the Loan Documents to which it is a party shall be true at the time of such Borrower's execution of this Agreement and the Loan Documents to which it is a party, and shall survive the execution, delivery and acceptance thereof by the parties thereto and the closing of the transactions described therein or related thereto.

5.4. Tax Returns. Borrower has filed all federal, state and local tax returns, to the extent required, and other reports each is required by law to file and has paid all taxes, assessments, fees and other governmental charges that are due and payable. The provision for taxes on the books of Borrower is adequate for all years not closed by applicable statutes, and for its current fiscal year, and no Borrower has any knowledge of any deficiency or additional assessment in connection therewith not provided for on its books.

5.5. Financial Statements.

The June 30, 2021 balance sheet of Borrower (the "Balance Sheet") furnished to Lender is accurate, complete and correct and fairly reflects the financial condition of Borrower as of the Closing Date, and has been prepared in accordance with GAAP, consistently applied. The Balance Sheet has been certified as accurate, complete and correct in all material respects by the Chief Financial Officer of Borrower. All financial statements referred to in this section 5.5, including the related schedules and notes thereto, have been prepared in accordance with GAAP, except as may be disclosed in such financial statements.

5.6. Entity Names. Except as disclosed to Lender, in writing, during the application process, Borrower has not been known by any other company or corporate name, as applicable, in the past five (5) years, nor has Borrower been the surviving corporation or company, as applicable, of a merger or consolidation or acquired all or substantially all of the assets of any Person during the preceding five (5) years.

5.7. Solvency; No Litigation, Violation, Indebtedness or Default; ERISA Compliance.

(a) (i) Borrower is, and after giving effect to the Loan, Borrower will be solvent, able to pay its debts as they mature, and has, and after giving effect to the Loan, will have capital sufficient to carry on its business and all businesses in which it is about to engage, (ii) as of the Closing Date, the fair present saleable value of its assets, calculated on a going concern basis, is in excess of the amount of its liabilities, and (iii) subsequent to the Closing Date, the fair saleable value of its assets (calculated on a going concern basis) will be in excess of the amount of its liabilities.

(b) Except as disclosed by Borrower to Lender in writing prior to the Closing Date, no Borrower has any pending or threatened litigation, arbitration, actions or proceedings. No Borrower has any outstanding Indebtedness other than the Obligations, except for (i) Indebtedness reflected on the Borrower's financial statements delivered to Lender, and (ii) Indebtedness incurred in the ordinary course of Borrower's business that is not secured by any lien, security interest other charge in or against the Collateral.

(c) Borrower is not in violation of any applicable statute, law, rule, regulation or ordinance in any respect which could reasonably be expected to have a Material Adverse Effect, nor is Borrower in violation of any order of any court, Governmental Body or arbitration board or tribunal.

(d) The Borrower and each member of the Controlled Group have fulfilled their obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and have not incurred any liability to the PBGC or a Plan under Title IV of ERISA in

connection with the termination of a Plan, and each Plan maintained by the Borrower is in compliance with the presently applicable provisions of ERISA and the Code.

5.8. Licenses and Permits. Borrower (a) is in compliance with and (b) has procured and is now in possession of, all material licenses or permits required by any applicable federal, state or local law, rule or regulation for the operation of its business in each jurisdiction wherein it is now conducting or proposes to conduct business and where the failure to procure such licenses or permits could reasonably be expected to have a Material Adverse Effect.

5.9. Default of Indebtedness. No Borrower is in default in the payment of the principal of or interest on any Indebtedness or under any instrument or agreement under or subject to which any Indebtedness has been issued and no event has occurred under the provisions of any such instrument or agreement which with or without the lapse of time or the giving of notice, or both, constitutes or would constitute an event of default thereunder.

5.10. No Default. No Borrower is in default in the payment or performance of any of its contractual obligations and no Default or Event of Default has occurred.

5.11. Disclosure. No representation or warranty made by Borrower in this Agreement or in any financial statement, report, certificate or any other document furnished in connection herewith contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to Borrower or which reasonably should be known to such Borrower which such Borrower has not disclosed to Lender in writing with respect to the transactions contemplated by or this Agreement which could reasonably be expected to have a Material Adverse Effect.

5.12. Business and Property of Borrower. Upon and after the Closing Date, Borrower does not propose to engage in any business other than the business it currently operates as of the Effective Date, and activities incidental thereto or otherwise necessary to conduct the foregoing. On the Closing Date, Borrower will own all the property and possess all of the rights and Consents necessary for the conduct of the business of such Borrower.

5.13. Certificate of Beneficial Ownership. The Certificate of Beneficial Ownership executed and delivered to Lender for Borrower on or prior to the Closing Date, as updated from time to time in accordance with this Agreement, is accurate, complete and correct as of the date hereof and as of the date any such update is delivered. The Borrower acknowledges and agrees that the Certificate of Beneficial Ownership is one of the Loan Documents.

5.14. Eligible Contract Participant. Borrower qualifies as an Eligible Contract Participant.

5.15. Intentionally omitted.

VI. AFFIRMATIVE COVENANTS.

Borrower shall, until payment in full of the Obligations and termination of this Agreement:

6.1. Compliance with Laws. Comply with all Applicable Laws with respect to the Collateral or any part thereof or to the operation of such Borrower's business the non-compliance with which could reasonably be expected to have a Material Adverse Effect (except to the extent any separate provision of this Agreement shall expressly require compliance with any particular Applicable Law(s) pursuant to another standard). Borrower may, however, contest or dispute any Applicable Laws in any reasonable manner, provided that any related Lien is inchoate or stayed and sufficient reserves are established to the reasonable satisfaction of Lender to protect Lender's Lien on or security interest in the Collateral.

6.2. Conduct of Business and Maintenance of Existence and Assets. (a) Conduct continuously and operate actively its business according to good business practices; (b) keep in full force and effect its existence and comply in all material respects with the laws and regulations governing the conduct of its business where the failure to do so could reasonably be expected to have a Material Adverse Effect; and (c) make all such reports and pay all such franchise and other taxes and license fees and do all such other acts and things as may be lawfully required to maintain its rights, licenses, leases, powers and franchises under the laws of the United States or any political subdivision thereof where the failure to do so could reasonably be expected to have a Material Adverse Effect.

6.3. Books and Records. Keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to its business and affairs (including without limitation accruals for taxes), all in accordance with, or as required by, GAAP consistently applied in the opinion of such independent public accountant as shall then be regularly engaged by Borrower.

6.4. Payment of Taxes. Pay, when due, all taxes, assessments and other charges lawfully levied or assessed upon such Borrower or any of the Collateral, including personal property taxes, assessments and charges and all franchise, income, employment, social security benefits, withholding, and sales taxes. If any tax by any Governmental Body is or may be imposed on or as a result of any transaction between Borrower and Lender which Lender may be required to withhold or pay or if any taxes, assessments, or other charges remain unpaid after the date fixed for their payment, or if any claim shall be made which, in Lender's opinion, may possibly create a valid Lien on the Collateral, Lender may without notice to Borrower pay the taxes, assessments or other charges and Borrower hereby indemnifies and holds Lender harmless in respect thereof. The amount of any payment by Lender under this Section 6.4 shall be charged to Borrower's Account as an Advance and added to the Obligations and, until Borrower shall furnish Lender with an indemnity therefor (or supply Lender with evidence satisfactory to Lender that due provision for the payment thereof has been made), Lender may hold without interest any balance standing to Borrower's credit and Lender shall retain its security interest in and Lien on any and all Collateral held by Lender.

6.5. Financial Covenants.

(a) Debt-to-Equity Ratio. Borrower shall maintain at all times a Debt-to-Equity Ratio of not greater than 0.50:1.00. Lender shall determine compliance quarterly based on Borrower's financial statements filed with the United States Securities and Exchange Commission

(SEC). As used herein, the term “Debt-to-Equity Ratio” means for Borrower the financial leverage of its total liabilities over its total stockholders’ equity.

(b) Minimum Liquidity. Borrower shall maintain at all times minimum unrestricted cash of at least \$25,000,000.00, which shall be verified quarterly based on financial statements filed with the SEC for the preceding quarter.

6.6. Insurance.

(a) (i) Borrower shall maintain, at a minimum, commercial general liability insurance in an amount satisfactory to Lender, and such other insurance coverages, as is customary in the case of companies engaged in businesses similar to Borrower, and having deductibles consistent with customary practice. By separate agreement, Lender requires one or more of the Custodial Intermediaries to maintain coverage that insures against the theft, or the accidental or intentional loss or destruction of, the private keys associated with the Collateral, subject to certain exclusions from coverage that are generally applicable to all digital assets in the custody of the Custodial Intermediaries (the “Required Digital Assets Coverage”). During the time in which the Collateral remains in the custody of the Custodial Intermediaries, Borrower is not required to maintain separate coverage for losses covered by the Required Digital Assets Coverage.

(b) With respect to any Required Digital Assets Coverage maintained by a Custodial Intermediary, Borrower acknowledges that such coverages may not be sufficient to cover the entire loss in the event some or all of the Collateral is lost or stolen. Lender’s acceptance of such insurance should not be considered as a representation, opinion or indication that the coverages provided by the Custodial Intermediaries are suitable for Borrower. In some cases, the amount of proceeds available on account of a loss may only be sufficient to repay the Advances and may not be sufficient to cover some or all of Borrower’s equity in the Collateral. As such, Borrower should evaluate with its risk management personnel what insurance coverage it should maintain independent of those maintained by the Custodial Intermediary.

6.7. Payment of Indebtedness. Pay, discharge or otherwise satisfy at or before maturity (subject, where applicable, to specified grace periods) all its Indebtedness, except when the failure to do so would not reasonably be expected to have a Material Adverse Effect.

6.8. Standards of Financial Statements. Cause all financial statements referred to in Section 9.2 as to which GAAP is applicable to be complete and correct in all material respects (subject, in the case of interim financial statements, to normal year-end audit adjustments) and to be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as disclosed therein and agreed to by such reporting accountants or officer, as applicable).

6.9. Execution of Supplemental Instruments. Execute and deliver to Lender from time to time, upon demand, such supplemental agreements, statements, assignments and transfers, or instructions or documents relating to the Collateral, and such other instruments as Lender may request, in order that the full intent of this Agreement may be carried into effect.

6.10. Certificate of Beneficial Ownership and Other Additional Information. Provide to Lender: (i) confirmation of the accuracy of the information set forth in the most recent Certificate

of Beneficial Ownership provided to the Lender ; (ii) a new Certificate of Beneficial Ownership, in form and substance satisfactory to Lender when the individual(s) to be identified as a Beneficial Owner have changed; and (iii) such other information and documentation as may reasonably be requested by Lender from time to time for purposes of compliance by Lender with applicable laws (including without limitation the USA PATRIOT ACT and other “know your customer” and anti-money laundering rules and regulations), and any policy or procedure implemented by Lender or such Lender to comply therewith.

6.11 Operational Security. Borrower shall follow and maintain operational security best practices throughout the Term of the Loan, including, without limitation, ensuring that all communications initiated by Borrower to Lender and/or Custodial Intermediaries involving private or public keys or other sensitive information are accomplished through secure means, such as encrypted email communication. Borrower shall employ adequate security measures to safeguard any passwords, personal identification numbers and other credentials that can be used to access information about the Loan, the Collateral and any deposits and/or withdrawals of digital assets involving the Loan.

VII. NEGATIVE COVENANTS.

Borrower shall not, until satisfaction in full of the Obligations and termination of this Agreement:

7.1. Sale of Collateral. Sell, lease, transfer or otherwise dispose of any Collateral in violation of this Agreement.

7.2. Creation of Liens. Create or suffer to exist any Lien or transfer upon or against any of the Collateral in violation of this Agreement.

7.3. Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except in the Ordinary Course of Business.

7.4. Nature of Business. Substantially change the nature of the business in which it is presently engaged, nor except as specifically permitted hereby purchase or invest, directly or indirectly, in any assets or property other than in the Ordinary Course of Business for assets or property which are useful in, necessary for and are to be used in its business as presently conducted.

7.5. Fiscal Year and Accounting Changes. Change its fiscal year end or make any change (a) in accounting treatment and reporting practices except as required by GAAP or (b) in tax reporting treatment except as required by law.

7.6. Pledge of Credit. Now or hereafter pledge Lender’s credit on any purchases, commitments or contracts or for any purpose whatsoever or use any portion of any Advance in or for any business other than such Borrower’s business operations as conducted on the Closing Date.

7.7. Compliance with ERISA. Cause, or permit any member of the Controlled Group to cause, a representation or warranty in Section 5.7(d) to cease to be true and correct.

VIII. CONDITIONS PRECEDENT.

8.1. Conditions to Initial Advances. The agreement of Lender to make the initial Advance requested to be made on the Closing Date is subject to the satisfaction, or waiver by Lender, immediately prior to or concurrently with the making of such Advances, of the following conditions precedent:

(a) This Agreement. Lender shall have received this Agreement duly executed and delivered by an authorized officer of Borrower;

(b) Note. Lender shall have received the Note duly executed and delivered by an authorized officer of Borrower;

(c) Loan Documents. Lender shall have received each of the executed Loan Documents, as applicable, including, without limitation, a duly executed Loan Schedule in form and substance satisfactory to Lender;

(d) Borrowing Base. Lender shall have received evidence from Custodial Intermediary that the aggregate amount of Collateral in the Collateral Account is sufficient in value and amount to support Advances in the amount requested by Borrower on the Closing Date;

(e) Intentionally Omitted.

(f) Filings, Registrations and Recordings. Each document (including any UCC financing statement) required by this Agreement, any related agreement or under law or reasonably requested by Lender to be filed, registered or recorded in order to create, in favor of Lender, a perfected security interest in or lien upon the Collateral shall have been properly filed, registered or recorded in each jurisdiction in which the filing, registration or recordation thereof is so required or requested, and Lender shall have received an acknowledgment copy, or other evidence satisfactory to it, of each such filing, registration or recordation and satisfactory evidence of the payment of any necessary fee, tax or expense relating thereto;

(g) Secretary's Certificates, Authorizing Resolutions and Good Standings of Borrower. Lender shall have received a certificate of the Secretary or Assistant Secretary (or other equivalent officer, partner or manager) of Borrower in form and substance satisfactory to Lender dated as of the Closing Date which shall certify (i) copies of resolutions in form and substance reasonably satisfactory to Lender, of the board of directors (or other equivalent governing body, member or partner) of such Borrower authorizing (x) the execution, delivery and performance of this Agreement, the Notes and each Loan Document to which such Borrower is a party (including authorization of the incurrence of indebtedness and borrowing of Revolving Advances), and (y) the granting by such Borrower of the security interests in and liens upon the Collateral to secure all of the Obligations of Borrower (and such certificate shall state that such resolutions have not been amended, modified, revoked or rescinded as of the date of such certificate), (ii) the incumbency and signature of the officers of such Borrower authorized to execute this Agreement and the Loan Documents, (iii) copies of the Organizational Documents of such Borrower as in effect on such date, complete with all amendments thereto, and (iv) the good standing (or equivalent status) of such Borrower in its jurisdiction of organization and each applicable jurisdiction where the conduct of such Borrower's business activities or the ownership of its

properties necessitates qualification, as evidenced by good standing certificate(s) (or the equivalent thereof issued by any applicable jurisdiction) dated not more than thirty (30) days prior to the Closing Date, issued by the Secretary of State or other appropriate official of each such jurisdiction;

(h) No Litigation. No litigation, investigation or proceeding before or by any arbitrator or Governmental Body shall be continuing or threatened against Borrower or against the officers or directors of Borrower (A) in connection with this Agreement, the Note, the Loan Documents or any of the transactions contemplated thereby and which, in the reasonable opinion of Lender, is deemed material or (B) which could, in the reasonable opinion of Lender, have a Material Adverse Effect; and no injunction, writ, restraining order or other order of any nature materially adverse to Borrower or the conduct of its business or inconsistent with the due consummation of the transactions contemplated by this Agreement shall have been issued by any Governmental Body;

(i) Fees. Lender shall have received all fees payable to Lender on or prior to the Closing Date hereunder, including pursuant to Article III hereof;

(j) Insurance. Subject to the provisions of Section 6.6(a), Lender shall have received in form and substance satisfactory to Lender, (i) evidence that adequate insurance required to be maintained under this Agreement is in full force and effect, (ii) insurance certificates issued by Borrower's insurance broker containing such information regarding Borrower's insurance policies as Lender shall request.

(k) Request for Advance. A properly completed Request for Advance; and

(l) Other. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to Lender and its counsel.

8.2. Conditions to Each Advance. The agreement of Lender to make any Advance requested to be made on any date (including the initial Advance), is subject to the satisfaction of the following conditions precedent as of the date such Advance is made:

(a) Representations and Warranties. Each of the representations and warranties made by Borrower in or pursuant to this Agreement, the Loan Documents and any related agreements to which it is a party, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement, the Loan Documents or any related agreement shall be true and correct in all respects on and as of such date as if made on and as of such date (except to the extent any such representation or warranty expressly relates only to any earlier and/or specified date);

(b) Request for Advance. A properly completed Request for Advance;

(c) No Default. No Event of Default or Default shall have occurred and be continuing on such date, or would exist after giving effect to the Advances requested to be made, on such date; provided, however that Lender, in its sole discretion, may continue to make Advances

notwithstanding the existence of an Event of Default or Default and that any Advances so made shall not be deemed a waiver of any such Event of Default or Default; and

(d) Maximum Advances. After giving effect to the requested Advance, the aggregate amount of Advances shall not exceed the Maximum Advance Amount.

Each request for an Advance by Borrower hereunder shall constitute a representation and warranty by Borrower as of the date of such Advance that the conditions contained in this Section shall have been satisfied.

IX. INFORMATION AS TO BORROWER.

Borrower shall, until satisfaction in full of the Obligations and the termination of this Agreement:

9.1. Disclosure of Material Matters. Immediately upon learning thereof, report to Lender all matters materially affecting the value, enforceability or collectability of any portion of the Collateral, or any Lien other than Lender's security interest, placed upon or asserted against Borrower or any Collateral.

9.2. Financial Statements. Borrower shall, in accordance with Section 13 or 15(d) of the Securities and Exchange Act of 1934, file with the SEC: (a) an annual financial report on Form 10-K within ninety (90) days after the end of each of its fiscal years, and (b) quarterly financial reports on Form 10-Q forty-five (45) days after the end of each of its first three fiscal quarters, each of the preceding dates a "Reporting Due Date." The Borrower's Reporting Due Date for any Form 10-K or Form 10-Q may be extended for only such time as permitted by the SEC if the Borrower shall file with the SEC an accurate and complete SEC Form NT 10-K or NT 10-Q, as applicable, prior to each respective Reporting Due Date and provide a copy of such Form NT to Lender immediately after filing.

9.3. Intentionally Omitted.

9.4. Collateral Account Reports. At or prior to 1:00 p.m. PT each day during an Availability Period, the Borrower shall make available a report to the Lender that sets forth the total amount of bitcoin subject to the Collateral Account, in each case as of 1:00 p.m. PT on the immediately preceding day. Notwithstanding the foregoing, Borrower will not be required to submit such reports for so long as Lender does not provide written notice to Borrower that the applicable Custodial Intermediary is no longer providing such reports pursuant to the Servicing and Custody Agreements.

9.5. Intentionally Omitted.

9.6. Additional Information. Furnish Lender with such additional information as Lender shall reasonably request in order to enable Lender to determine whether the terms, covenants, provisions and conditions of this Agreement and the Notes have been complied with by Borrower including, without the necessity of any request by Lender, copies of all security audits and reviews.

9.7. Notice of Suits, Adverse Events. Furnish Lender with prompt written notice of (a) any lapse or other termination of any Consent issued to Borrower by any Governmental Body or any other Person that is material to the operation of Borrower's business, (b) any refusal by any Governmental Body or any other Person to renew or extend any such Consent; and (c) copies of any periodic or special reports filed by Borrower with any Governmental Body or Person, if such reports indicate any material change in the business, operations, affairs or condition of Borrower, or if copies thereof are requested by Lender, and (d) copies of any material notices and other communications from any Governmental Body or Person which specifically relate to Borrower.

9.8. Financial Disclosure. Borrower hereby irrevocably authorizes and directs all accountants and auditors employed by such Borrower at any time during the Term to exhibit and deliver to Lender copies of any of such Borrower's financial statements, trial balances or other accounting records of any sort in the accountant's or auditor's possession, and to disclose to Lender any information such accountants may have concerning such Borrower's financial status and business operations. Borrower hereby authorizes all Governmental Bodies to furnish to Lender copies of reports or examinations relating to such Borrower, whether made by such Borrower or otherwise; however, Lender will attempt to obtain such information or materials directly from such Borrower prior to obtaining such information or materials from such accountants or Governmental Bodies.

X. EVENTS OF DEFAULT.

The occurrence of any one or more of the following events shall constitute an "Event of Default":

10.1. Nonpayment. Failure by Borrower to pay (a) within ten (10) days of the date due, any scheduled installment of principal or interest on the Obligations, or (b) on or before the date due, any other fee, charge, amount or liability provided for herein, including, without limitation, any amounts owed under Section 2.4, or in any Loan Document, in each case whether at maturity, by reason of acceleration pursuant to the terms of this Agreement, by notice of intention to prepay or by required prepayment.

10.2. Breach of Representation. Any representation or warranty made or deemed made by Borrower in this Agreement, any Loan Document or any related agreement or in any certificate, document or financial or other statement furnished at any time in connection herewith or therewith shall prove to have been incorrect or misleading in any material respect on the date when made or deemed to have been made; provided that, in each case, such inaccuracies, to the extent capable of being corrected, are not corrected within ten (10) days following notice from Lender.

10.3. Financial Information. Failure by Borrower to (a) file financial reports in accordance with Section 9.2, or (b) provide Lender with financial information it may request within three (3) Business Days of such requests or (c) permit the inspection of its books or records in accordance with this Agreement;

10.4. Judicial Actions. Issuance of a notice of Lien, levy, assessment, injunction or attachment (a) against any Collateral or (b) against a material portion of Borrower's other property which is not stayed or lifted within thirty (30) days;

10.5. Noncompliance. Except as otherwise provided for in Sections 10.1, 10.2, 10.3 and 10.4, (a) failure or neglect of Borrower, or any Person to perform, keep or observe any term, provision, condition, covenant herein contained, or contained in any Loan Document or any other agreement or arrangement, now or hereafter entered into between Borrower, or such Person, and Lender beyond any applicable cure and/or grace period;

10.6. Judgments. Any (a) judgment or judgments, writ(s), order(s) or decree(s) for the payment of money are rendered against Borrower for an aggregate amount in excess of \$50,000 and (b) (i) action shall be legally taken by any judgment creditor to levy upon assets or properties of Borrower to enforce any such judgment, (ii) such judgment shall remain undischarged for a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, shall not be in effect, or (iii) any Liens arising by virtue of the rendition, entry or issuance of such judgment upon assets or properties of Borrower shall be senior to any Liens in favor of Lender on such assets or properties;

10.7. Bankruptcy. Borrower, any Subsidiary or Affiliate of Borrower shall (a) apply for, consent to or suffer the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (b) admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (c) make a general assignment for the benefit of creditors, (d) commence a voluntary case under any state or federal bankruptcy or receivership laws (as now or hereafter in effect), (e) be the subject of an Insolvency Event or otherwise be adjudicated a bankrupt or insolvent (including by entry of any order for relief in any involuntary bankruptcy or insolvency proceeding commenced against it), (f) file a petition seeking to take advantage of any other law providing for the relief of debtors, (g) acquiesce to, or fail to have dismissed, within thirty (30) days, any petition filed against it in any involuntary case under such bankruptcy laws, or (h) take any action for the purpose of effecting any of the foregoing;

10.8. Material Adverse Effect. The occurrence of any event or development which could reasonably be expected to have a Material Adverse Effect;

10.9. Lien Priority. Any Lien created hereunder or provided for hereby or under any related agreement for any reason ceases to be or is not a valid and perfected Lien having a first priority interest;

10.10. Cross Default. Either (a) any specified "event of default" under any Indebtedness (other than the Obligations) of Borrower with a then-outstanding principal balance (or, in the case of any Indebtedness not so denominated, with a then-outstanding total obligation amount) of \$100,000 or more, or any other event or circumstance which would permit the holder of any such Indebtedness of Borrower to accelerate such Indebtedness (and/or the obligations of Borrower thereunder) prior to the scheduled maturity or termination thereof, shall occur (regardless of whether the holder of such Indebtedness shall actually accelerate, terminate or otherwise exercise any rights or remedies with respect to such Indebtedness), (b) a default of the obligations of Borrower under any other agreement to which it is a party shall occur which has or is reasonably likely to have a Material Adverse Effect, or (c) Lender declares a default or "event of default" under any other loan or extension of credit or other account agreement to Borrower or an Affiliate of Borrower;

10.11. Intentionally Omitted.

10.12. Change of Control. Any Change of Control shall occur without Borrower's prior written notice to Lender and Lender's prior written approval thereof.

10.13. Invalidity. Any material provision of this Agreement or any Loan Document shall, for any reason, cease to be valid and binding on Borrower, or Borrower shall so claim in writing to Lender or Borrower challenges the validity of or its liability under this Agreement or any Loan Document;

10.14. Seizures. Any portion of the Collateral shall be seized, subject to garnishment or taken by a Governmental Body;

10.15. Anti-Money Laundering/International Trade Law Compliance. Any representation or warranty contained in Section 13.16 is or becomes false or misleading at any time.

XI. LENDER'S RIGHTS AND REMEDIES AFTER DEFAULT.

11.1. Rights and Remedies.

(a) During the continuance of: (i) an Event of Default pursuant to Section 10.7 (other than Section 10.7(g)), all Obligations shall be immediately due and payable accruing interest at the Default Rate, and this Agreement and the obligation of Lender to make Advances shall be deemed terminated, (ii) any of the other Events of Default and at any time thereafter, at the option of Lender, shall be immediately due and payable and Lender shall have the right to terminate this Agreement and to terminate the obligation of Lender to make Advances; and (iii) without limiting Section 8.2 hereof, any Default under Sections 10.7(g) hereof, the obligation of Lender to make Advances hereunder shall be suspended until such time as such involuntary petition shall be dismissed. Upon the occurrence of any Event of Default, Lender shall have the right to exercise any and all rights and remedies provided for herein, under the Loan Documents, under the Uniform Commercial Code and at law or equity generally, including the right to foreclose the security interests granted herein and to realize upon any Collateral by any available judicial or non-judicial procedure and/or to take possession of and sell any or all of the Collateral with or without judicial process. With or without having the Collateral at the time or place of sale, Lender may sell the Collateral, or any part thereof, at public or private sale, at any time or place, in one or more sales, at such price or prices, and upon such terms, either for cash, credit or future delivery, as Lender may elect. The cash proceeds realized from the sale of any Collateral shall be applied to the Obligations in the order determined by Lender in its sole discretion. Noncash proceeds will only be applied to the Obligations as they are converted into cash. If any deficiency shall arise, Borrower shall remain liable to Lender therefor. Notwithstanding anything to the contrary contained herein to the contrary, Lender may sell, or direct any Custodial Intermediary to sell, any bitcoin, Forked Assets or other digital assets in the Collateral Account without (i) any notice to Borrower, (ii) any publication of notice about a sale of such assets, it being acknowledged by Borrower that highly liquid and efficient markets exist for the sale of bitcoin, or (iii) any obligation to account to Borrower for any losses caused by Lender's decision to liquidate such Collateral.

(b) To the extent that Applicable Law imposes duties on Lender to exercise remedies in a commercially reasonable manner, Borrower acknowledges and agrees that it is not

commercially unreasonable for Lender: (i) to fail to incur expenses reasonably deemed significant by Lender to safeguard the Collateral pending disposition; (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of; (iii) to fail to remove Liens on or any adverse claims against Collateral; (iv) if required under the UCC, to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature; (v) to contact other Persons, whether or not in the same business as Borrower, for expressions of interest in acquiring all or any portion of such Collateral; (vi) to hire one or more market makers and/or brokers specializing in digital asset transactions to assist in the disposition of Collateral; (vii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets; (viii) to dispose of assets in wholesale rather than retail markets; (ix) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (x) to purchase insurance or credit enhancements to insure Lender against risks of loss, collection or disposition of Collateral or to provide to Lender a guaranteed return from the collection or disposition of Collateral; or (xi) to the extent deemed appropriate by the Lender, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Lender in the collection or disposition of any of the Collateral. Borrower acknowledges that the purpose of this Section 11.1(b) is to provide non-exhaustive indications of what actions or omissions by Lender would not be commercially unreasonable in Lender's exercise of remedies against the Collateral and that other actions or omissions by Lender shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 11.1(b). Upon the occurrence of any Event of Default, Lender shall have the right to exercise any and all rights and remedies provided for herein, under the Loan Documents, under the Uniform Commercial Code and at law or equity generally, including the right to foreclose the security interests granted herein and to realize upon any Collateral by any available judicial procedure and/or to take possession of and sell any or all of the Collateral with or without judicial process. Without limitation upon the foregoing, nothing contained in this Section 11.1(b) shall be construed to grant any rights to Borrower or to impose any duties on Lender that would not have been granted or imposed by this Agreement or by Applicable Law in the absence of this Section 11.1(b).

11.2. Lender's Discretion. Lender shall have the right in its sole discretion to determine which rights, Liens, security interests or remedies Lender may at any time pursue, relinquish, subordinate, or modify, which procedures, timing and methodologies to employ, and what any other action to take with respect to any or all of the Collateral and in what order, thereto and such determination will not in any way modify or affect any of Lender's rights hereunder as against Borrower or each other.

11.3. Setoff. In addition to any other rights which Lender may have under Applicable Law, upon the occurrence of an Event of Default hereunder, Lender shall have a right, immediately and without notice of any kind, to apply Borrower's property held by Lender or any of its Affiliates to reduce the Obligations and to exercise any and all rights of setoff which may be available to Lender with respect to any deposits held by Lender.

11.4. Liquidation without Notice. Borrower acknowledges that the price of bitcoin is (a) volatile and thus may decline speedily in value, and (b) bitcoin is a type of asset customarily sold

on a recognized market. Accordingly, Borrower acknowledges and agrees that it would not be necessary under Section 9-611(b) of the UCC to give notice of any proposed disposition of the Collateral.

11.5. Rights and Remedies not Exclusive. The enumeration of the foregoing rights and remedies is not intended to be exhaustive and the exercise of any rights or remedy shall not preclude the exercise of any other right or remedies provided for herein or otherwise provided by law, all of which shall be cumulative and not alternative.

XII. WAIVERS AND JUDICIAL PROCEEDINGS.

12.1. Waiver of Notice. Borrower hereby waives notice of non-payment of any indebtedness, demand, presentment, protest and notice thereof with respect to any and all instruments, notice of acceptance hereof, notice of loans or advances made, credit extended, Collateral received or delivered, or any other action taken in reliance hereon, and all other demands and notices of any description, except such as are expressly provided for herein.

12.2. Delay. No delay or omission on Lender's part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any Default or Event of Default.

XIII. EFFECTIVE DATE AND TERMINATION.

13.1. Term. This Agreement, which shall inure to the benefit of and shall be binding upon the respective successors and permitted assigns of Borrower, Lender shall become effective on the date hereof and shall continue in full force and effect until October 5, 2022 (the "Term") unless sooner terminated as herein provided. On the condition that the Extension Conditions are met, Borrower may request Lender to extend the term of the Loan for successive twelve (12) month periods, which Lender may grant or withhold in its sole and absolute discretion. For the avoidance of doubt, Lender may or may not grant such extension request for any such reason Lender determines, in its sole and absolute discretion, and Borrower shall not rely on Lender to grant any such approval of an extension. As used herein, the term "Extension Conditions" shall mean (i) no default or Event of Default has occurred, (ii) Borrower has provided Lender at least sixty (60) day prior written notice of its request to renew, (iii) Lender has reviewed and approved Borrower's creditworthiness and collateral requirements according to Lender's internal credit policies, (iv) Borrower recertifies that there has been no change in Beneficial Ownership since the inception of the Loan, or in the case of any changes, has provided Lender with such information about the then current Beneficial Ownership as Lender requests, and (v) the Borrower pays any required fees including but not limited to legal fees, commitment fees, and other loan related fees. Borrower may terminate this Agreement at any time upon ninety (90) days prior written notice to Lender upon payment in full of the Obligations.

13.2. Termination. The termination of the Agreement shall not affect Lender's rights, or any of the Obligations having their inception prior to the effective date of such termination or any Obligations which pursuant to the terms hereof continue to accrue after such date, and the provisions hereof shall continue to be fully operative until all transactions entered into, rights or interests created and Obligations have been fully and indefeasibly paid, disposed of, concluded or

liquidated. The security interests, Liens and rights granted to Lender hereunder and the financing statements filed hereunder shall continue in full force and effect, notwithstanding the termination of this Agreement or the fact that Borrower's account may from time to time be temporarily in a zero or credit position, until all of the Obligations of Borrower have been indefeasibly paid. Accordingly, Borrower waives any rights which it may have under the Uniform Commercial Code to demand the filing of termination statements with respect to the Collateral, and Lender shall not be required to send such termination statements to Borrower, or to file them with any filing office, unless and until this Agreement shall have been terminated in accordance with its terms and all Obligations have been indefeasibly paid in full in immediately available funds. All representations, warranties, covenants, waivers and agreements contained herein shall survive termination hereof until all Obligations are indefeasibly paid and performed in full.

13.3. Governing Law. This Agreement and each Loan Document (unless and except to the extent expressly provided otherwise in any such Loan Document), and all matters relating hereto or thereto or arising herefrom or therefrom (whether arising under contract law, tort law or otherwise) shall be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York. Any judicial proceeding brought by or against Borrower with respect to any of the Obligations, this Agreement, the Loan Documents or any related agreement may be brought in any court of competent jurisdiction in the State of California or New York, United States of America, and, by execution and delivery of this Agreement, Borrower accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Borrower hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified or registered mail (return receipt requested) directed to Borrower at its address set forth in this Agreement and service so made shall be deemed completed five (5) days after the same shall have been so deposited in the mails of the United States of America, or, at Lender's option, by service upon Borrower which Borrower irrevocably appoints as such Borrower's agent for the purpose of accepting service within the State of New York or California, as applicable. Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Lender to bring proceedings against Borrower in the courts of any other jurisdiction. Borrower waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. Borrower waives the right to remove any judicial proceeding brought against such Borrower in any state court to any federal court. Any judicial proceeding by Borrower against Lender involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Agreement or any related agreement, shall be brought only in a federal or state court located in New York or California, at Lender's discretion.

13.4. Entire Understanding.

(a) THIS AGREEMENT AND THE DOCUMENTS EXECUTED CONCURRENTLY HERewith CONTAIN THE ENTIRE UNDERSTANDING BETWEEN BORROWER AND LENDER AND SUPERSEDES ALL PRIOR AGREEMENTS AND UNDERSTANDINGS, IF ANY, RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. ANY PROMISES, REPRESENTATIONS, WARRANTIES OR

GUARANTEES NOT HEREIN CONTAINED AND HEREINAFTER MADE SHALL HAVE NO FORCE AND EFFECT UNLESS IN WRITING, SIGNED BY BORROWER'S AND LENDER'S RESPECTIVE OFFICERS. Neither this Agreement nor any portion or provisions hereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be charged. Notwithstanding the foregoing, Lender may modify this Agreement or any of the Loan Documents for the purposes of completing missing content or correcting erroneous content of an administrative nature, without the need for a written amendment, provided that the Lender shall send a copy of any such modification to Borrower (which copy may be provided by electronic mail). Borrower acknowledges that it has been advised by counsel in connection with the execution of this Agreement and Loan Documents and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement.

13.5. Successors and Assigns; Participations.

(a) This Agreement shall be binding upon and inure to the benefit of Borrower and Lender, all future holders of the Obligations and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights or obligations under this Agreement.

(b) Borrower acknowledges that in the regular course of commercial banking business Lender may at any time and from time to time sell participating interests in the Advances to other Persons. Each Participant may exercise all rights of payment (including rights of set-off) with respect to the portion of such Advances held by it or other Obligations payable hereunder as fully as if such Participant were the direct holder thereof provided that (i) Borrower shall not be required to pay to any Participant more than the amount which it would have been required to pay to Lender which granted an interest in its Advances or other Obligations payable hereunder to such Participant had Lender retained such interest in the Advances hereunder or other Obligations payable hereunder unless the sale of the participation to such Participant is made with Borrower's prior written consent, and (ii) in no event shall Borrower be required to pay any such amount arising from the same circumstances and with respect to the same Advances or other Obligations payable hereunder to both Lender and such Participant. Borrower hereby grants to any Participant a continuing security interest in any deposits, moneys or other property actually or constructively held by such Participant as security for the Participant's interest in the Advances.

13.6. Notice. Any notice or request hereunder may be given to Borrower or to Lender at their respective addresses set forth below or at such other address as may hereafter be specified in a notice designated as a notice of change of address under this Section. Any notice, request, demand, direction or other communication (for purposes of this Section 13.6 only, a "Notice") to be given to or made upon any party hereto under any provision of this Agreement shall be given or made by telephone or in writing (which includes by means of electronic transmission (i.e., "e-mail") or facsimile transmission or by setting forth such Notice on a website to which Borrower are directed (an "Internet Posting") if Notice of such Internet Posting (including the information necessary to access such site) has previously been delivered to the applicable parties hereto by another means set forth in this Section 13.6) in accordance with this Section 13.6. Any such Notice must be delivered to the applicable parties hereto at the addresses and numbers set forth under their respective names in this Section 13.6 hereof or in accordance with any subsequent unrevoked

Notice from any such party that is given in accordance with this Section 13.6. Any Notice shall be effective:

- (a) In the case of hand-delivery, when delivered;
- (b) If given by mail, four (4) days after such Notice is deposited with the United States Postal Service, with first-class postage prepaid, return receipt requested;
- (c) In the case of a telephonic Notice, when a party is contacted by telephone, if delivery of such telephonic Notice is confirmed no later than the next Business Day by hand delivery, a facsimile or electronic transmission, an Internet Posting or an overnight courier delivery of a confirmatory Notice (received at or before noon on such next Business Day);
- (d) In the case of a facsimile transmission, when sent to the applicable party's facsimile machine's telephone number, if the party sending such Notice receives confirmation of the delivery thereof from its own facsimile machine;
- (e) In the case of electronic transmission, when actually received;
- (f) In the case of an Internet Posting, upon delivery of a Notice of such posting (including the information necessary to access such site) by another means set forth in this Section 13.6; and
- (g) If given by any other means (including by overnight courier), when actually received.

(A) If to Lender at:

Silvergate Bank
4250 Executive Square, Suite 300
La Jolla, Ca 92037
Attention: Loan Servicing
Telephone: (858) 362-6300
Facsimile: (858) 362-6323

(B) If to Borrower:

Marathon Digital Holdings, Inc.
1180 North Town Center Drive, Suite 100
Las Vegas, NV 89144
Attention: Fred Thiel
Telephone: (725) 218-3415
Facsimile: fred@marathondh.com

13.7. Survival. The obligations of Borrower under this Agreement shall survive termination of this Agreement and the Loan Documents and payment in full of the Obligations.

13.8. Severability. If any part of this Agreement is contrary to, prohibited by, or deemed invalid under Applicable Laws, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

13.9. Expenses. Borrower shall pay all out-of-pocket expenses incurred by Lender and its Affiliates (including the reasonable fees, charges and disbursements of counsel for Lender), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated).

13.10. Injunctive Relief. Borrower recognizes that, in the event Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, or threatens to fail to perform, observe or discharge such obligations or liabilities, any remedy at law may prove to be inadequate relief to Lender; therefore, Lender, if Lender so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving that actual damages are not an adequate remedy.

13.11 Limitations of Liability.

(a) Neither Lender, nor any agent or attorney for Lender, shall be liable to Borrower (or any Affiliate of any such Person) for indirect, punitive, exemplary or consequential damages arising from any breach of contract, tort or other wrong relating to the establishment, administration or collection of the Obligations or as a result of any transaction contemplated under this Agreement or any Loan Document.

(b) Notwithstanding anything to the contrary contained in this Agreement, Lender's liability will not exceed the greater of (i) the fair market value of the amount of the Collateral at the time in which the events giving rise to the liability occurred and (ii) the fair market value of the amount of Collateral at the time that Lender notifies Borrower in writing or Borrower otherwise has knowledge of the events giving rise to the liability. The fair market value of each digital asset held as Collateral will be determined by Lender according to the valuation policy used by the Custodial Intermediary, which may differ from the way the Borrower values its digital asset holdings.

13.12. Captions. The captions at various places in this Agreement are intended for convenience only and do not constitute and shall not be interpreted as part of this Agreement.

13.13. Counterparts; Facsimile Signatures. This Agreement may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile or other form of electronic transmission (including email transmission of a PDF image or the use of a third-party platform, including DocuSign) shall be deemed to be an original signature hereto.

13.14. Construction. The parties acknowledge that each party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities

are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments, schedules or exhibits thereto.

13.15. Publicity. Borrower hereby authorizes Lender to make appropriate announcements of the financial arrangement entered into among Borrower and Lender, including announcements which are commonly known as tombstones, in such publications and to such selected parties as Lender shall in its sole and absolute discretion deem appropriate.

13.16. Anti-Terrorism Laws.

(a) Borrower represents and warrants that (i) no Covered Entity is a Sanctioned Person and (ii) no Covered Entity, either in its own right or through any third party, (A) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (B) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (C) engages in any dealings or transactions prohibited by any Anti-Terrorism Law.

(b) Borrower covenants and agrees that (i) no Covered Entity will become a Sanctioned Person, (ii) no Covered Entity, either in its own right or through any third party, will (A) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (B) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (C) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (D) use the Advances to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law, (iii) the funds used to repay the Obligations will not be derived from any unlawful activity, (iv) each Covered Entity shall comply with all Anti-Terrorism Laws and (v) the Borrower shall promptly notify the Lender in writing upon the occurrence of a Reportable Compliance Event.

13.17 Enforcement Waivers.

TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER HEREBY KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, OR THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM, OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY BORROWER.

Notwithstanding the foregoing to the contrary, in the event that the jury trial waiver contained herein shall be held or deemed to be unenforceable, Borrower hereby agrees that any controversy, dispute, or claim between the parties arising out of or relating to this Agreement shall be resolved by a reference proceeding in California in accordance with the provisions of California Code of Civil Procedure § 638. The referee shall be a retired California state court judge selected by mutual written agreement of the parties. If the parties are unable to agree upon a referee within ten (10) calendar days after one party serves a written notice of its intent to commence a judicial reference proceeding on the other party, then the referee will be selected by the court in accordance with California Code of Civil Procedure § 640(b). The referee shall be appointed to sit as a temporary judge, with all of the powers of a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). The referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the California Code of Civil Procedure, the California Rules of Court, and the California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee's statement of decision shall set forth findings of fact and conclusions of law. The referee's decision shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure §§ 644 and 645, and shall be appealable in accordance with California law.

Nothing in this Agreement shall be deemed to apply to or limit Lender's right to: (i) exercise self-help remedies such as (but not limited to) setoff; (ii) foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights; (iii) obtain from a court provisional or ancillary remedies (including, without limitation, injunctive relief, a writ of possession, prejudgment attachment, a protective order, or the appointment of a receiver); or (iv) pursue its rights against any Person in a third-party proceeding in any action brought against Lender (including, without limitation, actions in bankruptcy court). Neither the exercise of any self-help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies, or the opposition to any such provisional remedies, shall constitute a waiver of the right of any party, including, without limitation, the claimant in any such action, to require submission to judicial reference the merits of the dispute occasioning resort to such remedies. No provision in the Loan Documents regarding submission to jurisdiction or venue in any court is intended to or shall be construed to be in derogation of the foregoing general judicial reference.

The foregoing judicial reference procedure constitutes a full and complete waiver of the right to a trial by jury that the parties may otherwise have and this waiver and judicial reference procedure is a material consideration to each party hereto.

If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired California state court judge, in accordance with the California Arbitration Act, California Code of Civil Procedure §§ 1280 through 1294.2 as amended from time to time.

[Remainder of page intentionally left blank]

Each of the parties has signed this Agreement as of the day and year first above written.

BORROWER:

MARATHON DIGITAL HOLDINGS, INC.,
A NEVADA CORPORATION

DocuSigned by:

By: _____
Name: Fred Thiel
Title: Chief Executive Officer

LENDER:

SILVERGATE BANK

DocuSigned by:

By: _____
Name: Silvia Elliott
Title: VP, Director of Loan Operations

Exhibit A

Form of Request for Advance

[], 20[]

To: **SILVERGATE BANK**

To Whom It May Concern:

We refer to the Revolving Credit and Security Agreement dated as of October 1, 2021 (the "**Agreement**") between Silvergate Bank and Marathon Digital Holdings, Inc., a Nevada corporation. Terms defined in the Agreement have the same meanings in this Request for Advance (the "**Request**").

Pursuant to Section 2.2 of the Agreement, the Borrower hereby requests an Advance from the Lender in the amount of \$ _____ on _____, 20__.

Borrower hereby requests funds from the Advance should be credited to Borrower as follows:

Deposited into Borrower's account # _____ with Lender; or

Wired to Borrower's account as follows:

Bank Name: _____

Bank ABA: _____

Credit Account Name: _____

Credit Account Number: _____

Reference: _____

The Borrower hereby represents and certifies to the Lender that as of the date of this Request, no Event of Default exists and each of the conditions to the requested Advance set forth in the Agreement, including Section 8.2, has been satisfied (or, with respect to Sections 8.2(b) and 8.2(c) will be satisfied) or otherwise waived by the Lender.

Very truly yours,
Marathon Digital Holdings, Inc.,
a Nevada corporation

By: _____
Name: Fred Thiel
Title: Chief Executive Officer

Schedule 1
Loan Schedule



Borrower and Loan Information	
Borrower Name	Marathon Digital Holdings, Inc.
Borrower Contact Information	Name: Fred Theil Email: fred@marathondh.com Phone: (725) 218-3415
Domicile of Borrower	1180 North Town Center Drive, Suite 100, Las Vegas, NV 89144
Loan Amount	\$100,000,000.00
Loan Maturity Date	October 5, 2022 or as term may be extended from time to time
Collateral Type	Bitcoin or USD
Collateral Ratio Requirements	Required LTV: 65% LTV Shortfall: 75%
Collateral Replenishment Timing	1 Business Day
Excess Collateral Release Conditions	Minimum return amount of \$1,000,000.00, which may not result in an LTV in excess of 65% and limited to one return per day with minimum two day prior notice to Silvergate and no more than twice a week.
Settlement Instructions	
Segregated Address for Collateral Delivery <i>Silvergate's Bitcoin address to which Borrower should transfer collateral</i>	
Custodian From Which Initial Collateral Transfer Will Be Made¹	
Address for Return of Collateral <i>This Bitcoin address must be owned by the Borrower</i>	
Custodian of Address for Return of Collateral to Borrower²	

¹ If there is no custodian, e.g., because the assets are held on a ledger nano or a phone-based wallet, please write "Self-Custody".

² If there is no custodian, e.g., because the assets are held on a ledger nano or a phone-based wallet, please write "Self-Custody".

Silvergate Instructions for Processing Payments and Principal Paydowns	
<p>For wire payments: Silvergate 4250 Executive Square, Ste 300 La Jolla, CA 92037 (858)362-6300 ABA – 322286803 Credit Account Name: Loan Servicing Credit Account Number: 0200000100013502 Ref: Loan Name and Number</p>	
<p>For DDA payments: Please contact Loan Servicing to arrange for DDA payments.</p>	

The terms of this Loan Schedule are hereby acknowledged, effective as of the date of the last signature below, by:

Borrower

By: _____
Name: _____
Title: _____
Date: _____

Borrower

By: _____
Name: _____
Title: _____
Date: _____

Silvergate Bank

By: _____
Name: _____
Title: _____
Date: _____

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND
PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Fred Thiel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marathon Digital Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: November 15, 2021

By: /s/ Fred Thiel

Fred Thiel

Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND
PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Simeon Salzman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marathon Digital Holdings, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: November 15, 2021

By: /s/ Simeon Salzman

Simeon Salzman

Chief Financial Officer (Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

About the Quarterly Report of Marathon Digital Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Fred Thiel, Chief Executive Officer (Principal Executive Officer) of the Company, certifies, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2021

By: /s/ Fred Thiel

Fred Thiel

Chief Executive Officer (Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Marathon Digital Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Simeon Salzman, Chief Financial Officer, Secretary and Director (Principal Financial and Accounting Officer) of the Company, certifies, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2021

By: /s/ Simeon Salzman
Simeon Salzman
Chief Financial Officer (Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
