
**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 EXCHANGE ACT OF 1934**

For the quarterly period ended **September 30, 2023**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: **001-40931**

Stronghold Digital Mining, Inc.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

86-2759890

(I.R.S. Employer
Identification No.)

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

(Address of principal executive offices)

10022

(Zip Code)

(845) 579-5992

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock	SDIG	The Nasdaq Stock Market LLC

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 x 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 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 ☒

As of November 10, 2023, the registrant had outstanding 7,962,361 shares of Class A common stock, par value \$0.0001 per share, 21,572 shares of Series C convertible preferred stock, par value \$0.0001 per share, and 2,405,760 shares of Class V common stock, par value \$0.0001 per share. On May 15, 2023, the Company effected a 1-for-10 reverse stock split ("Reverse Stock Split") of its Class A common stock, par value \$0.0001 per share, and Class V common stock, par value \$0.0001 per share. All share and per share amounts and related stockholders' equity balances presented herein have been retroactively adjusted to reflect the Reverse Stock Split.

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Part I - Financial Information

Item 1. Financial Statements

STRONGHOLD DIGITAL MINING, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2023	December 31, 2022
ASSETS:		
Cash and cash equivalents	\$ 4,979,299	\$ 13,296,703
Digital currencies	641,999	109,827
Accounts receivable	486,706	10,837,126
Inventory	3,143,284	4,471,657
Prepaid insurance	1,842,250	5,471,498
Due from related parties	97,288	73,122
Other current assets	1,137,834	1,381,737
Total current assets	12,328,660	35,641,670
Equipment deposits	—	10,081,307
Property, plant and equipment, net	156,481,678	167,204,681
Operating lease right-of-use assets	1,552,735	1,719,037
Land	1,748,440	1,748,440
Road bond	211,958	211,958
Security deposits	348,888	348,888
Other noncurrent assets	155,992	—
TOTAL ASSETS	\$ 172,828,351	\$ 216,955,981
LIABILITIES:		
Accounts payable	\$ 14,666,753	\$ 27,540,317
Accrued liabilities	9,638,819	8,893,248
Financed insurance premiums	1,112,558	4,587,935
Current portion of long-term debt, net of discounts and issuance fees	1,654,634	17,422,546
Current portion of operating lease liabilities	748,369	593,063
Due to related parties	451,367	1,375,049
Total current liabilities	28,272,500	60,412,158
Asset retirement obligation	1,062,677	1,023,524
Warrant liabilities	5,434,420	2,131,959
Long-term debt, net of discounts and issuance fees	57,653,823	57,027,118
Long-term operating lease liabilities	899,576	1,230,001
Contract liabilities	560,510	351,490
Total liabilities	93,883,506	122,176,250
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
REDEEMABLE COMMON STOCK:		
Common Stock – Class V; \$0.0001 par value; 34,560,000 shares authorized; 2,405,760 and 2,605,760 shares issued and outstanding as of September 30, 2023, and December 31, 2022, respectively.	10,563,277	11,754,587
Total redeemable common stock	10,563,277	11,754,587
STOCKHOLDERS' EQUITY (DEFICIT):		
Common Stock – Class A; \$0.0001 par value; 685,440,000 shares authorized; 7,876,688 and 3,171,022 shares issued and outstanding as of September 30, 2023, and December 31, 2022, respectively.	788	317
Series C convertible preferred stock; \$0.0001 par value; 23,102 shares authorized; 21,572 and 0 shares issued and outstanding as of September 30, 2023, and December 31, 2022, respectively.	2	—
Accumulated deficits	(321,126,596)	(240,443,302)
Additional paid-in capital	389,507,374	323,468,129
Total stockholders' equity	68,381,568	83,025,144
Total redeemable common stock and stockholders' equity	78,944,845	94,779,731
TOTAL LIABILITIES, REDEEMABLE COMMON STOCK AND STOCKHOLDERS' EQUITY	\$ 172,828,351	\$ 216,955,981

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

STRONGHOLD DIGITAL MINING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
OPERATING REVENUES:				
Cryptocurrency mining	\$ 12,684,894	\$ 12,283,695	\$ 37,764,990	\$ 50,715,424
Energy	1,210,811	13,071,894	4,682,590	29,807,512
Cryptocurrency hosting	3,789,375	93,279	9,195,072	282,327
Capacity	—	878,610	1,442,067	4,591,038
Other	41,877	39,171	142,194	91,941
Total operating revenues	17,726,957	26,366,649	53,226,913	85,488,242
OPERATING EXPENSES:				
Fuel	8,556,626	10,084,466	22,262,141	29,292,616
Operations and maintenance	6,961,060	19,528,088	24,206,080	47,449,177
General and administrative	6,598,951	11,334,212	25,145,444	32,848,291
Depreciation and amortization	9,667,213	12,247,245	26,025,021	37,234,126
Loss on disposal of fixed assets	—	461,940	108,367	2,231,540
Realized gain on sale of digital currencies	(131,706)	(185,396)	(725,139)	(936,506)
Realized loss on sale of miner assets	—	—	—	8,012,248
Impairments on miner assets	—	11,610,000	—	16,600,000
Impairments on digital currencies	357,411	465,651	683,241	8,176,868
Impairments on equipment deposits	5,422,338	—	5,422,338	12,228,742
Total operating expenses	37,431,893	65,546,206	103,127,493	193,137,102
NET OPERATING LOSS	(19,704,936)	(39,179,557)	(49,900,580)	(107,648,860)
OTHER INCOME (EXPENSE):				
Interest expense	(2,441,139)	(3,393,067)	(7,428,530)	(10,813,302)
Loss on debt extinguishment	—	(28,697,021)	(28,960,947)	(28,697,021)
Impairment on assets held for sale	—	(4,159,004)	—	(4,159,004)
Gain on extinguishment of PPP loan	—	—	—	841,670
Changes in fair value of warrant liabilities	(180,838)	1,302,065	5,580,453	1,302,065
Realized gain on sale of derivative contract	—	90,953	—	90,953
Changes in fair value of forward sale derivative	—	—	—	3,435,639
Changes in fair value of convertible note	—	(1,204,739)	—	(2,167,500)
Other	15,000	20,000	45,000	50,000
Total other income (expense)	(2,606,977)	(36,040,813)	(30,764,024)	(40,116,500)
NET LOSS	\$ (22,311,913)	\$ (75,220,370)	\$ (80,664,604)	\$ (147,765,360)
NET LOSS attributable to noncontrolling interest	(5,188,727)	(44,000,155)	(26,663,731)	(86,435,347)
NET LOSS attributable to Stronghold Digital Mining, Inc.	\$ (17,123,186)	\$ (31,220,215)	\$ (54,000,873)	\$ (61,330,013)
NET LOSS attributable to Class A common shareholders:				
Basic	\$ (2.26)	\$ (12.67)	\$ (8.93)	\$ (28.17)
Diluted	\$ (2.26)	\$ (12.67)	\$ (8.93)	\$ (28.17)
Weighted average number of Class A common shares outstanding:				
Basic	7,569,511	2,463,163	6,047,891	2,177,206
Diluted	7,569,511	2,463,163	6,047,891	2,177,206

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

STRONGHOLD DIGITAL MINING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

Three Months Ended September 30, 2023

	Three Months Ended September 30, 2023									
	Noncontrolling									
	Convertible Preferred		Redeemable Preferred		Common A		Accumulated	Additional Paid-in	Stockholders' Equity	
	Series C		Series A		Shares	Amount				
Shares	Amount	Shares	Amount	Shares			Amount	Deficit	Capital	
Balance – July 1, 2023	21,572	\$ 2	—	\$ —	6,055,618	\$ 606	\$ (298,199,062)	\$ 380,538,701	\$ 82,340,247	
Net loss attributable to Stronghold Digital Mining, Inc.	—	—	—	—	—	—	(17,123,186)	—	(17,123,186)	
Net loss attributable to noncontrolling interest	—	—	—	—	—	—	(5,188,727)	—	(5,188,727)	
Maximum redemption right valuation [Common V Units]	—	—	—	—	—	—	(615,621)	—	(615,621)	
Stock-based compensation	—	—	—	—	—	—	—	787,811	787,811	
Vesting of restricted stock units	—	—	—	—	83,753	8	—	(8)	—	
Exercised warrants	—	—	—	—	474,612	48	—	(48)	—	
Redemption of Class V shares	—	—	—	—	—	—	—	—	—	
Issuance of common stock to settle payables	—	—	—	—	12,959	1	—	59,994	59,995	
Issuance of common stock - April 2023 Private Placement	—	—	—	—	—	—	—	—	—	
Issuance of common stock - ATM Agreement	—	—	—	—	1,249,746	125	—	8,120,924	8,121,049	
Balance – September 30, 2023	21,572	\$ 2	—	\$ —	7,876,688	\$ 788	\$ (321,126,596)	\$ 389,507,374	\$ 68,381,568	

Three Months Ended September 30, 2022

	Nine months ended September 30, 2022									
	Noncontrolling Redeemable									
	Convertible Preferred			Preferred		Common A				
	Series C			Series A				Accumulated	Additional Paid-in	Stockholders'
	Shares	Amount		Shares	Amount	Shares	Amount	Deficit	Capital	Equity
Balance – July 1, 2022	—	\$ —	—	1,152,000	\$ 35,937,061	2,003,488	\$ 200	\$ (155,708,865)	\$ 255,375,056	\$ 135,603,452
Net loss attributable to Stronghold Digital Mining, Inc.	—	—	—	—	—	—	—	(31,220,215)	—	(31,220,215)
Net loss attributable to noncontrolling interest	—	—	—	—	(1,797,014)	—	—	(42,203,141)	—	(44,000,155)
Maximum redemption right valuation [Common V Units]	—	—	—	—	—	—	—	17,806,377	—	17,806,377
Stock-based compensation	—	—	—	—	—	—	—	—	3,377,499	3,377,499
Issuance of common stock - September 2022 Private Placement	—	—	—	—	—	287,676	30	—	2,241,280	2,241,310
Vesting of restricted stock units	—	—	—	—	—	15,218	1	—	(1)	—
McClymonds arbitration award - paid by Q Power	—	—	—	—	—	—	—	—	5,038,122	5,038,122
Warrants issued and outstanding	—	—	—	—	—	—	—	—	13,380,510	13,380,510
Balance – September 30, 2022	—	\$ —	—	1,152,000	\$ 34,140,047	2,306,382	\$ 231	\$ (211,325,844)	\$ 279,412,466	\$ 102,226,900

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

STRONGHOLD DIGITAL MINING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

Nine Months Ended September 30, 2023

	Noncontrolling Redeemable										
	Convertible Preferred		Preferred		Common A		Accumulated Deficit	Additional Paid-in Capital	Stockholders' Equity		
	Series C		Series A		Shares	Amount					
	Shares	Amount	Shares	Amount							
Balance – January 1, 2023	—	\$ —	—	\$ —	—	3,171,022	\$ 317	\$ (240,443,302)	\$ 323,468,129	\$ 83,025,144	
Net loss attributable to Stronghold Digital Mining, Inc.	—	—	—	—	—	—	—	(54,000,873)	—	(54,000,873)	
Net loss attributable to noncontrolling interest	—	—	—	—	—	—	—	(26,663,731)	—	(26,663,731)	
Maximum redemption right valuation [Common V Units]	—	—	—	—	—	—	—	(18,690)	—	(18,690)	
Stock-based compensation	—	—	—	—	—	250,000	25	—	7,603,834	7,603,859	
Vesting of restricted stock units	—	—	—	—	—	337,515	34	—	(34)	—	
Warrants issued and outstanding	—	—	—	—	—	—	—	—	1,739,882	1,739,882	
Exercised warrants	—	—	—	—	—	1,608,195	161	—	155	316	
Redemption of Class V shares	—	—	—	—	—	200,000	20	—	1,209,980	1,210,000	
Issuance of common stock to settle payables	—	—	—	—	—	110,289	11	—	1,033,178	1,033,189	
Issuance of common stock - April 2023 Private Placement	—	—	—	—	—	566,661	57	—	941,595	941,652	
Issuance of common stock - ATM Agreement	—	—	—	—	—	1,250,506	125	—	8,123,749	8,123,874	
Issuance of Series C convertible preferred stock	23,102	2	—	—	—	—	—	—	45,386,944	45,386,946	
Conversion of Series C convertible preferred stock	(1,530)	—	—	—	—	382,500	38	—	(38)	—	
Balance – September 30, 2023	21,572	\$ 2	—	\$ —	—	7,876,688	\$ 788	\$ (321,126,596)	\$ 389,507,374	\$ 68,381,568	

Nine Months Ended September 30, 2022

	Convertible Preferred		Noncontrolling Redeemable Preferred		Common A		Accumulated	Additional Paid-in	Stockholders' Equity
	Series C		Series A		Shares	Amount			
	Shares	Amount	Shares	Amount					
Balance – January 1, 2022	—	\$ —	1,152,000	\$ 37,670,161	2,001,607	\$ 200	\$ (338,709,688)	\$ 241,874,549	(59,164,778)
Net loss attributable to Stronghold Digital Mining, Inc.	—	—	—	—	—	—	(61,330,013)	—	(61,330,013)
Net loss attributable to noncontrolling interest	—	—	—	(3,530,114)	—	—	(82,905,233)	—	(86,435,347)
Maximum redemption right valuation [Common V Units]	—	—	—	—	—	—	271,619,090	—	271,619,090
Stock-based compensation	—	—	—	—	—	—	—	9,123,124	9,123,124
Issuance of common stock - September 2022 Private Placement	—	—	—	—	287,676	30	—	2,241,280	2,241,310
Vesting of restricted stock units	—	—	—	—	17,099	1	—	(1)	—
McClymonds arbitration award - paid by Q Power	—	—	—	—	—	—	—	5,038,122	5,038,122
Warrants issued and outstanding	—	—	—	—	—	—	—	21,135,392	21,135,392
Balance – September 30, 2022	—	\$ —	1,152,000	\$ 34,140,047	2,306,382	\$ 231	\$ (211,325,844)	\$ 279,412,466	\$ 102,226,900

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

STRONGHOLD DIGITAL MINING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended	
	September 30, 2023	September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (80,664,604)	\$ (147,765,360)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation and amortization	26,025,021	37,234,126
Accretion of asset retirement obligation	39,153	18,253
Gain on extinguishment of PPP loan	—	(841,670)
Loss on disposal of fixed assets	108,367	2,231,540
Realized loss on sale of miner assets	—	8,012,248
Change in value of accounts receivable	1,867,506	—
Amortization of debt issuance costs	161,093	2,681,039
Stock-based compensation	7,603,859	9,123,124
Loss on debt extinguishment	28,960,947	28,697,021
Impairment on assets held for sale	—	4,159,004
Impairments on equipment deposits	5,422,338	12,228,742
Impairments on miner assets	—	16,600,000
Changes in fair value of warrant liabilities	(5,580,453)	(1,302,065)
Changes in fair value of forward sale derivative	—	(3,435,639)
Realized gain on sale of derivative contract	—	(90,953)
Forward sale contract prepayment	—	970,000
Changes in fair value of convertible note	—	2,167,500
Other	(229,485)	—
(Increase) decrease in digital currencies:		
Mining revenue	(43,778,958)	(50,715,424)
Net proceeds from sale of digital currencies	42,563,545	46,209,822
Impairments on digital currencies	683,241	8,176,868
(Increase) decrease in assets:		
Accounts receivable	8,129,033	1,336,817
Prepaid insurance	1,399,254	5,321,521
Due from related parties	(91,617)	(58,735)
Inventory	1,328,373	55,538
Other assets	9,666	(866,298)
Increase (decrease) in liabilities:		
Accounts payable	(1,445,109)	4,878,600
Due to related parties	(239,230)	781,485
Accrued liabilities	875,203	(407,909)
Other liabilities, including contract liabilities	(211,225)	(55,742)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(7,064,082)	(14,656,547)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(14,743,269)	(68,052,422)
Proceeds from sale of equipment deposits	—	13,844,780
Equipment purchase deposits - net of future commitments	—	(13,656,428)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(14,743,269)	(67,864,070)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of debt	(3,196,644)	(34,490,545)
Repayments of financed insurance premiums	(1,474,889)	(3,992,336)
Proceeds from debt, net of issuance costs paid in cash	(147,385)	97,337,454
Proceeds from private placements, net of issuance costs paid in cash	9,824,567	8,599,440
Proceeds from ATM, net of issuance costs paid in cash	8,483,982	—
Proceeds from exercise of warrants	316	—
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	13,489,947	67,454,013
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,317,404)	(15,066,604)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	13,296,703	31,790,115
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 4,979,299	\$ 16,723,511

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

STRONGHOLD DIGITAL MINING, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NATURE OF OPERATIONS

Stronghold Digital Mining, Inc. ("Stronghold Inc." or the "Company") is a low-cost, environmentally beneficial, vertically integrated crypto asset mining company focused on mining Bitcoin and environmental remediation and reclamation services. The Company wholly owns and operates two coal refuse power generation facilities that it has upgraded: (i) the Company's first reclamation facility located on a 650-acre site in Scrubgrass Township, Venango County, Pennsylvania, which the Company acquired the remaining interest of in April 2021, and has the capacity to generate approximately 83.5 megawatts ("MW") of electricity (the "Scrubgrass Plant"); and (ii) a facility located near Nesquehoning, Pennsylvania, which the Company acquired in November 2021, and has the capacity to generate approximately 80 MW of electricity (the "Panther Creek Plant," and collectively with the Scrubgrass Plant, the "Plants"). Both facilities qualify as an Alternative Energy System because coal refuse is classified under Pennsylvania law as a Tier II Alternative Energy Source (large-scale hydropower is also classified in this tier). The Company is committed to generating energy and managing its assets sustainably, and the Company believes that it is one of the first vertically integrated crypto asset mining companies with a focus on environmentally beneficial operations.

Stronghold Inc. operates in two business segments – the *Energy Operations* segment and the *Cryptocurrency Operations* segment. This segment presentation is consistent with how the Company's chief operating decision maker evaluates financial performance and makes resource allocation and strategic decisions about the business.

Energy Operations

The Company operates as a qualifying cogeneration facility ("Facility") under the provisions of the Public Utilities Regulatory Policies Act of 1978 and sells its electricity into the PJM Interconnection Merchant Market ("PJM") under a Professional Services Agreement ("PSA") with Customized Energy Solutions ("CES"), effective July 27, 2022. Under the PSA, CES agreed to act as the exclusive provider of services for the benefit of the Company related to interfacing with PJM, including handling daily marketing, energy scheduling, telemetry, capacity management, reporting, and other related services for the Plants. The initial term of the agreement is two years, and then will extend automatically on an annual basis unless terminated by either party with 60 days written (or electronic) notice prior to the current term end. The Company's primary fuel source is waste coal which is provided by various third parties. Waste coal tax credits are earned by the Company by generating electricity utilizing coal refuse.

Cryptocurrency Operations

The Company is also a vertically-integrated digital currency mining business. The Company buys and maintains a fleet of Bitcoin miners as well as the required infrastructure and provides power to third-party digital currency miners under power purchase and hosting agreements. The digital currency mining operations are in their early stages, and digital currencies and energy pricing mining economics are volatile and subject to uncertainty. The Company's current strategy will continue to expose it to the numerous risks and volatility associated with the digital mining and power generation sectors, including fluctuating Bitcoin-to-U.S.-Dollar prices, the costs and availability of miners, the number of market participants mining Bitcoin, the availability of other power generation facilities to expand operations, and regulatory changes.

NOTE 1 – BASIS OF PRESENTATION

The unaudited condensed consolidated balance sheet as of September 30, 2023, the unaudited condensed consolidated statements of operations and stockholders' equity for the three and nine months ended September 30, 2023, and 2022, and the unaudited condensed consolidated statements of cash flows for the nine months ended September 30, 2023, and 2022, have been prepared by the Company. In the opinion of management, all adjustments, consisting of only normal and recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results of operations for the three and nine months ended September 30, 2023, are not necessarily indicative of the operating results expected for the full year.

The condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2022. Certain information and footnote disclosures normally included in the annual financial statements, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), have been condensed or omitted. Certain reclassifications of amounts previously reported have been made to the accompanying condensed consolidated financial statements in order to conform to current presentation.

Additionally, since there are no differences between net income (loss) and comprehensive income (loss), all references to comprehensive income (loss) have been excluded from the condensed consolidated financial statements.

On May 15, 2023, following approval by the Board of Directors (the "Board") and stockholders of the Company, the Company effected a 1-for-10 reverse stock split ("Reverse Stock Split") of its Class A common stock, par value \$0.0001 per share, and Class V common stock, par value \$ 0.0001 per share. The par values of the Company's Class A and Class V common stock were not adjusted as a result of the Reverse Stock Split. All share and per share amounts and related stockholders' equity balances presented herein have been retroactively adjusted to reflect the Reverse Stock Split.

Cash and Cash Equivalents

As of September 30, 2023, cash and cash equivalents includes \$ 900,000 of restricted cash, which represents a continuous bond in place of \$ 400,000 to mitigate fees charged by customs brokerage companies associated with importing miners and a \$500,000 letter of credit required to finance the Company's directors and officers insurance policy.

Reclassification

During the first quarter of 2023, the Company revised its accounting policy to reclassify the presentation of imported power charges. Imported power charges are now recorded within fuel expenses, whereas they were previously netted against energy revenue. Prior periods have been reclassified to conform to the current period presentation. The reclassification increased 2022 energy revenues and fuel expenses as shown in the table below. The reclassification had no impact on net operating income (loss), earnings per share or equity.

	Three Months Ended			
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
Energy revenues - previously disclosed	\$ 8,362,801	\$ 7,129,732	\$ 11,454,016	\$ 14,247,688
Reclassification: imported power charges	681,591	561,494	1,617,878	1,329,753
Energy revenues - restated	<u>\$ 9,044,392</u>	<u>\$ 7,691,226</u>	<u>\$ 13,071,894</u>	<u>\$ 15,577,441</u>
Fuel expenses - previously disclosed	\$ 9,338,394	\$ 8,626,671	\$ 8,466,588	\$ 2,348,457
Reclassification: imported power charges	681,591	561,494	1,617,878	1,329,753
Fuel expenses - restated	<u>\$ 10,019,985</u>	<u>\$ 9,188,165</u>	<u>\$ 10,084,466</u>	<u>\$ 3,678,210</u>

Recently Implemented Accounting Pronouncements

In September 2016, the Financial Accounting Standards Board issued ASU 2016-13, *Financial Instruments – Credit Losses*, which adds a new impairment model, known as the current expected credit loss ("CECL") model, that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes an allowance for its estimate of expected credit losses at the initial recognition of an in-scope financial instrument and applies it to most debt instruments, trade receivables, lease receivables, financial guarantee contracts, and other loan commitments. The CECL model does not have a minimum threshold for recognition of impairment losses and entities will need to measure expected credit losses on assets that have a low risk of loss. Since the Company is a smaller reporting company, as defined by the U.S. Securities and Exchange Commission (the "SEC"), the new guidance became effective on January 1, 2023. The Company adopted ASU 2016-13 effective January 1, 2023, but the adoption of ASU 2016-13 did not have an impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements

There have been no recently issued accounting pronouncements applicable to the Company.

NOTE 2 – DIGITAL CURRENCIES

As of September 30, 2023, the Company held an aggregate amount of \$ 641,999 in digital currencies comprised of unrestricted Bitcoin. Changes in digital currencies consisted of the following for the three and nine months ended September 30, 2023, and 2022:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Digital currencies at beginning of period	\$ 1,429,653	\$ 5,131,987	\$ 109,827	\$ 10,417,865
Additions of digital currencies	15,069,008	12,283,695	43,778,958	50,715,424
Realized gain on sale of digital currencies	131,706	185,396	725,139	936,506
Impairment losses	(357,411)	(465,651)	(683,241)	(8,176,868)
Proceeds from sale of digital currencies	(15,630,957)	(10,388,828)	(43,288,684)	(47,146,328)
Collateral sold to close derivative	—	(4,559,895)	—	(4,559,895)
Digital currencies at end of period	<u>\$ 641,999</u>	<u>\$ 2,186,704</u>	<u>\$ 641,999</u>	<u>\$ 2,186,704</u>

Digital currencies held are accounted for as intangible assets with indefinite useful lives. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the 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. However, per ASC 350-30-35-18A, given the existence of a quoted price for Bitcoin on active markets, the Company exercises its unconditional option to bypass the qualitative assessment for its indefinite-lived digital currency assets in any period and proceeds directly to performing a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the digital currency asset. Subsequent reversal of impairment losses is not permitted. The Company performed impairment tests on its digital currencies for the periods presented in the table above and recognized impairment losses of \$357,411 and \$465,651 for the three months ended September 30, 2023, and 2022, respectively, and \$683,241 and \$8,176,868 for the nine months ended September 30, 2023, and 2022, respectively.

On December 15, 2021, the Company entered into a forward sale with NYDIG Derivatives Trading LLC ("NYDIG Trading") providing for the sale of 250 Bitcoin at a floor price of \$28,000 per Bitcoin (such sale, the "Forward Sale"). Pursuant to the Forward Sale, NYDIG Trading paid the Company \$ 7.0 million, an amount equal to the floor price per Bitcoin on December 16, 2021, multiplied by the 250 Bitcoin provided for sale.

On March 16, 2022, the Company executed additional option transactions. The net effect of those transactions was to adjust the capped final sale price to \$50,000 from \$85,500 per Bitcoin, resulting in \$ 970,000 of proceeds to the Company. On July 27, 2022, the Company exited the variable prepaid forward sale contract derivative with NYDIG Trading. As a result, the Company delivered the restricted digital assets previously pledged as collateral to NYDIG Trading.

NOTE 3 – INVENTORY

Inventory consisted of the following components as of September 30, 2023, and December 31, 2022:

	September 30, 2023	December 31, 2022
Waste coal	\$ 2,977,652	\$ 4,147,369
Fuel oil	85,049	143,592
Limestone	80,583	180,696
Inventory	<u>\$ 3,143,284</u>	<u>\$ 4,471,657</u>

NOTE 4 – EQUIPMENT DEPOSITS

Equipment deposits represent contractual agreements with vendors to deliver and install miners at future dates. The following details the vendor, miner model, miner count, and expected delivery month(s).

In September 2023, the Company evaluated the MinerVa Semiconductor Corp ("MinerVa") equipment deposits for impairment under the provisions of ASC 360, *Property, Plant and Equipment*. The Company is pursuing legal action through the dispute resolution process, which represents an indicator for impairment per ASC 360-10-35-21, as the

Company no longer expects equipment deliveries. As a result, the Company impaired the remaining MinerVa equipment deposits balance of \$ 5,422,338 during the third quarter of 2023.

During 2022, due to continual delays in the anticipated delivery date of the remaining MinerVa miners, and the Company's declaration of an impasse, and adherence to the dispute resolution provision of the MinerVa Purchase Agreement, the Company undertook a test for recoverability under ASC 360-10-35-29 and a further discounted fair value analysis in accordance with ASC 820, *Fair Value Measurement*. The difference between the discounted fair value of the MinerVa equipment deposits and the carrying value resulted in the Company recording an impairment charge of \$12,228,742 in the first quarter of 2022 and an additional \$5,120,000 in the fourth quarter of 2022, as summarized in the table below.

The following table details the total equipment deposits of \$ 0 as of September 30, 2023:

Vendor	Model	Count	Delivery Timeframe	Total Commitments	Transferred to PP&E ⁽¹⁾	Impairment	Sold	Equipment Deposits
MinerVa	MinerVa MV7	15,000	Oct '21 - TBD	\$ 68,887,550	\$ (37,415,271)	\$ (22,771,080)	\$ (8,701,199)	\$ —
Totals		15,000		\$ 68,887,550	\$ (37,415,271)	\$ (22,771,080)	\$ (8,701,199)	\$ —

⁽¹⁾ Miners that were delivered and physically placed in service were transferred to a fixed asset account at the respective unit price as defined in the agreement.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following as of September 30, 2023, and December 31, 2022:

	Useful Lives (Years)	September 30, 2023	December 31, 2022
Electric plant	10 - 60	\$ 66,836,615	\$ 66,295,809
Strongboxes and power transformers	8 - 30	54,588,284	52,318,704
Machinery and equipment	5 - 20	16,187,810	18,131,977
Rolling stock	5 - 7	261,000	261,000
Cryptocurrency machines and powering supplies	2 - 3	101,687,166	81,945,396
Computer hardware and software	2 - 5	86,419	17,196
Vehicles and trailers	2 - 7	659,133	659,133
Leasehold improvements	2 - 3	2,935,855	—
Construction in progress	Not Depreciable	10,781,505	19,553,826
Asset retirement cost	10 - 30	580,452	580,452
		254,604,239	239,763,493
Accumulated depreciation and amortization		(98,122,561)	(72,558,812)
Property, plant and equipment, net		\$ 156,481,678	\$ 167,204,681

Construction in progress consists of various projects to build out the cryptocurrency machine power infrastructure and is not depreciable until the asset is considered in service and successfully powers and runs the attached cryptocurrency machines. Completion of these projects will have various rollouts of energized transformed containers and are designed to calibrate power from the plant to the container that houses multiple cryptocurrency machines. Currently, the balance of \$10,781,505 as of September 30, 2023, represents open contracts for future projects.

Depreciation and amortization expense charged to operations was \$ 9,667,213 and \$12,247,245 for the three months ended September 30, 2023, and 2022, respectively, including depreciation of assets under finance leases of \$122,762 and \$83,642 for the three months ended September 30, 2023, and 2022, respectively.

Depreciation and amortization expense charged to operations was \$ 26,025,021 and \$37,234,126 for the nine months ended September 30, 2023, and 2022, respectively, including depreciation of assets under finance leases of \$368,285 and \$250,927 for the nine months ended September 30, 2023, and 2022, respectively.

The gross value of assets under finance leases and the related accumulated amortization approximated \$ 2,678,265 and \$1,304,317 as of September 30, 2023, respectively, and \$2,890,665 and \$1,074,091 as of December 31, 2022, respectively.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities consisted of the following as of September 30, 2023, and December 31, 2022:

	September 30, 2023	December 31, 2022
Accrued legal and professional fees	\$ 528,757	\$ 1,439,544
Accrued interest	21,485	1,343,085
Accrued sales and use tax	5,659,897	5,150,659
Accrued plant utilities and fuel	2,166,459	—
Accrued salaries and benefits	145,516	285,300
Other	1,116,705	674,660
Accrued liabilities	<u>\$ 9,638,819</u>	<u>\$ 8,893,248</u>

NOTE 7 – DEBT

Total debt consisted of the following as of September 30, 2023, and December 31, 2022:

	September 30, 2023	December 31, 2022
\$499,520 loan, with interest at 2.74%, due February 2024.	\$ 44,748	\$ 124,023
\$499,895 loan, with interest at 3.20%, due November 2023.	22,351	121,470
\$517,465 loan, with interest at 4.79%, due November 2024.	210,299	339,428
\$585,476 loan, with interest at 4.99%, due November 2025.	388,369	513,334
\$431,825 loan, with interest at 7.60%, due April 2024.	54,651	121,460
\$58,149,411 Credit Agreement, with interest at 10.00% plus SOFR, due October 2025.	54,239,946	56,114,249
\$33,750,000 Convertible Note, with interest at 10.00%, due May 2024.	—	16,812,500
\$92,381 loan, with interest at 1.49%, due April 2026.	62,197	79,249
\$64,136 loan, with interest at 11.85%, due May 2024.	20,392	39,056
\$196,909 loan, with interest at 6.49%, due October 2025.	147,663	184,895
\$60,679 loan, with interest at 7.60%, due March 2025.	51,399	—
\$3,500,000 Promissory Note, with interest at 7.50%, due October 2025.	3,000,000	—
\$1,184,935 Promissory Note, due June 2024.	1,066,442	—
Total outstanding borrowings	<u>\$ 59,308,457</u>	<u>\$ 74,449,664</u>
Current portion of long-term debt, net of discounts and issuance fees	<u>1,654,634</u>	<u>17,422,546</u>
Long-term debt, net of discounts and issuance fees	<u>\$ 57,653,823</u>	<u>\$ 57,027,118</u>

WhiteHawk Refinancing Agreement

On October 27, 2022, the Company entered into a secured credit agreement (the “Credit Agreement”) with WhiteHawk Finance LLC (“WhiteHawk”) to refinance an existing equipment financing agreement, dated June 30, 2021, by and between Stronghold Digital Mining Equipment, LLC and WhiteHawk (the “WhiteHawk Financing Agreement”). Upon closing, the Credit Agreement consisted of \$35.1 million in term loans and \$23.0 million in additional commitments.

The financing pursuant to the Credit Agreement (such financing, the “WhiteHawk Refinancing Agreement”) was entered into by Stronghold Digital Mining Holdings, LLC (“Stronghold LLC”), as Borrower (in such capacity, the “Borrower”), and is secured by substantially all of the assets of the Company and its subsidiaries and is guaranteed by the Company and each of its material subsidiaries. The WhiteHawk Refinancing Agreement requires equal monthly amortization payments resulting in full amortization at maturity. The WhiteHawk Refinancing Agreement has customary representations, warranties and covenants including restrictions on indebtedness, liens, restricted payments and dividends, investments, asset sales and similar covenants and contains customary events of default.

On February 6, 2023, the Company, Stronghold LLC, as borrower, their subsidiaries and WhiteHawk Capital Partners LP (“WhiteHawk Capital”), as collateral agent and administrative agent, and the other lenders thereto, entered into an amendment to the Credit Agreement (the “First Amendment”) in order to modify certain covenants and remove certain prepayment requirements contained therein. As a result of the First Amendment, amortization payments for the period from February 2023 through July 2024 are not required, with monthly amortization resuming July 31, 2024. Beginning June 30, 2023, following a five-month holiday, Stronghold LLC will make monthly prepayments of the loan in an amount equal to 50% of its average daily cash balance (including cryptocurrencies) in excess of \$7,500,000 for such month. Consistent with

the First Amendment, the Company made a loan prepayment of \$ 250,000 during the three months ended September 30, 2023. The First Amendment also modified the financial covenants to (i) in the case of the requirement of the Company to maintain a leverage ratio no greater than 4.0:1.00, such covenant will not be tested until the fiscal quarter ending September 30, 2024, and (ii) in the case of the minimum liquidity covenant, modified to require minimum liquidity at any time to be not less than: (A) until March 31, 2024, \$2,500,000; (B) during the period beginning April 1, 2024, through and including December 31, 2024, \$5,000,000; and (C) from and after January 1, 2025, \$ 7,500,000. The Company was in compliance with all applicable covenants under the WhiteHawk Refinancing Agreement as of September 30, 2023.

The borrowings under the WhiteHawk Refinancing Agreement mature on October 26, 2025, and bear interest at a rate of either (i) the Secured Overnight Financing Rate ("SOFR") plus 10% or (ii) a reference rate equal to the greater of (x) 3%, (y) the federal funds rate plus 0.5% and (z) the term SOFR rate plus 1%, plus 9%. Borrowings under the WhiteHawk Refinancing Agreement may also be accelerated in certain circumstances.

Convertible Note Exchange

On December 30, 2022, the Company entered into an exchange agreement with the holders (the "Purchasers") of the Company's Amended and Restated 10% Notes (the "Amended May 2022 Notes"), providing for the exchange of the Amended May 2022 Notes (the "Exchange Agreement") for shares of the Company's newly-created Series C Convertible Preferred Stock, par value \$0.0001 per share (the "Series C Preferred Stock"). On February 20, 2023, the transactions contemplated under the Exchange Agreement were consummated, and the Amended May 2022 Notes were deemed paid in full. Approximately \$16.9 million of principal amount of debt was extinguished in exchange for the issuance of the shares of Series C Preferred Stock. As a result of this transaction, the Company incurred a loss on debt extinguishment of approximately \$29 million during the first quarter of 2023. See *Note 21 – Subsequent Events* for additional information regarding the Exchange Agreement.

On February 20, 2023, in connection with the consummation of the Exchange Agreement, the Company entered into a Registration Rights Agreement with the Purchasers (the "Registration Rights Agreement") whereby it agreed to, among other things, (i) file within two business days following the filing of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, a resale registration statement (the "Resale Registration Statement") with the SEC covering all shares of the Company's Class A common stock issuable upon conversion of the Series C Preferred Stock or upon exercise of the pre-funded warrants that may be issued in lieu of Class A common stock upon conversion of the Series C Preferred Stock, and (ii) to cause the Resale Registration Statement to become effective within the timeframes specified in the Registration Rights Agreement. The Resale Registration Statement on Form S-3 (File No. 333-271151) was filed by the Company on April 5, 2023, and declared effective by the SEC on April 14, 2023.

Bruce & Merrilees Promissory Note

On March 28, 2023, the Company and Stronghold LLC entered into a settlement agreement (the "B&M Settlement") with its electrical contractor, Bruce & Merrilees Electric Co. ("B&M"). Pursuant to the B&M Settlement, B&M agreed to eliminate an approximately \$11.4 million outstanding payable in exchange for a promissory note in the amount of \$3,500,000 (the "B&M Note") and a stock purchase warrant for the right to purchase from the Company 300,000 shares of Class A common stock (the "B&M Warrant"). The B&M Note has no definitive payment schedule or term. Pursuant to the B&M Settlement, B&M released ten (10) 3000kva transformers to the Company and fully cancelled ninety (90) transformers remaining under a pre-existing order with a third-party supplier. The terms of the B&M Settlement included a mutual release of all claims. Simultaneous with the B&M Settlement, the Company and each of its subsidiaries entered into a subordination agreement with B&M and WhiteHawk Capital pursuant to which all obligations, liabilities and indebtedness of every nature of the Company and each of its subsidiaries owed to B&M shall be subordinate and subject in right and time of payment, to the prior payment of full of the Company's obligation to WhiteHawk Capital pursuant to the Credit Agreement.

Pursuant to the B&M Note, the first \$ 500,000 of the principal amount of the loan is payable in four equal monthly installments of \$ 125,000 beginning on April 30, 2023, so long as (i) no default or event of default has occurred or is occurring under the WhiteHawk Credit Agreement and (ii) no PIK Option (as such term is defined in the WhiteHawk Refinancing Agreement) has been elected by the Company. The principal amount under the B&M Note bears interest at seven and one-half percent (7.5%). As of September 30, 2023, the Company paid \$ 500,000 of principal pursuant to the B&M Note.

Canaan Promissory Note

On July 19, 2023, the Company entered into a Sales and Purchase Contract with Canaan Inc. ("Canaan") whereby the Company purchased 2,000 A1346 Bitcoin miners for a total purchase price of \$2,962,337. The purchase price is payable to

Canaan via an upfront payment of \$1,777,402 on or before August 1, 2023, which the Company paid on July 25, 2023, and a promissory note of \$ 1,184,935 due to Canaan in ten equal, interest-free installments on the first day of each consecutive month thereafter until the remaining promissory note balance is fully repaid. The miners were delivered and installed during the third quarter of 2023 at the Company's Panther Creek Plant.

NOTE 8 – RELATED PARTY TRANSACTIONS

Waste Coal Agreement

The Company is obligated under a Waste Coal Agreement (the "WCA") to take minimum annual delivery of 200,000 tons of waste coal as long as there is a sufficient quantity of waste coal that meets the Average Quality Characteristics (as defined in the WCA). Under the terms of the WCA, the Company is not charged for the waste coal itself but is charged a \$6.07 per ton base handling fee as it is obligated to mine, process, load, and otherwise handle the waste coal for itself and also for other customers of Coal Valley Sales, LLC ("CVS") from the Company's Russellton site specifically. The Company is also obligated to unload and properly dispose of ash at its Russellton site. The Company is charged a reduced handling fee of \$1.00 per ton for any tons in excess of the minimum take of 200,000 tons. The Company is the designated operator of the Russellton site, and therefore, is responsible for complying with all state and federal requirements and regulations.

The Company purchases coal from Coal Valley Properties, LLC, a single-member limited liability company which is entirely owned by one individual who has ownership in Q Power LLC ("Q Power"), and from CVS. CVS is a single-member limited liability company which is owned by a coal reclamation partnership of which an owner of Q Power has a direct and an indirect interest in the partnership of 16.26%.

The Company expensed \$195,161 and \$278,208 for the three months ended September 30, 2023, and 2022, respectively, and \$ 495,161 and \$581,708 for the nine months ended September 30, 2023, and 2022, respectively, associated with coal purchases from CVS, which is included in fuel expense in the condensed consolidated statements of operations. See the composition of the due to related parties balance as of September 30, 2023, and December 31, 2022, below.

Fuel Service and Beneficial Use Agreement

The Company has a Fuel Service and Beneficial Use Agreement ("FBUA") with Northampton Fuel Supply Company, Inc. ("NFS"), a wholly owned subsidiary of Olympus Power. The Company buys fuel from and sends ash to NFS, for the mutual benefit of both facilities, under the terms and rates established in the FBUA. The FBUA expires on December 31, 2023. The Company expensed \$324,925 and \$1,304,752 for the three months ended September 30, 2023, and 2022, respectively, and \$2,406,726 and \$2,225,864 for the nine months ended September 30, 2023, and 2022, respectively, which is included in fuel expense in the condensed consolidated statements of operations. See the composition of the due to related parties balance as of September 30, 2023, and December 31, 2022, below.

Fuel Management Agreements

Panther Creek Fuel Services LLC

Effective August 1, 2021, the Company entered into the Fuel Management Agreement (the "Panther Creek Fuel Agreement") with Panther Creek Fuel Services LLC, a wholly owned subsidiary of Olympus Services LLC which, in turn, is a wholly owned subsidiary of Olympus Power LLC. Under the Panther Creek Fuel Agreement, Panther Creek Fuel Services LLC provides the Company with operations and maintenance services with respect to the Facility. The Company reimburses Panther Creek Energy Services LLC for actual wages and salaries. The Company expensed \$2,093 and \$353,879 for the three months ended September 30, 2023, and 2022, respectively, and \$929,942 and \$1,204,938 for the nine months ended September 30, 2023, and 2022, respectively, which is included in operations and maintenance expense in the condensed consolidated statements of operations. See the composition of the due to related parties balance as of September 30, 2023, and December 31, 2022, below.

Scrubgrass Fuel Services, LLC

Effective February 1, 2022, the Company entered into the Fuel Management Agreement (the "Scrubgrass Fuel Agreement") with Scrubgrass Fuel Services LLC, a wholly owned subsidiary of Olympus Services LLC, which, in turn, is a wholly owned subsidiary of Olympus Power LLC. Under the Scrubgrass Fuel Agreement, Scrubgrass Fuel Services LLC provides the Company with operations and maintenance services with respect to the Facility. The Company reimburses Scrubgrass Energy Services LLC for actual wages and salaries. The Company expensed \$0 and \$247,009 for the three

months ended September 30, 2023, and 2022, respectively, and \$ 374,944 and \$580,626 for the nine months ended September 30, 2023, and 2022, respectively, which is included in operations and maintenance expense in the condensed consolidated statements of operations. See the composition of the due to related parties balance as of September 30, 2023, and December 31, 2022, below.

O&M Agreements

Olympus Power LLC

On November 2, 2021, Stronghold LLC entered into an Operations, Maintenance and Ancillary Services Agreement (the "Omnibus Services Agreement") with Olympus Stronghold Services, LLC ("Olympus Stronghold Services"), whereby Olympus Stronghold Services provided certain operations and maintenance services to Stronghold LLC and employed certain personnel to operate the Plants. Stronghold LLC reimbursed Olympus Stronghold Services for those costs incurred by Olympus Stronghold Services and approved by Stronghold LLC in the course of providing services under the Omnibus Services Agreement, including payroll and benefits costs and insurance costs. The material costs incurred by Olympus Stronghold Services were to be approved by Stronghold LLC. From November 2, 2021, until October 1, 2023, Stronghold LLC also agreed to pay Olympus Stronghold Services a management fee at the rate of \$1,000,000 per year, payable monthly for services provided at each of the Plants, and an additional one-time mobilization fee of \$150,000 upon the effective date of the Omnibus Services Agreement, which was deferred. Effective October 1, 2022, Stronghold LLC began paying Olympus Stronghold Services a management fee for the Panther Creek Plant in the amount of \$500,000 per year, payable monthly for services provided at the Panther Creek Plant. This was a reduction of \$500,000 from the \$1,000,000 per year management fee that the Company was previously scheduled to pay Olympus Stronghold Services. The Company expensed \$133,499 and \$392,761 for the three months ended September 30, 2023, and 2022, respectively, and \$ 603,563 and \$1,189,452 for the nine months ended September 30, 2023, and 2022, respectively, which includes the monthly management fees plus reimbursable costs incurred by Olympus Stronghold Services for payroll, benefits and insurance. See the composition of the due to related parties balance as of September 30, 2023, and December 31, 2022, below. The Company expects that the Omnibus Services Agreement will be terminated, to be effective July 1, 2023. The Company expects to enter into a Transition Services Agreement whereby Stronghold LLC or its affiliates will pay a fee to Olympus Stronghold Services for certain limited operations and maintenance services.

Panther Creek Energy Services LLC

Effective August 2, 2021, the Company entered into the Operations and Maintenance Agreement (the "O&M Agreement") with Panther Creek Energy Services LLC, a wholly owned subsidiary of Olympus Services LLC which, in turn, is a wholly owned subsidiary of Olympus Power LLC. Under the O&M Agreement, Panther Creek Energy Services LLC provides the Company with operations and maintenance services with respect to the Facility. The Company reimburses Panther Creek Energy Services LLC for actual wages and salaries. The Company also agreed to pay a management fee of \$175,000 per operating year, which is payable monthly, and is adjusted by the consumer price index on each anniversary date of the effective date. The Company expensed \$10,337 and \$886,569 for the three months ended September 30, 2023, and 2022, respectively, and \$1,856,501 and \$2,911,738 for the nine months ended September 30, 2023, and 2022, respectively, which includes the monthly management fees plus reimbursable costs incurred by Olympus Stronghold Services for payroll, benefits and insurance. See the composition of the due to related parties balance as of September 30, 2023, and December 31, 2022, below.

In connection with the equity contribution agreement, effective July 9, 2021 (the "Equity Contribution Agreement"), the Company entered into the Amended and Restated Operations and Maintenance Agreement (the "Amended O&M Agreement") with Panther Creek Energy Services LLC. Under the Amended O&M Agreement, the management fee is \$250,000 for the twelve-month period following the effective date and \$325,000 per year thereafter. The effective date of the Amended O&M Agreement was the closing date of the Equity Contribution Agreement.

Scrubgrass Energy Services, LLC

Effective February 1, 2022, the Company entered into the Operations and Maintenance Agreement (the "Scrubgrass O&M Agreement") with Scrubgrass Energy Services LLC, a wholly owned subsidiary of Olympus Services LLC which, in turn, is a wholly owned subsidiary of Olympus Power LLC. Under the Scrubgrass O&M Agreement, Scrubgrass Energy Services LLC provides the Company with operations and maintenance services with respect to the Facility. The Company reimburses Scrubgrass Energy Services LLC for actual wages and salaries. The Company also agreed to pay a management fee of \$175,000 per operating year, which is payable monthly, and is adjusted by the consumer price index on each anniversary date of the effective date. The Company expensed \$0 and \$2,099,306 for the three months ended September 30, 2023, and 2022, respectively, and \$ 2,269,290 and \$4,749,432 for the nine months ended September 30,

2023, and 2022, respectively, which includes the monthly management fees plus reimbursable costs incurred by Olympus Stronghold Services for payroll, benefits and insurance. See the composition of the due to related parties balance as of September 30, 2023, and December 31, 2022, below.

In connection with the Equity Contribution Agreement effective July 9, 2021, the Company entered into the Amended and Restated Operations and Maintenance Agreement (the "Scrubgrass Amended O&M Agreement") with Scrubgrass Energy Services LLC. Under the Scrubgrass Amended O&M Agreement, the management fee is \$250,000 for the twelve-month period following the effective date and \$325,000 per year thereafter. The effective date of the Scrubgrass Amended O&M Agreement is the closing date of the Equity Contribution Agreement.

Effective October 1, 2022, Stronghold LLC no longer pays Olympus Stronghold Services a management fee for the Scrubgrass Plant.

Management Services Agreement

On April 19, 2023, pursuant to an independent consulting agreement the Company entered into with William Spence in connection with his departure from the Board (the "Spence Consulting Agreement"), Mr. Spence's annualized management fee of \$600,000 decreased to the greater of \$200,000 or 10% of any economic benefits derived from the sale of beneficial use ash, carbon sequestration efforts or alternative fuel arrangements, in each case, arranged by Mr. Spence. The previous consulting and advisory agreement with Mr. Spence was terminated in connection with entry into the Spence Consulting Agreement.

In April 2023, as part of the compensation pursuant to the Spence Consulting Agreement, Mr. Spence also received a one-time grant of 250,000 fully vested shares of the Company's Class A common stock, which has been recorded as stock-based compensation for the three and nine months ended September 30, 2023, within general and administrative expense in the condensed consolidated statements of operations.

Warrants

On September 13, 2022, the Company entered into a Securities Purchase Agreement with Greg Beard, the Company's chairman and chief executive officer, for the purchase and sale of 60,241 shares of Class A common stock and warrants to purchase 60,241 shares of Class A common stock, at an initial exercise price of \$17.50 per share, subsequently amended to \$10.10 per share. Refer to *Note 15 – Equity Issuances* for additional details.

Additionally, on April 20, 2023, Mr. Beard invested \$1.0 million in exchange for 100,000 shares of Class A common stock and 100,000 pre-funded warrants. Refer to *Note 15 – Equity Issuances* for additional details.

Amounts due to related parties as of September 30, 2023, and December 31, 2022, were as follows:

	September 30, 2023	December 31, 2022
Coal Valley Properties, LLC	\$ —	\$ 134,452
Q Power LLC	20,119	500,000
Coal Valley Sales, LLC	68,172	—
Panther Creek Energy Services LLC	—	10,687
Panther Creek Fuel Services LLC	—	53,482
Northampton Generating Fuel Supply Company, Inc.	363,076	594,039
Olympus Power LLC and other subsidiaries	—	78,302
Scrubgrass Energy Services LLC	—	4,087
Scrubgrass Fuel Services LLC	—	—
Due to related parties	<u>\$ 451,367</u>	<u>\$ 1,375,049</u>

NOTE 9 – CONCENTRATIONS

Credit risk is the risk of loss the Company would incur if counterparties fail to perform their contractual obligations (including accounts receivable). The Company primarily conducts business with counterparties in the cryptocurrency mining and energy industry. This concentration of counterparties may impact the Company's overall exposure to credit risk, either positively or negatively, in that its counterparties may be similarly affected by changes in economic, regulatory or other conditions. The Company mitigates potential credit losses by dealing, where practical, with counterparties that are rated at investment grade by a major credit agency or have a history of reliable performance within the cryptocurrency mining and energy industry.

Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash and accounts receivable. Cash and cash equivalents customarily exceed federally insured limits. The Company's significant credit risk is primarily concentrated with CES. Over the course of 2022, the Company transitioned entirely to CES from Direct Energy Business Marketing, LLC. CES accounted for approximately 100% of the Company's energy operations segment revenues for the three and nine months ended September 30, 2023. Additionally, CES accounted for approximately 100% of the Company's accounts receivable balance as of December 31, 2022, including approximately \$5.1 million which CES received from PJM on the Company's behalf and forwarded to the Company upon receipt as of September 30, 2023. During 2023, the Company was notified of updated calculations from PJM and a FERC settlement with various parties that were assessed penalties for failing to deliver on capacity commitments during the performance assessment interval of December 2023. As a result, the Company recorded decreases in the value of accounts receivable of \$724,756 and \$1,867,506 within general and administrative expense related to expected reduced bonus payments in the condensed consolidated statements of operations for the three and nine months ended September 30, 2023, respectively.

The Company purchased 9% and 28% of coal from two related parties for the three months ended September 30, 2023, and 2022, respectively. For the nine months ended September 30, 2023, and 2022, the Company purchased 17% and 16% of coal, respectively, from the same related parties. See *Note 8 – Related Party Transactions* for further information.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Commitments:

As discussed in *Note 4 – Equipment Deposits*, the Company has entered into various equipment contracts to purchase miners. Most of these contracts required a percentage of deposits upfront and subsequent payments to cover the contracted purchase price of the equipment. Details of the outstanding purchase agreement with MinerVa are summarized below.

MinerVa Semiconductor Corp

On April 2, 2021, the Company entered into a purchase agreement (the "MinerVa Purchase Agreement") with MinerVa for the acquisition of 15,000 of their MV7 ASIC SHA256 model cryptocurrency miners with a total terahash to be delivered equal to 1.5 million terahash. The price per miner was \$4,892.50 for an aggregate purchase price of \$73,387,500 to be paid in installments. The first installment equal to 60% of the purchase price, or \$44,032,500, was paid on April 2, 2021, and an additional payment of 20% of the purchase price, or \$14,677,500, was paid on June 2, 2021. As of September 30, 2023, there were no remaining deposits owed.

In December 2021, the Company extended the deadline for delivery of the MinerVa miners to April 2022. In March 2022, MinerVa was again unable to meet its delivery date and had only delivered approximately 3,200 of the 15,000 miners. As a result, an impairment totaling \$12,228,742 was recorded in the first quarter of 2022. Furthermore, in the fourth quarter of 2022, the difference between the fair value of the MinerVa equipment deposits and the carrying value resulted in the Company recording an additional impairment charge of \$5,120,000.

On July 18, 2022, the Company provided written notice of dispute to MinerVa pursuant to the MinerVa Purchase Agreement. Under the MinerVa Purchase Agreement, the Company and MinerVa were required to work together in good faith towards a resolution for a period of sixty (60) days following this notice, after which, if no settlement had been reached, the Company could end discussions, declare an impasse, and adhere to the dispute resolution provisions of the MinerVa Purchase Agreement. As the 60-day period has expired, the Company is evaluating all available remedies under the MinerVa Purchase Agreement. On October 30, 2023, the Company sent MinerVa a Notice of Impasse. On October 31, 2023, the Company filed a Statement of Claim in Calgary, Alberta against MinerVa for breach of contract related to the MinerVa Purchase Agreement.

As of September 30, 2023, MinerVa had delivered, refunded cash or swapped into deliveries of industry-leading miners of equivalent value to approximately 12,700 of the 15,000 miners. The aggregate purchase price does not include shipping costs, which are the responsibility of the Company and shall be determined at which time the miners are ready for shipment. As disclosed in *Note 4 – Equipment Deposits*, the Company is pursuing legal action through the dispute resolution process, and as a result, the Company no longer expects equipment deliveries.

Contingencies:

Legal Proceedings

The Company experiences litigation in the normal course of business. Management is of the belief that none of this routine litigation will have a material adverse effect on the Company's financial position or results of operations.

McClymonds Supply & Transit Company, Inc. and DTA, L.P. vs. Scrubgrass Generating Company, L.P.

On January 31, 2020, McClymonds Supply and Transit Company, Inc. ("McClymonds") made a Demand for Arbitration, as required by the terms of the Transportation Agreement between McClymonds and Scrubgrass Generating Company, L.P. ("Scrubgrass") dated April 8, 2013 (the "Agreement"). In its demand, McClymonds alleged damages in the amount of \$5,042,350 for failure to pay McClymonds for services. On February 18, 2020, Scrubgrass submitted its answering statement denying the claim of McClymonds in its entirety. On March 31, 2020, Scrubgrass submitted its counterclaim against McClymonds in the amount of \$6,747,328 as the result of McClymonds' failure to deliver fuel as required under the terms of the Agreement. Hearings were held from January 31, 2022, to February 3, 2022. On May 9, 2022, an award in the amount of \$5.0 million plus interest of approximately \$0.8 million was issued in favor of McClymonds. The two managing members of Q Power have executed a binding document to pay the full amount of the award and have begun to pay the full amount of the award, such that there will be no effect on the financial condition of the Company. McClymonds shall have no recourse to the Company with respect to the award.

Allegheny Mineral Corporation v. Scrubgrass Generating Company, L.P., Butler County Court of Common Pleas, No. AD 19-11039

In November 2019, Allegheny Mineral Corporation ("Allegheny Mineral") filed suit against the Company seeking payment of approximately \$ 1,200,000 in outstanding invoices. In response, the Company filed counterclaims against Allegheny Mineral asserting breach of contract, breach of express and implied warranties, and fraud in the amount of \$1,300,000. After unsuccessful mediation in August 2020, the parties again attempted to mediate the case on October 26, 2022, which led to a mutual agreement to settlement terms of a \$300,000 cash payment, and a supply agreement for limestone. Subject to completion of the settlement terms, this matter has been stayed in Butler County Court, and the outstanding litigation has been terminated.

Federal Energy Regulatory Commission ("FERC") Matters

On November 19, 2021, Scrubgrass received a notice of breach from PJM Interconnection, LLC alleging that Scrubgrass breached Interconnection Service Agreement – No. 1795 (the "ISA") by failing to provide advance notice to PJM Interconnection, LLC and Mid-Atlantic Interstate Transmission, LLC pursuant to ISA, Appendix 2, section 3, of modifications made to the Scrubgrass Plant. On December 16, 2021, Scrubgrass responded to the notice of breach and respectfully disagreed that the ISA had been breached. On January 7, 2022, Scrubgrass participated in an information gathering meeting with representatives from PJM regarding the notice of breach and Scrubgrass continues to work with PJM regarding the dispute, including conducting a necessary study agreement with respect to the Scrubgrass Plant. On January 20, 2022, the Company sent PJM a letter regarding the installation of a resistive computational load bank at the Panther Creek Plant. On March 1, 2022, the Company executed a necessary study agreement with respect to the Panther Creek Plant. PJM's investigation and discussions regarding the notice of breach at the Scrubgrass Plant and Panther Creek Plant and other potential issues related to the computational load banks, including power consumption and potential resettlements of billing statements for certain prior months, are ongoing and discussions between PJM and the Company are continuing.

On May 11, 2022, the Division of Investigations of the FERC Office of Enforcement ("OE") informed the Company that the OE was conducting a non-public preliminary investigation concerning Scrubgrass' compliance with various aspects of the PJM tariff. The OE requested that the Company provide certain information and documents concerning Scrubgrass' operations by June 10, 2022. On July 13, 2022, after being granted an extension to respond by the OE, the Company submitted a formal response to the OE's request. Since the Company submitted its formal response to the OE's request, the Company has had further discussions with the OE regarding the Company's formal response. The OE's investigation, and discussions between the OE and the Company, regarding potential instances of non-compliance is continuing. The Company does not believe that the PJM notice of breach, the Panther Creek necessary study agreement, discussions regarding other potential issues related to the computational load bank, including power consumption and potential resettlements of billing statements for certain prior months, or the preliminary investigation by the OE will have a material adverse effect on the Company's reported financial position or results of operations, although the Company cannot predict with certainty the final outcome of these proceedings.

Shareholder Securities and Derivative Lawsuits

On April 14, 2022, the Company, and certain of our current and former directors, officers and underwriters were named in a putative class action complaint filed in the United States District Court for the Southern District of New York (Winter v. Stronghold Digital Mining, Case No. 1:22-cv-0088). On August 4, 2022, co-lead plaintiffs were appointed. On October 18, 2022, the plaintiffs filed an amended complaint, alleging that the Company made misleading statements and/or failed to

disclose material facts in violation of Section 11 of the Securities Act, 15 U.S.C. §77k and Section 15 of the Securities Act of 1933, as amended (the "Securities Act"), about the Company's business, operations, and prospects in the Company's registration statement on Form S-1 related to its initial public offering, and when subsequent disclosures were made regarding these operational issues when the Company announced its fourth quarter and full year 2021 financial results, the Company's stock price fell, causing significant losses and damages. As relief, the plaintiffs are seeking, among other things, compensatory damages. The amended complaint also alleged violations of Section 12 of the Securities Act based on alleged false or misleading statements in the Company's prospectus related to its initial public offering. On December 19, 2022, the Company filed a motion to dismiss, which the court largely denied on August 10, 2023. On September 8, 2023, the Court entered a Case Management Order, which set a number of case deadlines, including the completion of all discovery by April 21, 2025. The defendants continue to believe the allegations in the complaint are without merit and intend to defend the suit vigorously.

On September 5, 2023, and September 15, 2023, respectively, purported shareholders of the Company filed two derivative actions in the United States District Court for the Southern District of New York (*Wilson v. Beard*, Case No. 1:23-cv-7840, and *Navarro v. Beard*, Case No. 1:23-cv-08714) against certain of our current and former directors and officers, and the Company as a nominal defendant. The shareholders generally allege that the individual defendants breached their fiduciary duties by making or failing to prevent the misrepresentations alleged in the putative Winter securities class action, and assert claims for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, corporate waste, and for contribution under Section 11 of the Securities Act and Section 21D of the Securities Exchange Act of 1934. The two cases were consolidated on October 24, 2023. The defendants believe the allegations in the complaints are without merit and intend to defend the suit vigorously.

Mark Grams v. Treis Blockchain, LLC, Chain Enterprises, LLC, Cevon Technologies, LLC, Stronghold Digital Mining, LLC, David Pence, Michael Bolick, Senter Smith, Brian Lambretti and John Chain

On May 4, 2023, Stronghold Digital Mining, LLC, a subsidiary of the Company ("Stronghold"), was named as one of several defendants in a complaint filed in the United States District Court for the Middle District of Alabama Eastern Division (the "Grams Complaint"). The Grams Complaint alleges that certain Bitcoin miners the Company purchased from Treis Blockchain, LLC ("Treis") in December 2021 contained firmware that is alleged to have constituted "trade secrets" owned by Grams. Principally, the Grams Complaint included allegations of misappropriation of these alleged trade secrets.

The Company believes that the allegations against it and its subsidiaries in the Grams Complaint are without merit and intends to vigorously defend the suit. To that end, the Company has entered into a joint defense agreement with Treis and the other named defendants. The Company has also entered into a tolling agreement with Treis. The Company filed a motion to dismiss the case for lack of personal jurisdiction on June 23, 2023. On October 6, 2023, Grams filed an Amended Complaint, to which the Company filed a renewed Motion to Dismiss for Lack of Personal Jurisdiction, or in the Alternative to Transfer the Case to the District of South Carolina, in addition to a renewed Motion to Dismiss several causes of action alleged in the Amended Complaint.

The Company does not believe the Grams Complaint will have a material adverse effect on the Company's reported financial position or results of operations.

MinerVa Purchase Agreement

On July 18, 2022, the Company provided written notice of dispute to MinerVa pursuant to the MinerVa Purchase Agreement. Under the MinerVa Purchase Agreement, the Company and MinerVa were required to work together in good faith towards a resolution for a period of sixty (60) days following this notice, after which, if no settlement had been reached could end discussions, declare an impasse, and adhere to the dispute resolution provisions of the MinerVa Purchase Agreement. On October 30, 2023, the Company sent MinerVa a Notice of Impasse. On October 31, 2023, the Company filed a Statement of Claim in Calgary, Alberta against MinerVa for breach of contract related to the MinerVa Purchase Agreement.

NOTE 11 – REDEEMABLE COMMON STOCK

Class V common stock represented 23.4% and 45.1% ownership of Stronghold LLC, as of September 30, 2023, and December 31, 2022, respectively, granting the owners of Q Power economic rights and, as a holder, one vote on all matters

to be voted on by the Company's stockholders generally, and a redemption right into Class A shares. Refer to *Note 12 – Noncontrolling Interests* for more details.

The Company classifies its Class V common stock as redeemable common stock in the accompanying condensed consolidated balance sheets as, pursuant to the Stronghold LLC Agreement, the redemption rights of each unit held by Q Power for either shares of Class A common stock or an equivalent amount of cash is not solely within the Company's control. This is due to the holders of the Class V common stock collectively owning a majority of the voting stock of the Company, which allows the holders of Class V common stock to elect the members of the Board, including those directors who determine whether to make a cash payment upon a Stronghold LLC unit holder's exercise of its redemption rights. Redeemable common stock is recorded at the greater of the book value or redemption amount from the date of the issuance, April 1, 2021, and the reporting date as of September 30, 2023.

The Company recorded redeemable common stock as presented in the table below.

	Common - Class V	
	Shares	Amount
Balance - December 31, 2022	2,605,760	\$ 11,754,587
Net loss attributable to noncontrolling interest	—	(26,663,731)
Redemption of Class V shares	(200,000)	(1,210,000)
Maximum redemption right valuation	—	26,682,421
Balance - September 30, 2023	2,405,760	\$ 10,563,277

NOTE 12 – NONCONTROLLING INTERESTS

The Company is the sole managing member of Stronghold LLC and, as a result, consolidates the financial results of Stronghold LLC and reports a noncontrolling interest representing the common units of Stronghold LLC held by Q Power. Changes in the Company's ownership interest in Stronghold LLC, while the Company retains its controlling interest, are accounted for as redeemable common stock transactions. As such, future redemptions or direct exchanges of common units of Stronghold LLC by the continuing equity owners will result in changes to the amount recorded as noncontrolling interest. Refer to *Note 11 – Redeemable Common Stock* which describes the redemption rights of the noncontrolling interest.

Class V common stock represented 23.4% and 45.1% ownership of Stronghold LLC, as of September 30, 2023, and December 31, 2022, respectively, granting the owners of Q Power economic rights and, as a holder, one vote on all matters to be voted on by the Company's stockholders generally, and a redemption right into shares of Class A common stock.

The following summarizes the redeemable common stock adjustments pertaining to the noncontrolling interest as of and for the nine months ended September 30, 2023:

	Class V Common Stock		Temporary Equity	
	Outstanding	Fair Value Price	Adjustments	
Balance - December 31, 2022	2,605,760	\$ 4.51	\$	11,754,587
Net loss attributable to noncontrolling interest	—			(26,663,731)
Redemption of Class V shares	(200,000)			(1,210,000)
Adjustment of temporary equity to redemption amount ⁽¹⁾	—			26,682,421
Balance - September 30, 2023	2,405,760	\$ 4.39	\$	10,563,277

⁽¹⁾ Temporary equity adjustment based on Class V common stock outstanding at fair value price at each quarter end, using a 10-day variable weighted average price ("VWAP") of trading dates including the closing date.

NOTE 13 – STOCK-BASED COMPENSATION

Stock-based compensation expense for the three months ended September 30, 2023, and 2022, equaled \$ 787,811 and \$3,377,499, respectively, and for the nine months ended September 30, 2023, and 2022, equaled \$7,603,859 and \$9,123,124, respectively. There was no income tax benefit related to stock-based compensation expense due to the Company having a full valuation allowance recorded against its deferred income tax assets.

On March 15, 2023, the Company entered into award agreements with certain executive officers. In total, the executive officers were granted 272,500 restricted stock units in exchange for the cancellation of 98,669 stock options and 25,000

performance share units previously granted to the executive officers. All restricted stock units were granted under the Company's previously adopted Omnibus Incentive Plan, dated October 19, 2021.

NOTE 14 – WARRANTS

The following table summarizes outstanding warrants as of September 30, 2023.

	Number of Warrants
Outstanding as of December 31, 2022	1,587,511
Issued	1,803,347
Exercised	(1,610,580)
Outstanding as of September 30, 2023	1,780,278

B&M Warrant

On March 28, 2023, as part of the B&M Settlement described in *Note 7 – Debt*, the Company issued a stock purchase warrant to B&M providing for the right to purchase from the Company 300,000 shares of Class A common stock, par value \$ 0.0001 per share, at an exercise price of \$ 0.001 per warrant share. As of and during the nine months ended September 30, 2023, 200,000 shares of Class A common stock available for purchase pursuant to the B&M Warrant were exercised.

May 2022 Private Placement

On May 15, 2022, the Company entered into a note and warrant purchase agreement, by and among the Company and the purchasers thereto, whereby the Company agreed to issue and sell (i) \$33,750,000 aggregate principal amount of 10.00% unsecured convertible promissory notes and (ii) warrants representing the right to purchase up to 631,800 shares of Class A common stock of the Company with an exercise price per share equal to \$ 25.00. The promissory notes and warrants were sold for aggregate consideration of approximately \$27 million.

On August 16, 2022, the Company amended the note and warrant purchase agreement, such that \$ 11.25 million of the outstanding principal was exchanged for the execution of an amended and restated warrant agreement pursuant to which the strike price of the 631,800 warrants was reduced from \$25.00 to \$0.10. Refer to *Note 15 – Equity Issuances* for additional details.

During the nine months ended September 30, 2023, 230,000 warrants issued in connection with the May 2022 Private Placement, or subsequent transactions associated with the unsecured convertible promissory notes, were exercised.

September 2022 Private Placement

On September 13, 2022, the Company entered into Securities Purchase Agreements with Armistice Capital Master Fund Ltd. ("Armistice") and Greg Beard, the Company's chairman and chief executive officer, for the purchase and sale of 227,435 and 60,241 shares of Class A common stock, respectively, and warrants to purchase an aggregate of 560,241 shares of Class A common stock, at an initial exercise price of \$ 17.50 per share. Refer to *Note 15 – Equity Issuances* for additional details. As part of the transaction, Armistice purchased the pre-funded warrants for 272,565 shares of Class A common stock at a purchase price of \$16.00 per warrant. The pre-funded warrants have an exercise price of \$ 0.001 per warrant share.

In April 2023, the Company, Armistice and Mr. Beard entered into amendments to, among other things, adjust the strike price of the remaining outstanding warrants from \$17.50 per share to \$10.10 per share. Refer to *Note 15 – Equity Issuances* for additional details.

As of and during the nine months ended September 30, 2023, the pre-funded warrants for 272,565 shares of Class A common stock have been exercised.

April 2023 Private Placement

On April 20, 2023, the Company entered into Securities Purchase Agreements with an institutional investor and the Company's Chief Executive Officer, Greg Beard, for the purchase and sale of shares of Class A common stock, par value \$0.0001 per share at a purchase price of \$10.00 per share, and warrants to purchase shares of Class A common stock, at an initial exercise price of \$11.00 per share (the "April 2023 Private Placement"). Pursuant to the Securities Purchase Agreements, the institutional investor invested \$9.0 million in exchange for an aggregate of 900,000 shares of Class A common stock and pre-funded warrants, and Mr. Beard invested \$1.0 million in exchange for an aggregate of 100,000

shares of Class A common stock, in each case at a price of \$ 10.00 per share equivalent. Further, the institutional investor and Mr. Beard received warrants exercisable for 900,000 shares and 100,000 shares, respectively, of Class A common stock. Refer to *Note 15 – Equity Issuances* for additional details.

As of and during the nine months ended September 30, 2023, the pre-funded warrants for 433,340 shares of Class A common stock have been exercised.

NOTE 15 – EQUITY ISSUANCES

May 2022 Private Placement

On May 15, 2022, the Company entered into a note and warrant purchase agreement (the “Purchase Agreement”), by and among the Company and the purchasers thereto (collectively, the “May Purchasers”), whereby the Company agreed to issue and sell to the May Purchasers, and the May Purchasers agreed to purchase from the Company, (i) \$33,750,000 aggregate principal amount of 10.00% unsecured convertible promissory notes (the “May 2022 Notes”) and (ii) warrants (the “May 2022 Warrants”) representing the right to purchase up to 631,800 shares of Class A common stock, of the Company with an exercise price per share equal to \$25.00, on the terms and subject to the conditions set forth in the Purchase Agreement (collectively, the “2022 Private Placement”). The Purchase Agreement contained representations and warranties by the Company and the May Purchasers that are customary for transactions of this type. The May 2022 Notes and the May 2022 Warrants were sold for aggregate consideration of approximately \$27.0 million.

In connection with the 2022 Private Placement, the Company undertook to negotiate with the May Purchasers and to file a certificate of designation with the State of Delaware, following the closing of the 2022 Private Placement, for the terms of a new series of preferred stock.

In connection with the 2022 Private Placement, the May 2022 Warrants were issued pursuant to the Warrant Agreement. The May 2022 Warrants are subject to mandatory cashless exercise provisions and have certain anti-dilution provisions. The May 2022 Warrants are exercisable for a five-year period from the closing.

The issuance of the May 2022 Notes was within the scope of ASC 480-10 and, therefore, was initially measured at fair value (consistent with ASC 480-10-30-7). Additionally, under the guidance provided by ASC 815-40-15-7, the Company determined that the May 2022 Warrants were indexed to the Company's stock. As a result, the May 2022 Warrants were initially recorded at their fair value within equity. The May 2022 Notes were valued using the gross yield method under the income approach. As of the issuance date of May 15, 2022, a calibration analysis was performed by back solving the implied yield associated with the May 2022 Notes, such that the total value of the May 2022 Notes and the May 2022 Warrants equaled the purchase amount. The calibrated yield was then rolled forward for changes to the risk-free rate and option-adjusted spreads to the August 16, 2022, valuation date to value the May 2022 Notes.

On August 16, 2022, the Company entered into an amendment to the Purchase Agreement, by and among the Company and the May Purchasers, whereby the Company agreed to amend the Purchase Agreement, such that \$11.25 million of the outstanding principal was exchanged for the May Purchaser's execution of an amended and restated warrant agreement pursuant to which the strike price of the 631,800 May 2022 Warrants was reduced from \$ 25.00 to \$0.10. After giving effect to the principal reduction and amended and restated warrants, the Company was to continue to make subsequent monthly, payments to the May Purchasers on the fifteenth (15th) day of each of November 2022, December 2022, January 2023, and February 2023. The Company was able to elect to pay each such payment (A) in cash or (B) in shares of common stock, in each case, at a twenty percent (20%) discount to the average of the daily VWAPs for each of the twenty (20) consecutive trading days preceding the payment date.

Series C Convertible Preferred Stock

On December 30, 2022, the Company entered into the Exchange Agreement with the Purchasers of the Amended May 2022 Notes whereby the Amended May 2022 Notes were to be exchanged for shares of Series C Preferred Stock that, among other things, will convert into shares of Class A common stock or pre-funded warrants that may be exercised for shares of Class A common stock, at a conversion rate equal to the stated value of \$1,000 per share plus cash in lieu of fractional shares, divided by a conversion price of \$4.00 per share of Class A common stock. Upon the fifth anniversary of the Series C Preferred Stock, each outstanding share of Series C Preferred Stock will automatically and immediately convert into Class A common stock or pre-funded warrants. In the event of a liquidation, the Purchasers shall be entitled to receive an amount per share of Series C Preferred Stock equal to its stated value of \$1,000 per share. The Exchange Agreement closed on February 20, 2023. See *Note 21 – Subsequent Events* for additional information regarding the Exchange Agreement.

Pursuant to the Exchange Agreement, the Purchasers received an aggregate 23,102 shares of the Series C Preferred Stock, in exchange for the cancellation of an aggregate \$17,893,750 of principal and accrued interest, representing all of the amounts owed to the Purchasers under the May 2022 Notes. On February 20, 2023, one Purchaser converted 1,530 shares of the Series C Preferred Stock to 382,500 shares of the Company's Class A common stock. The rights and preferences of the Series C Preferred Stock are designated in a certificate of designation, and the Company provided certain registration rights to the Purchasers. See *Note 21 – Subsequent Events* for additional information regarding the Exchange Agreement.

September 2022 Private Placement

On September 13, 2022, the Company entered into Securities Purchase Agreements with Armistice and Greg Beard, the Company's chairman and chief executive officer (together with Armistice, the "September 2022 Private Placement Purchasers"), for the purchase and sale of 227,435 and 60,241 shares, respectively, of Class A common stock, par value \$0.0001 per share at a purchase price of \$16.00 and \$16.60, respectively, and warrants to purchase an aggregate of 560,241 shares of Class A common stock, at an initial exercise price of \$17.50 per share (subject to certain adjustments). Subject to certain ownership limitations, such warrants are exercisable upon issuance and will be exercisable for five and a half years commencing upon the date of issuance. Armistice also purchased the pre-funded warrants to purchase 272,565 shares of Class A common stock at a purchase price of \$16.00 per pre-funded warrant. The pre-funded warrants have an exercise price of \$0.001 per warrant share. The transaction closed on September 19, 2022. The gross proceeds from the sale of such securities, before deducting offering expenses, was approximately \$9.0 million.

The warrant liabilities are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as "changes in fair value of warrant liabilities" in the condensed consolidated statements of operations. The fair value of the warrant liabilities was estimated as of September 30, 2023, using a Black-Scholes model with significant inputs as follows:

	September 30, 2023
Expected volatility	129.7 %
Expected life (in years)	4.5
Risk-free interest rate	4.6 %
Expected dividend yield	0.00 %
Fair value	\$ 1,880,653

April 2023 Private Placement

On April 20, 2023, the Company entered into Securities Purchase Agreements with an institutional investor and the Company's chairman and chief executive officer, Greg Beard, for the purchase and sale of shares of Class A common stock, par value \$0.0001 per share at a purchase price of \$10.00 per share, and warrants to purchase shares of Class A common stock, at an initial exercise price of \$11.00 per share (subject to certain adjustments in accordance with the terms thereof). Pursuant to the Securities Purchase Agreements, the institutional investor invested \$9.0 million in exchange for an aggregate of 900,000 shares of Class A common stock and pre-funded warrants, and Mr. Beard invested \$1.0 million in exchange for an aggregate of 100,000 shares of Class A common stock, in each case at a price of \$10.00 per share equivalent. Further, the institutional investor and Mr. Beard received warrants exercisable for 900,000 shares and 100,000 shares, respectively, of Class A common stock.

Subject to certain ownership limitations, the warrants are exercisable six months after issuance. The warrants are exercisable for five and a half years commencing upon the date of issuance, subject to certain ownership limitations. The pre-funded warrants have an exercise price of \$0.001 per warrant share and are immediately exercisable, subject to certain ownership limitations. The gross proceeds from the April 2023 Private Placement, before deducting offering expenses, was approximately \$10.0 million. The April 2023 Private Placement closed on April 21, 2023.

The warrant liabilities are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as "changes in fair value of warrant liabilities" in the condensed consolidated statements of operations. The fair value of the warrant liabilities was estimated as of September 30, 2023, using a Black-Scholes model with significant inputs as follows:

	September 30, 2023
Expected volatility	129.7 %
Expected life (in years)	5.25
Risk-free interest rate	4.6 %
Expected dividend yield	0.00 %
Fair value	\$ 3,553,767

Additionally, as previously disclosed, the Company entered into Securities Purchase Agreements with the September 2022 Private Placement Purchasers for, in part, warrants to purchase an aggregate of 560,241 shares of Class A common stock, at an exercise price of \$ 17.50 per share. On April 20, 2023, the Company and the September 2022 Private Placement Purchasers entered into amendments to, among other things, adjust the strike price of the warrants from \$17.50 per share to \$10.10 per share.

ATM Agreement

On May 23, 2023, the Company entered into an at-the-market offering agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC ("HCW") to sell shares of its Class A common stock having aggregate sales proceeds of up to \$15.0 million (the "ATM Shares"), from time to time, through an "at the market" equity offering program under which HCW acts as sales agent and/or principal.

Pursuant to the ATM Agreement, the ATM Shares may be offered and sold through HCW in transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act, including sales made directly on The Nasdaq Stock Market LLC or sales made to or through a market maker other than on an exchange or in negotiated transactions. Under the ATM Agreement, HCW is entitled to compensation equal to 3.0% of the gross proceeds from the sale of the ATM Shares sold through HCW. The Company has no obligation to sell any of the ATM Shares under the ATM Agreement and may at any time suspend solicitations and offers under the ATM Agreement. The Company and HCW may each terminate the ATM Agreement at any time upon specified prior written notice.

The ATM Shares have been and are being issued pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-271671), filed with the SEC on May 5, 2023, as amended by Amendment No. 1 to the registration statement filed with the SEC on May 23, 2023 (as amended, the "ATM Registration Statement"). Pursuant to the ATM Agreement, no sales may be made until 30 days following the date on which the ATM Registration Statement is declared effective. The ATM Registration Statement was declared effective on May 25, 2023.

During the nine months ended September 30, 2023, the Company sold 1,278,906 ATM Shares at approximately \$6.96 per share under the ATM Agreement, including 28,400 ATM Shares which settled subsequent to September 30, 2023, for gross proceeds of approximately \$ 8.9 million less sales commissions of approximately \$0.3 million, or net proceeds of approximately \$ 8.6 million. As of September 30, 2023, the Company had incurred \$ 376,124 of offering costs which has been capitalized within additional paid-in capital in the condensed consolidated balance sheet.

NOTE 16 – SEGMENT REPORTING

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly in deciding how to allocate resources and assess performance. The Company's CEO is the chief operating decision maker. The Company functions in two operating segments, *Energy Operations* and *Cryptocurrency Operations*, about which separate financial information is presented below.

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
OPERATING REVENUES:				
Energy Operations	\$ 1,252,688	\$ 13,989,675	\$ 6,266,851	\$ 34,490,491
Cryptocurrency Operations	16,474,269	12,376,974	46,960,062	50,997,751
Total operating revenues	<u>\$ 17,726,957</u>	<u>\$ 26,366,649</u>	<u>\$ 53,226,913</u>	<u>\$ 85,488,242</u>
NET OPERATING LOSS:				
Energy Operations	\$ (9,685,721)	\$ (16,086,915)	\$ (29,864,794)	\$ (39,862,217)
Cryptocurrency Operations	(10,019,215)	(23,092,642)	(20,035,786)	(67,786,643)
Total net operating loss	<u>\$ (19,704,936)</u>	<u>\$ (39,179,557)</u>	<u>\$ (49,900,580)</u>	<u>\$ (107,648,860)</u>
OTHER EXPENSE ⁽¹⁾	<u>(2,606,977)</u>	<u>(36,040,813)</u>	<u>(30,764,024)</u>	<u>(40,116,500)</u>
NET LOSS	<u><u>\$ (22,311,913)</u></u>	<u><u>\$ (75,220,370)</u></u>	<u><u>\$ (80,664,604)</u></u>	<u><u>\$ (147,765,360)</u></u>
DEPRECIATION AND AMORTIZATION:				
Energy Operations	\$ (1,341,076)	\$ (1,292,241)	\$ (4,004,596)	\$ (3,874,894)
Cryptocurrency Operations	(8,326,137)	(10,955,004)	(22,020,425)	(33,359,232)
Total depreciation and amortization	<u>\$ (9,667,213)</u>	<u>\$ (12,247,245)</u>	<u>\$ (26,025,021)</u>	<u>\$ (37,234,126)</u>
INTEREST EXPENSE:				
Energy Operations	\$ (39,007)	\$ (15,864)	\$ (450,472)	\$ (71,933)
Cryptocurrency Operations	(2,402,132)	(3,377,203)	(6,978,058)	(10,741,369)
Total interest expense	<u>\$ (2,441,139)</u>	<u>\$ (3,393,067)</u>	<u>\$ (7,428,530)</u>	<u>\$ (10,813,302)</u>

⁽¹⁾ The Company does not allocate other income (expense) for segment reporting purposes. Amount is shown as a reconciling item between net operating income (loss) and consolidated net income (loss). Refer to the accompanying condensed consolidated statements of operations for further details.

NOTE 17 – EARNINGS (LOSS) PER SHARE

Basic EPS is computed by dividing the Company's net income (loss) by the weighted average number of Class A shares of common stock outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted net loss per share of Class A common stock for the three and nine months ended September 30, 2023, and 2022.

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<u>Numerator:</u>				
Net loss	\$ (22,311,913)	\$ (75,220,370)	\$ (80,664,604)	\$ (147,765,360)
Less: net income (loss) attributable to noncontrolling interest	(5,188,727)	(44,000,155)	(26,663,731)	(86,435,347)
Net loss attributable to Stronghold Digital Mining, Inc.	<u>\$ (17,123,186)</u>	<u>\$ (31,220,215)</u>	<u>\$ (54,000,873)</u>	<u>\$ (61,330,013)</u>
<u>Denominator:</u>				
Weighted average number of Class A common shares outstanding	7,569,511	2,463,163	6,047,891	2,177,206
Basic net loss per share	\$ (2.26)	\$ (12.67)	\$ (8.93)	\$ (28.17)
Diluted net loss per share	\$ (2.26)	\$ (12.67)	\$ (8.93)	\$ (28.17)

Securities that could potentially dilute earnings (loss) per share in the future were not included in the computation of diluted loss per share for the three and nine months ended September 30, 2023, and 2022, because their inclusion would be anti-dilutive. The potentially dilutive impact of Series C Preferred Stock not yet exchanged for shares of Class A common stock totaled 5,393,000 as of September 30, 2023. Following the Series D Exchange Transaction (as defined herein) on November 13, 2023, as described in *Note 21 – Subsequent Events*, the potentially dilutive impact of Series C Preferred Stock and Series D Preferred Stock not yet exchanged for shares of Class A common stock totaled 4,392,854 in aggregate.

NOTE 18 – INCOME TAXES

Tax Receivable Agreement

The Company entered into a Tax Receivable Agreement ("TRA") with Q Power and an agent named by Q Power on April 1, 2021 (to which an additional holder was subsequently joined as an additional "TRA Holder" on March 14, 2023), pursuant to which the Company will pay the TRA Holders 85% of the realized (or, in certain circumstances, deemed to be realized) cash tax savings attributable to the tax basis step-ups arising from taxable exchanges of units and certain other items.

During 2022 and 2023, taxable exchanges of Stronghold LLC units, together with a corresponding number of Class V common shares by Q Power for Class A common stock of the Company, resulted in adjustments to the tax basis of Stronghold LLC's assets. Such step-ups in tax basis, which were allocated to Stronghold Inc., are expected to increase Stronghold Inc.'s tax depreciation, amortization and/or other cost recovery deductions, which may reduce the amount of tax Stronghold Inc. would otherwise be required to pay in the future. No cash tax savings have been realized by Stronghold Inc. with respect to these basis adjustments due to the Company's estimated taxable losses, and the realization of cash tax savings in the future is dependent, in part, on estimates of sufficient future taxable income. As such, a deferred income tax asset has not been recorded due to maintaining a valuation allowance on the Company's deferred income tax assets, and no liability has been recorded with respect to the TRA in light of the applicable criteria for accrual.

Estimating the amount and timing of Stronghold Inc.'s realization of income tax benefits subject to the TRA is imprecise and unknown at this time and will vary based on a number of factors, including when future redemptions actually occur. Accordingly, the Company has not recorded any deferred income tax asset or liability associated with the TRA.

Provision for Income Taxes

The provision for income taxes for the three and nine months ended September 30, 2023, and 2022, was zero, resulting in an effective income tax rate of zero. The difference between the statutory income tax rate of 21% and the Company's effective tax rate for the three and nine months ended September 30, 2023, and 2022, was primarily due to pre-tax losses attributable to the noncontrolling interest and due to maintaining a valuation allowance against the Company's deferred income tax assets.

The determination to record a valuation allowance was based on management's assessment of all available evidence, both positive and negative, supporting realizability of the Company's net operating losses and other deferred income tax assets, as required by ASC 740, *Income Taxes*. In light of the criteria under ASC 740 for recognizing the tax benefit of deferred income tax assets, the Company maintained a valuation allowance against its federal and state deferred income tax assets as of September 30, 2023, and December 31, 2022.

NOTE 19 – SUPPLEMENTAL CASH AND NON-CASH INFORMATION

Supplemental disclosures of cash flow information for the nine months ended September 30, 2023, and 2022, were as follows:

	September 30, 2023	September 30, 2022
Income tax payments	\$ —	\$ —
Interest payments	\$ 7,054,387	\$ 7,346,038

Supplementary non-cash investing and financing activities consisted of the following for the nine months ended September 30, 2023, and 2022:

	September 30, 2023	September 30, 2022
Equipment financed with debt	\$ 1,184,935	\$ 60,256,322
McClymonds arbitration award - paid by Q Power	—	5,038,122
Purchases of property, plant and equipment through finance leases	60,679	—
Purchases of property, plant and equipment included in accounts payable or accrued liabilities	145,093	4,197,350
Operating lease right-of-use assets exchanged for lease liabilities	291,291	—
Reclassifications from deposits to property, plant and equipment	4,658,970	54,207,076
Issued as part of financing:		
Warrants – WhiteHawk	—	1,150,000
Warrants – convertible note	—	6,604,881
Warrants – April 2023 Private Placement	8,882,914	—
Convertible Note Exchange for Series C Convertible Preferred Stock:		
Extinguishment of convertible note	16,812,500	—
Extinguishment of accrued interest	655,500	—
Issuance of Series C convertible preferred stock, net of issuance costs	45,386,944	—
B&M Settlement:		
Warrants – B&M	1,739,882	—
Return of transformers to settle outstanding payable	6,007,500	—
Issuance of B&M Note	3,500,000	—
Elimination of accounts payable	11,426,720	—
Financed insurance premiums	1,887,824	523,076
Class A common stock issued to settle outstanding payables or accrued liabilities	1,014,780	—

NOTE 20 – FAIR VALUE

In addition to assets and liabilities that are measured at fair value on a recurring basis, the Company also measures certain assets and liabilities at fair value on a nonrecurring basis. The Company's non-financial assets, including Bitcoin, operating lease right-of-use assets, and property, plant and equipment, are measured at fair value when there is an indication of impairment and the carrying amount exceeds the asset's projected undiscounted cash flows. These assets are recorded at fair value only when an impairment charge is recognized.

The fair values of cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable, contract liabilities, and accrued expenses approximate their carrying values because of the short-term nature of these instruments.

Adverse changes in business climate, including decreases in the price of Bitcoin and resulting decreases in the market price of miners, may indicate that an impairment triggering event has occurred. If the testing performed indicates the estimated fair value of the Company's miners to be less than their net carrying value, an impairment charge will be recognized, decreasing the net carrying value of the Company's miners to their estimated fair value.

Applying the market price of one Bitcoin on September 30, 2023, of approximately \$27,004 to the Company's approximately 24 Bitcoin held, results in an estimated fair value of the Company's Bitcoin of approximately \$654,314 as of September 30, 2023. The difference between the market price of Bitcoin as of December 31, 2022, and the carrying value was not material. The valuation of Bitcoin held is classified in Level 1 of the fair value hierarchy as it is based on quoted prices in active markets for identical assets.

NOTE 21 – SUBSEQUENT EVENTS

Frontier Mining Managed Services Agreement

On October 13, 2023, Stronghold and Frontier Outpost 8, LLC (“Frontier”) entered into a Managed Services Agreement (the “MSA”). Pursuant to the MSA, Frontier will provide certain services to the Company including monitoring, operating and maintaining (collectively, the “Services”) the Company’s wholly owned data centers located at each of the Panther Creek Plant and the Scrubgrass Plant. In exchange for the Services, the Company will pay to Frontier a Monthly Service Fee equal to \$410,000 for the first three months of the MSA. Beginning on February 13, 2024, the Monthly Service Fee shall be subject to certain adjustments based upon the “Applicable Hash Price”, “Inflation Factor” and “Uptime” (each as defined in the MSA).

In connection with the MSA, Frontier is eligible to receive a maximum of 120,000 shares of the Company’s Class A common stock over the three-year term of the MSA. Upon each three-month anniversary of the MSA, Frontier will receive between 10,000 and zero shares of Class A common stock based upon certain “Uptime” (as defined in the MSA) metrics over the preceding three months. The MSA has a term of three years and can be terminated in advance by the Company or Frontier in the event that certain obligations under the MSA are not met.

Series D Exchange Agreement

On November 13, 2023, the Company consummated a transaction (the “Series D Exchange Transaction”) pursuant to an exchange agreement, dated November 13, 2023 (the “Series D Exchange Agreement”) with Adage Capital Partners, LP (the “Holder”) whereby the Company issued to the Holder an aggregate of 15,582 shares of a newly created series of preferred stock, the Series D Convertible Preferred Stock, par value \$ 0.0001 per share (the “Series D Preferred Stock”), in exchange for 15,582 shares of Series C Preferred Stock held by the Holder, which represented all of the shares of Series C Preferred Stock held by the Holder. The Series D Preferred Stock contains substantially similar terms as the Series C Preferred Stock except with respect to a higher conversion price. The Series D Exchange Agreement contains representations, warranties, covenants, releases, and indemnities customary for transactions of this type, as well as certain trading volume restrictions. The Series D Exchange Transaction is expected to result in accretion of approximately 6.5% for the Company’s stockholders.

On November 13, 2023, in connection with the consummation of the Series D Exchange Transaction, the Company entered into a Registration Rights Agreement with the Holder (the “Series D Registration Rights Agreement”) whereby it agreed to, among other things, (i) within fifteen business days of the closing of the Series D Exchange Transaction, file a resale registration statement (the “Series D Resale Registration Statement”) with the Securities and Exchange Commission covering all shares of Class A common stock issuable upon conversion of the Series D Preferred Stock or upon exercise of the pre-funded warrants that may be issued in lieu of Class A common stock upon conversion of the Series D Preferred Stock, and (ii) to cause the Series D Resale Registration Statement to become effective within the timeframes specified in the Series D Registration Rights Agreement.

Panther Creek Outage

The Panther Creek Plant entered its planned 15-day outage on October 28, 2023, expecting to import electricity from the PJM grid to power its data center during that time. Shortly after the outage began, Panther Creek was notified by PJM that there was an unrelated reliability and maintenance issue elsewhere in the region that would constrain Panther Creek’s electricity imports to 30 megawatts through its outage, less than half of what was expected and needed to fully power its data center. As a result, the Company took steps to shorten the outage, and the Panther Creek Plant restarted on November 9, 2023, and hash rate was fully restored shortly thereafter.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this "Form 10-Q") contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act")), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In particular, statements pertaining to our trends, liquidity, capital resources, and future performance, among others, contain forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology including, but not limited to, "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all).

Forward-looking statements may include statements about:

- the hybrid nature of our business model, which is highly dependent on the price of Bitcoin;
- our ability to raise capital to fund our business growth;
- our dependence on the level of demand and financial performance of the crypto asset industry;
- our ability to manage our growth, business, financial results and results of operations;
- uncertainty regarding our evolving business model;
- our ability to maintain sufficient liquidity to fund operations, growth and acquisitions;
- our substantial indebtedness and its effect on our results of operations and our financial condition;
- uncertainty regarding the outcomes, monetary or otherwise, of any investigations or proceedings;
- our ability to retain management and key personnel and the integration of new management;
- our ability to enter into purchase agreements, acquisitions and financing transactions;
- our ability to maintain our relationships with our third-party brokers and our dependence on their performance;
- public health crises, epidemics, and pandemics such as the coronavirus ("COVID-19") pandemic;
- our ability to procure crypto asset mining equipment from foreign-based suppliers;
- developments and changes in laws and regulations, including increased regulation of the crypto asset industry through legislative action and revised rules and standards applied by The Financial Crimes Enforcement Network under the authority of the U.S. Bank Secrecy Act and the Investment Company Act;
- the future acceptance and/or widespread use of, and demand for, Bitcoin and other crypto assets;
- our ability to respond to price fluctuations and rapidly changing technology;
- our ability to operate our coal refuse power generation facilities as planned;
- our ability to remain listed on a stock exchange and maintain an active trading market;
- global economic, political and social conditions affecting financial markets, such as the war in Ukraine and the Israel-Hamas war;
- our ability to avail ourselves of tax credits for the clean-up of coal refuse piles; and
- legislative or regulatory changes, and liability under, or any future inability to comply with, existing or future energy regulations or requirements.

We caution you that the forward-looking statements contained in this Form 10-Q are subject to a variety of risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, decline in demand for our products and services, the seasonality and volatility of the crypto asset industry, our acquisition strategies, the inability to comply with developments and changes in regulation, cash flow and access to capital, maintenance of third-party relationships, and the other risks described under the heading "Item 1A. Risk Factors"

in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the U.S. Securities and Exchange Commission (the "SEC") on April 3, 2023, and in any subsequently filed Quarterly Reports on Form 10-Q, including this Form 10-Q. Should one or more of the risks or uncertainties described in the Annual Report on Form 10-K or in any subsequently filed Form 10-Q occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Quarterly Report on Form 10-Q are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Any forward-looking statement that we make in this Form 10-Q speaks only as of the date of such statement. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Form 10-Q.

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

Except as otherwise indicated or required by the context, all references to the "Company," "we," "us" or "our" relate to Stronghold Digital Mining, Inc. ("Stronghold Inc.") and its consolidated subsidiaries.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing in this Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-Q, including information with respect to our plans, expectations and strategy for our business, and operations, includes forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see section above entitled "Cautionary Statement Regarding Forward-Looking Statements." Certain risks may cause actual results, performance or achievements to differ materially from those expressed or implied by the following discussion and analysis. Factors that may cause actual results to differ materially from current expectations include, among other things, those described under the heading "Item 1A.Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on April 3, 2023 (the "2022 Form 10-K"), our Quarterly Report on Form 10-Q for the quarters ended March 31, 2023, and June 30, 2023, as filed with the SEC on May 12, 2023, and August 11, 2023, respectively, and in this Form 10-Q. Except as set forth in Item 1A. "Risk Factors" below, there have been no material changes to the risk factors previously disclosed in the 2022 Form 10-K.

Overview of the Business

Stronghold Digital Mining, Inc. ("Stronghold Inc.," the "Company," "we," "us," or "our") was incorporated as a Delaware corporation on March 19, 2021. We are a low-cost, environmentally beneficial, vertically integrated crypto asset mining company focused on mining Bitcoin with environmental remediation and reclamation services. We wholly own and operate two coal refuse power generation facilities that we have upgraded: (i) our first reclamation facility located on a 650-acre site in Scrubgrass Township, Venango County, Pennsylvania, which we acquired the remaining interest of in April 2021, and has the capacity to generate approximately 83.5 megawatts ("MW") of electricity (the "Scrubgrass Plant") and (ii) a facility located near Nesquehoning, Pennsylvania, which we acquired in November 2021, and has the capacity to generate approximately 80 MW of electricity (the "Panther Creek Plant," and collectively with the Scrubgrass Plant, the "Plants"). Both facilities qualify as an Alternative Energy System because coal refuse is classified under Pennsylvania law as a Tier II Alternative Energy Source (large-scale hydropower is also classified in this tier). We are committed to generating our energy and managing our assets sustainably, and we believe that we are one of the first vertically integrated crypto asset mining companies with a focus on environmentally beneficial operations.

We believe that our integrated model of owning our own power plants and Bitcoin mining data center operations helps us to produce Bitcoin at a cost that is attractive versus the price of Bitcoin, and generally below the prevailing market price of power that many of our peers must pay and may have to pay in the future during periods of uncertain or elevated power pricing. Due to the environmental benefit resulting from the remediation of the sites from which the waste coal utilized by our two power generation facilities is removed, we also qualify for Tier II renewable energy tax credits ("RECs") in Pennsylvania. These RECs are currently valued at approximately over \$27 per megawatt hour ("MWh") and help reduce our net cost of power. We believe that our ability to utilize RECs in reducing our net cost of power further differentiates us from our public company peers that purchase power from third-party sources or import power from the grid and that do not have access to RECs or other similar tax credits. Should power prices weaken to a level that is below the Company's cost to produce power, we have the ability to purchase power from the PJM grid to ensure that we are producing Bitcoin at the lowest possible cost. Conversely, we are able to sell power to the PJM grid instead of using the power to produce Bitcoin, as we have recently done, on an opportunistic basis, when revenue from power sales exceeds Bitcoin mining revenue. We operate as a market participant through PJM Interconnection, a Regional Transmission Organization ("RTO") that coordinates the movement of wholesale electricity. Our ability to sell energy in the wholesale generation market in the PJM RTO provides us with the ability to optimize between selling power to the grid and mining for Bitcoin. We also believe that owning our own power source makes us a more attractive partner to crypto asset mining equipment purveyors. We intend to leverage these competitive advantages to continue to grow our business through the opportunistic acquisition of additional power generating assets and miners.

Carbon Capture Initiative

On November 10, 2023, the Company launched the first phase of its carbon capture project with the deployment of the first unit of carbon capture technology at the Scrubgrass Plant. The design and process follow four months of third-party laboratory tests, utilizing a variety of testing methodologies. The Company's beneficial use ash naturally contains reactive

calcium oxide as a result of including limestone in the fuel mix to reduce sulfur dioxide emissions, given the high sulfur content in mining waste. Calcium oxide can, under the right conditions, bond with carbon dioxide to form calcium carbonate, effectively absorbing carbon dioxide out of ambient air and permanently storing it in a geologically stable solid. Lab results have demonstrated that the Company's beneficial use ash can potentially capture carbon dioxide at a capacity of approximately 12% by weight of starting ash. The Company expects that development of the project will be iterative, as the Company works to optimize processes around ash movement, composition, rate of capture, time to capture and cost, among other variables. Actual carbon dioxide absorption rates, and timing thereof, may vary, including by site across the Scrubgrass Plant and Panther Creek Plant, type of ash between fly and bottom ash, arrangement of ash in the field, and weather conditions, among other variables. The cost of equipment for the first phase is expected to be less than \$100,000, and the Company believes that the scaled project will cost approximately \$50 to 125 per annual ton of carbon dioxide capture capacity, assuming the laboratory results are validated. Assumptions included in the estimated \$50 to 125 per annual ton of carbon dioxide capture capacity include but are not limited to (i) expected costs of equipment, taking into account the cost of the equipment used to construct the first unit at the Scrubgrass Plant, (ii) incremental labor costs related to the construction of the project, and (iii) the expected deployment of a combined 100 to 150 carbon capture units across the Scrubgrass Plant and Panther Creek Plant.

The Company's Scrubgrass Plant and Panther Creek Plant produce approximately 800,000 to 900,000 combined tons of beneficial use ash per year at baseload capacity utilization. Extrapolating the potential 12% carbon dioxide capture capacity from the Scrubgrass Plant's ash lab tests would imply potential to capture approximately 100,000 tons of carbon dioxide per year. The Company intends to monetize any credits generated from its carbon capture initiatives in private markets, which may be possible as early as 2024, and the Company expects such monetization in the private markets in earnest in 2025. The Company is also exploring whether its carbon capture initiatives are eligible to qualify for Section 45Q of the Internal Revenue Code of 1986, as amended (such credits, "Section 45Q tax credits"). The earliest the Company would be in position to qualify for Section 45Q tax credits is 2025, or more likely, in 2026, if the Company is able to qualify for Section 45Q tax credits at all. See Item 1A "Risk Factors" for risks associated with the Company's carbon capture initiative and Section 45Q tax credits.

Bitcoin Mining

As of November 10, 2023, we own or host more than 42,000 Bitcoin miners with hash rate capacity exceeding 4.1 EH/s. Of these Bitcoin miners, approximately 32,000 are wholly owned with hash rate capacity of approximately 3.1 EH/s, and more than 10,000 are hosted with hash rate capacity of approximately 1.0 EH/s. As of November 10, 2023, we do not have any outstanding orders where the receipt of Bitcoin miners is expected.

Bitcoin

Bitcoin was introduced in 2008 with the goal of serving as a digital means of exchanging and storing value. Bitcoin is a form of digital currency that depends upon a consensus-based network and a public ledger called a "blockchain," which contains a record of every Bitcoin transaction ever processed. The Bitcoin network is the first decentralized peer-to-peer payment network, powered by users participating in the consensus protocol with no central authority or middlemen, that has wide network participation. The authenticity of each Bitcoin transaction is protected through digital signatures that correspond with addresses of users that send and receive Bitcoin. Users have full control over remitting Bitcoin from their own sending addresses. All transactions on the Bitcoin blockchain are transparent, allowing those running the appropriate software to confirm the validity of each transaction. To be recorded on the blockchain, each Bitcoin transaction is validated through a proof-of-work consensus method, which entails solving complex mathematical problems to validate transactions and post them on the blockchain. This process is called mining. Miners are rewarded with Bitcoin, both in the form of newly created Bitcoin and fees in Bitcoin, for successfully solving the mathematical problems and providing computing power to the network. A company's computing power, measured in hash rate, is generally considered to be one of the most important metrics for evaluating Bitcoin mining companies.

We receive Bitcoin as a result of our mining operations, and we sell Bitcoin, from time to time, to support our operations and strategic growth. We do not currently plan to engage in regular trading of Bitcoin (other than as necessary to convert our Bitcoin to U.S. dollars) or hedging activities related to our holding of Bitcoin; however, our decisions to hold or sell Bitcoin at any given time may be impacted by the Bitcoin market, which has been historically characterized by significant volatility. Currently, we do not use a formula or specific methodology to determine whether or when we will sell Bitcoin that we hold or the number of Bitcoin we will sell. We assess our fiat currency needs on an ongoing basis, incorporating market conditions, our financial forecasts, and scenarios analyses. We safeguard and keep private our digital assets by utilizing storage solutions provided by Anchorage Digital Bank ("Anchorage"), which require multi-factor authentication

and utilize cold and hot storage. While we are confident in the security of our digital assets, we are evaluating additional measures to provide additional protection.

Recent Developments

ATM Agreement

On May 23, 2023, we entered into an at-the-market offering agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC ("HCW") to sell shares of our Class A common stock, having aggregate sales proceeds of up to \$15.0 million (the "ATM Shares"), from time to time, through an "at the market" equity offering program under which HCW acts as sales agent and/or principal.

Pursuant to the ATM Agreement, the ATM Shares may be offered and sold through HCW in transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act, as amended, including sales made directly on the Nasdaq or sales made to or through a market maker other than on an exchange or in negotiated transactions. Under the ATM Agreement, HCW is entitled to compensation equal to 3.0% of the gross proceeds from the sale of the ATM Shares sold through HCW. We have no obligation to sell any of the ATM Shares under the ATM Agreement and may at any time suspend solicitations and offers under the ATM Agreement. We and HCW may each terminate the ATM Agreement at any time upon specified prior written notice.

The ATM Shares have been and are being issued pursuant to our shelf registration statement on Form S-3 (File No. 333-271671), filed with the SEC on May 5, 2023, as amended by Amendment No. 1 to the registration statement filed with the SEC on May 23, 2023 (as amended, the "ATM Registration Statement"). Pursuant to the ATM Agreement, no sales may be made until 30 days following the date on which the ATM Registration Statement is declared effective. The ATM Registration Statement was declared effective on May 25, 2023.

During the nine months ended September 30, 2023, we sold 1,278,906 ATM Shares at approximately \$6.96 per share under the ATM Agreement, including 28,400 ATM Shares which settled subsequent to September 30, 2023, for gross proceeds of approximately \$8.9 million less sales commissions of approximately \$0.3 million, or net proceeds of approximately \$8.6 million. Subsequent to September 30, 2023, and as of November 10, 2023, no additional shares have been sold under the ATM Agreement.

Canaan Purchase Agreement and Amendment to Canaan Bitcoin Mining Agreement

On April 27, 2023, we entered into a two-year hosting agreement with Cantaloupe Digital LLC, a subsidiary of Canaan Inc. ("Canaan"), whereby we operate 2,000 A1346 (110 TH/s per miner) and 2,000 A1246 (90 TH/s per miner) Bitcoin miners supplied by Canaan (the "Canaan Miners"), with total hash rate capacity of 400 PH/s (the "Canaan Bitcoin Mining Agreement"). The Canaan Bitcoin Mining Agreement has a two-year term, with no unilateral early termination option. We will receive 50% of the Bitcoin mined by the Canaan Miners and receive payments from Canaan equal to 55% of the net cost of power at the Company's Panther Creek Plant, in dollar-per-megawatt-hour terms, calculated on a monthly basis. Additionally, we will retain all upside associated with selling power to the grid, and, if we elect to curtail the Canaan Miners to sell power to the grid, Canaan will receive a true-up payment that represents an estimate of the Bitcoin mining revenue that would have been generated had the miners not been curtailed. The A1246 and A1346 Bitcoin miners arrived at the Panther Creek Plant and were installed during the second quarter of 2023 as planned.

On July 19, 2023, we entered into a Sales and Purchase Contract with Canaan whereby we purchased 2,000 A1346 Bitcoin miners for a total purchase price of \$2,962,337. The miners were delivered and installed during the third quarter of 2023 at our Panther Creek Plant. Simultaneously, on July 19, 2023, we amended the Canaan Bitcoin Mining Agreement with the addition of 2,000 A1346 Bitcoin miners under the same terms as the Canaan Bitcoin Mining Agreement.

MicroBT Miner Purchases

On April 20, 2023, we entered into a Master Sales and Purchase Agreement to acquire 5,000 new, latest-generation MicroBT WhatsMiner M50 miners (the "M50 Miners") for \$15.50 per terahash per second, including shipping (the "MicroBT Miner Purchase"). The M50 Miners have an average hash rate of 118 terahash per second and energy efficiency of 28.5 joules per terahash. We received and installed the M50 Miners during the second quarter of 2023 as planned.

On July 7, 2023, we entered into a Master Sales and Purchase Agreement to acquire an additional 615 MicroBT WhatsMiner M50 miners (the "Additional M50 Miners") and M50S miners (the "Additional M50S Miners") for \$16.60 per terahash per second, including shipping. The 510 Additional M50 Miners have an average hash rate of 118 terahash per second and energy efficiency of 28 joules per terahash, and the 105 Additional M50S Miners have an average hash rate of

126 terahash per second and energy efficiency of 26 joules per terahash. We received these miners during the third quarter of 2023 as planned.

On July 11, 2023, we entered into a Master Sales and Purchase Agreement to acquire an additional 520 MicroBT WhatsMiner M50 miners (the "Subsequent M50 Miners") for \$14.33 per terahash per second, including shipping. The 520 Subsequent M50 Miners have an average hash rate of 116 terahash per second and energy efficiency of 29 joules per terahash. We received these miners during the third quarter as planned.

Series C Convertible Preferred Stock and Series D Convertible Stock

On December 30, 2022, we entered into an exchange agreement (the "Exchange Agreement") with the holders (the "Purchasers") of the Amended May 2022 Notes (as defined below) whereby the Amended May 2022 Notes were to be exchanged for shares of a new series of convertible preferred stock (the "Series C Preferred Stock") that, among other things, will convert into shares of Common Stock or pre-funded warrants that may be exercised for shares of Class A common stock, at a conversion price of \$4.00 per share. The Exchange Agreement closed on February 20, 2023. Pursuant to the Exchange Agreement, the Purchasers received an aggregate 23,102 shares of the Series C Preferred Stock in exchange for the cancellation of an aggregate \$17,893,750 of principal and accrued interest, representing all of the amounts owed to the Purchasers under the May 2022 Notes. On February 20, 2023, one Purchaser converted 1,530 shares of the Series C Preferred Stock to 382,500 shares of Class A common stock. The rights and preferences of the Series C Preferred Stock are designated in a certificate of designation, and we provided certain registration rights to the Purchasers.

On November 13, 2023, the Company consummated a transaction (the "Series D Exchange Transaction") pursuant to an exchange agreement, dated November 13, 2023 (the "Series D Exchange Agreement") with Adage Capital Partners, LP (the "Holder") whereby the Company issued to the Holder an aggregate of 15,582 shares of a newly created series of preferred stock, the Series D Convertible Preferred Stock, par value \$0.0001 per share (the "Series D Preferred Stock"), in exchange for 15,582 shares of Series C Preferred Stock held by the Holder, which represented all of the shares of Series C Preferred Stock held by the Holder. See Part II, Item 5 "Other Information" of this Quarterly Report on Form 10-Q for additional information.

On November 13, 2023, in connection with the consummation of the Series D Exchange Transaction, the Company entered into a Registration Rights Agreement with the Holder (the "Series D Registration Rights Agreement") whereby it agreed to, among other things, (i) within fifteen business days of the closing of the Series D Exchange Transaction, file a resale registration statement (the "Series D Resale Registration Statement") with the Securities and Exchange Commission covering all shares of Class A common stock issuable upon conversion of the Series D Preferred Stock or upon exercise of the pre-funded warrants that may be issued in lieu of Class A common stock upon conversion of the Series D Preferred Stock, and (ii) to cause the Series D Resale Registration Statement to become effective within the timeframes specified in the Series D Registration Rights Agreement.

MinerVa

On April 2, 2021, we entered into a purchase agreement with MinerVa (the "MinerVa Purchase Agreement") for the acquisition of 15,000 of their MV7 ASIC SHA256 model cryptocurrency miners, with a total hash rate capacity of 1.5 exahash per second ("EH/s") to be delivered. In December 2021, we extended the deadline for delivery of the MinerVa miners to April 2022. Due to continued delays in deliveries, an impairment of approximately \$12.2 million was recognized in the first quarter of 2022. Due to market conditions, an additional impairment of approximately \$5.1 million was recognized in the fourth quarter of 2022. On July 18, 2022, we provided written notice of dispute to MinerVa pursuant to the MinerVa Purchase Agreement. Under the MinerVa Purchase Agreement, the Company and MinerVa were required to work together in good faith towards a resolution for a period of sixty (60) days following this notice, after which, if no settlement had been reached, the Company could end discussions, declare an impasse, and adhere to the dispute resolution provisions of the MinerVa Purchase Agreement. As of December 31, 2022, and November 10, 2023, MinerVa had delivered value to us equivalent to approximately 1,070 PH/s and approximately 1,270 PH/s, respectively, of the 1,500 PH/s in the form of MinerVa miners, refunded cash, and other industry leading miners. On October 30, 2023, we sent MinerVa a Notice of Impasse. On October 31, 2023, we filed a Statement of Claim in Calgary, Alberta against MinerVa for breach of contract related to the MinerVa Purchase Agreement.

Frontier Mining Managed Services Agreement

On October 13, 2023, Stronghold Digital Mining LLC, a subsidiary of the Company, and Frontier Outpost 8, LLC ("Frontier") entered into a Managed Services Agreement (the "MSA"). Pursuant to the MSA, Frontier will provide certain services to us including monitoring, operating and maintaining (collectively, the "Services") our wholly owned data centers located at each of the Panther Creek Plant and the Scrubgrass Plant. In exchange for the Services, we will pay to Frontier a

Monthly Service Fee equal to \$410,000 for the first three months of the MSA. Beginning on February 13, 2024, the Monthly Service Fee shall be subject to certain adjustments based upon the "Applicable Hash Price", "Inflation Factor" and "Uptime" (each as defined in the MSA).

In connection with the MSA, Frontier is eligible to receive a maximum of 120,000 shares of our Class A common stock over the three-year term of the MSA. Upon each three-month anniversary of the MSA, Frontier will receive between 10,000 and zero shares of Class A common stock based upon certain "Uptime" (as defined in the MSA) metrics over the preceding three months. The MSA has a term of three years and can be terminated in advance by us or Frontier in the event that certain obligations under the MSA are not met.

Trends and Other Factors Impacting Our Performance

General Digital Asset Market Conditions

During 2022 and more recently in 2023, a number of companies in the crypto assets industry have declared bankruptcy, including, but not limited to, Core Scientific, Celsius Network LLC, Voyager Digital, Three Arrows Capital, BlockFi, FTX Trading Ltd., and Genesis Holdco. Such bankruptcies have contributed, at least in part, to the volatility in the price of our shares as well as the price of Bitcoin, and some loss of confidence in the participants of the digital asset ecosystem and negative publicity surrounding digital assets more broadly. To date, aside from the general decrease in the price of Bitcoin and in our and our peers stock price that may be indirectly attributable to the bankruptcies in the crypto assets industry, we have not been indirectly or directly materially impacted by such bankruptcies. As of the date hereof, we have no direct or material contractual relationship with any company in the crypto assets industry that has experienced a bankruptcy. Additionally, there has been no impact on our hosting agreement or relationship with Foundry Digital, LLC ("Foundry") or trading activities conducted with Genesis Global Trading, Inc. ("Genesis Trading"), an entity regulated by the New York Department of Financial Services and the SEC, or Coinbase Inc., both of which we engage or have engaged in the past in the trading of our mined Bitcoin. The hosting agreement with Foundry is performing in line with our expectations, and on February 6, 2023, we entered into a new hosting agreement to replace the existing hosting agreement with Foundry which, among other things, extended the agreement term to two years with no unilateral early termination option and made amendments to certain profit-sharing components. The recent bankruptcy of Genesis Holdco, which is affiliated with the parent entity of Foundry and Genesis Trading, has not materially impacted the original or currently existing hosting arrangement, nor has it impacted trading activities with Genesis Trading. Additionally, we have had no direct exposure to Celsius Network LLC, First Republic Bank, FTX Trading Ltd., Signature Bank, Silicon Valley Bank, or Silvergate Capital Corporation. We continue to conduct diligence, including into liquidity or insolvency issues, on third parties in the crypto asset space with whom we have potential or ongoing relationships. While we have not been materially impacted by any liquidity or insolvency issues with such third parties to date, there is no guarantee that our counterparties will not experience liquidity or insolvency issues in the future.

We safeguard and keep private our digital assets, including the Bitcoin that we mine, by utilizing storage solutions provided by Anchorage, which requires multi-factor authentication. While we are confident in the security of our digital assets held by Anchorage, given the broader market conditions, there can be no assurance that other crypto asset market participants, including Anchorage as our custodian, will not ultimately be impacted. Further, given the current conditions in the digital assets ecosystem, we are liquidating our mined Bitcoin often, and generally at multiple points every week through Anchorage. We continue to monitor the digital assets industry as a whole, although it is not possible at this time to predict all of the risks stemming from these events that may result to us, our service providers, our counterparties, and the broader industry as a whole. We cannot provide any assurance that we will not be materially impacted in the future by bankruptcies of participants in the crypto asset space. See *"Risk Factors—Crypto Asset Mining Related Risks—Our crypto assets may be subject to loss, damage, theft or restriction on access. Further, digital asset exchanges on which crypto assets trade are relatively new and largely unregulated, and thus may be exposed to fraud and failure. Incorrect or fraudulent cryptocurrency transactions may be irreversible—"* in the 2022 Form 10-K filed on April 3, 2023, for additional information.

Bitcoin Price Volatility

The market price of Bitcoin has historically and recently been volatile. For example, the price of Bitcoin ranged from a low of approximately \$15,000 to a high of approximately \$48,000 during 2022 and has ranged from approximately \$17,000 to approximately \$37,000 year-to-date as of November 10, 2023. After our initial public offering, the price of Bitcoin dropped over 75%, resulting in an adverse effect on our results of operations, liquidity and strategy, and resulting in increased credit pressures on the cryptocurrency industry. Since then, Bitcoin has recovered by over 100%. Our operating results depend on the value of Bitcoin because it is the only crypto asset we currently mine. We cannot accurately predict the future market

price of Bitcoin and, as such, we cannot accurately predict potential adverse effects, including whether we will record impairment of the value of our Bitcoin assets. The future value of Bitcoin will affect the revenue from our operations, and any future impairment of the value of the Bitcoin we mine and hold for our account would be reported in our consolidated financial statements and results of operations as charges against net income, which could have a material adverse effect on the market price for our securities.

Bitcoin Adoption and Network Hash Rate

Since its introduction in 2008, Bitcoin has become the leading cryptocurrency based on several measures of adoption: total value of coins in circulation, transactions, and computing power devoted to its protocol. The total value of Bitcoin in circulation was approximately \$672 billion as of October 30, 2023, over three times that of Ethereum at \$221 billion, the second largest cryptocurrency. Bitcoin cumulative transactions have increased from one transaction on January 7, 2009, to 911 million transactions through October 30, 2023. As the adoption of Bitcoin has progressed, the computing power devoted to mining for it has also increased. This collective computing power is referred to as "network hash rate". Bitcoin network hash rate has risen from nearly zero at inception to 447 EH/s as of October 30, 2023, as Bitcoin price has risen from its initial trading price of \$0.0008 in July 2010 to approximately \$29,000 as of October 30, 2023. The actual number of mining computers hashing at any given time cannot be known; therefore, the network hash rate, at any given time, is approximated by using "mining difficulty."

The term difficulty refers to the complexity of the mathematical problems that the miners solve and is adjusted up or down automatically after 2,016 blocks (an "epoch") have been mined on the network. Difficulty on October 30, 2023, was 62.5 trillion, and it has ranged from one to 62.5 trillion. Generally speaking, if network hash rate has moved up during the current epoch, it is likely that difficulty will increase in the next epoch, which reduces the award per unit of hash rate during that epoch, all else equal, and vice versa. Deriving network hash rate from difficulty requires the following equation: network hash rate is the product of a) blocks solved over the last 24 hours divided by 144, b) difficulty, c) 2^{32} , divided by 600 seconds.

Embedded in the Bitcoin source code is an upper limit of 21 million for the quantity of Bitcoin that can ever be mined or in circulation, which means that the currency is finite, unlike fiat currencies. Through the end of the second quarter of 2023, approximately 19.5 million Bitcoin have been mined, leaving approximately 1.5 million left to be mined. The year in which the last Bitcoin is expected to be mined is 2140. Every four years there is an event called a halving where the coins awarded per block is cut in half. Whereas today the reward for adding a block to the blockchain is currently 6.25 Bitcoin, it is estimated that in April 2024, the award per block will be reduced to 3.125 Bitcoin. Each day there are approximately 144 blocks awarded to the entirety of the global Bitcoin network. While network hash rate has been somewhat cyclical over short periods of time, since the creation of Bitcoin, as network hash rate has increased over time through a combination of an increased number of network participants, an increased quantity of miners hashing, and more efficient miners with faster processing speeds hashing, competition for block awards has increased.

Hash Price

There are three critical drivers of revenue per unit of hash rate in the Bitcoin mining industry (using terahash as the unit of hash rate): Bitcoin price, difficulty, and Bitcoin transaction fees. Hash price is the nexus of those terms and is equivalent to revenue per terahash per day. Hash price was \$0.07 on October 30, 2023, compared to the average year-to-date hash price of \$0.072, and compared to the five-year, one year, 2022, and 2021 average hash prices of \$0.17, \$0.07, \$0.12, and \$0.31, respectively. The five-year high price was May 5, 2018, when hash price was at \$0.62. The five-year low hash price was November 21, 2022, ten days after the bankruptcy filing of FTX Trading Ltd. and certain of its subsidiaries, when hash price reached \$0.056. We estimate that the average global Bitcoin network breakeven hash price required to cover operating costs is between \$0.06 to \$0.10, which assumes operating expenses of \$60 to \$70 per MWh, annual fixed expenses of \$1 to \$5 million per EH/s, and network efficiency of 35 to 45 J/TH. We believe that the majority of network hash rate was operating at or below breakeven operating costs during the last six months.

In addition to mining for new Bitcoin, we are also paid transaction fees in the form of Bitcoin for processing and validating transactions. From November 2021 to April 2023, transaction fees averaged approximately 1.8% of a block subsidy. However, transaction fees and volume rose sharply on the Bitcoin network throughout most of the second quarter of 2023, and from April 1, 2023, to June 30, 2023, transaction fees averaged 8.2% of block subsidy, meaning that we received more Bitcoin during the second quarter of 2023 than what we previously received in prior periods for processing and validating transactions. While the average transaction fee during the third quarter of 2023 was 2.75% of block subsidy, during the fourth quarter through November 9, 2023, the average has been 4.7%, and during November transaction fees have once

again increased to 10.2% on average month-to-date. Transaction fees are volatile and there are no assurances that transaction fees will continue at recent levels in the future.

Scrubgrass Plant Outage

The Company experienced an unplanned outage during September 2023 at its Scrubgrass Plant that affected both its plant operations and data center operations. The Company elected to extend the outage at the Scrubgrass Plant due to low power prices in an effort to conduct additional maintenance. The data center located at the Scrubgrass Plant returned to full operations after seven days, importing power from the PJM grid. Once the data center at the Scrubgrass Plant resumed operations, hash rate finished the month at approximately 3.5 EH/s, the Company's all-time-high hash rate, up approximately 15% versus the Company's August 2023 exit hash rate.

Early in October 2023, as the outage at the Scrubgrass Plant continued, PJM informed the Company of its request that the Company reduce its imports to 10 megawatts for an estimated 10-day period starting on October 11, 2023, in order to perform transmission line work in the area. The Company cooperated with the PJM import directive. The Company was able to start the Scrubgrass Plant on October 16, 2023, in order to resume full data center output.

Critical Accounting Policies and Significant Estimates

The Company's critical accounting policies and significant estimates, as summarized in its Annual Report on Form 10-K for the year ended December 31, 2022, remain unchanged.

Post IPO Taxation and Public Company Costs

Stronghold LLC is and has been organized as a pass-through entity for U.S. federal income tax purposes and is therefore not subject to entity-level U.S. federal income taxes. Stronghold Inc. was incorporated as a Delaware corporation on March 19, 2021, and is therefore subject to U.S. federal income taxes and state and local taxes at the prevailing corporate income tax rates, including with respect to its allocable share of any taxable income of Stronghold LLC. In addition to tax expenses, Stronghold Inc. also incurs expenses related to its operations, plus payment obligations under the Tax Receivable Agreement entered into between the Company, Q Power LLC ("Q Power") and an agent named by Q Power, dated April 1, 2021 (the "TRA"), which are expected to be significant. Additionally, on March 14, 2023, we executed a joinder agreement with an additional holder (together with Q Power, the "TRA Holders") who thereby became a party to the TRA. To the extent Stronghold LLC has available cash and subject to the terms of any current or future debt instruments, the Fifth Amended and Restated Limited Liability Company Agreement of Stronghold LLC, as amended from time to time (the "Stronghold LLC Agreement") requires Stronghold LLC to make cash distributions to holders of Stronghold LLC Units ("Stronghold Unit Holders"), including Stronghold Inc. and Q Power, in an amount sufficient to allow Stronghold Inc. to pay its taxes and to make payments under the TRA. In addition, the Stronghold LLC Agreement requires Stronghold LLC to make non-pro rata payments to Stronghold Inc. to reimburse it for its corporate and other overhead expenses, which payments are not treated as distributions under the Stronghold LLC Agreement. See "Tax Receivable Agreement" herein for additional information.

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

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

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

Stronghold Inc. is subject to U.S. federal, state and local income taxes as a corporation. Our accounting predecessor was treated as a partnership for U.S. federal income tax purposes and, as such, was generally not subject to U.S. federal income tax at the entity level. Rather, the tax liability with respect to its taxable income was passed through to its members.

Accordingly, the financial data attributable to our predecessor contains no provision for U.S. federal income taxes or income taxes in any state or locality. Due to cumulative and current losses as well as an evaluation of other sources of income as outlined in ASC 740, *Income Taxes*, management has determined that the utilization of our deferred income tax assets is not more likely than not, and therefore, we have recorded a valuation allowance against our net deferred income tax assets. Management continues to evaluate the likelihood of the Company utilizing its deferred taxes, and while the valuation allowance remains in place, we expect to record no deferred income tax expense or benefit. Should the valuation allowance no longer be required, the 21% statutory federal income tax rate, as well as state and local income taxes at their respective rates, will apply to income allocated to Stronghold Inc.

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

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

As previously discussed in the "Critical Accounting Policies" section in our 2022 Form 10-K, the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of our financial statements include estimates associated with revenue recognition, property, plant and equipment (including the useful lives and recoverability of long-lived assets), investments, intangible assets, stock-based compensation, and business combinations. The Company's financial position, results of operations and cash flows are impacted by the accounting policies the Company has adopted. In order to get a full understanding of the Company's financial statements, one must have a clear understanding of the accounting policies employed.

Consolidated Results of Operations

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
OPERATING REVENUES:				
Cryptocurrency mining	\$ 12,684,894	\$ 12,283,695	\$ 37,764,990	\$ 50,715,424
Energy	1,210,811	13,071,894	4,682,590	29,807,512
Cryptocurrency hosting	3,789,375	93,279	9,195,072	282,327
Capacity	—	878,610	1,442,067	4,591,038
Other	41,877	39,171	142,194	91,941
Total operating revenues	17,726,957	26,366,649	53,226,913	85,488,242
OPERATING EXPENSES:				
Fuel	8,556,626	10,084,466	22,262,141	29,292,616
Operations and maintenance	6,961,060	19,528,088	24,206,080	47,449,177
General and administrative	6,598,951	11,334,212	25,145,444	32,848,291
Depreciation and amortization	9,667,213	12,247,245	26,025,021	37,234,126
Loss on disposal of fixed assets	—	461,940	108,367	2,231,540
Realized gain on sale of digital currencies	(131,706)	(185,396)	(725,139)	(936,506)
Realized loss on sale of miner assets	—	—	—	8,012,248
Impairments on miner assets	—	11,610,000	—	16,600,000
Impairments on digital currencies	357,411	465,651	683,241	8,176,868
Impairments on equipment deposits	5,422,338	—	5,422,338	12,228,742
Total operating expenses	37,431,893	65,546,206	103,127,493	193,137,102
NET OPERATING LOSS	(19,704,936)	(39,179,557)	(49,900,580)	(107,648,860)
OTHER INCOME (EXPENSE):				
Interest expense	(2,441,139)	(3,393,067)	(7,428,530)	(10,813,302)
Loss on debt extinguishment	—	(28,697,021)	(28,960,947)	(28,697,021)
Impairment on assets held for sale	—	(4,159,004)	—	(4,159,004)
Gain on extinguishment of PPP loan	—	—	—	841,670
Changes in fair value of warrant liabilities	(180,838)	1,302,065	5,580,453	1,302,065
Realized gain on sale of derivative contract	—	90,953	—	90,953
Changes in fair value of forward sale derivative	—	—	—	3,435,639
Changes in fair value of convertible note	—	(1,204,739)	—	(2,167,500)
Other	15,000	20,000	45,000	50,000
Total other income (expense)	(2,606,977)	(36,040,813)	(30,764,024)	(40,116,500)
NET LOSS	\$ (22,311,913)	\$ (75,220,370)	\$ (80,664,604)	\$ (147,765,360)

Highlights of our consolidated results of operations for the three and nine months ended September 30, 2023, compared to the three and nine months ended September 30, 2022, include:

Operating Revenues

Revenues decreased by \$8.6 million for the three months ended September 30, 2023, as compared to the same period in 2022, primarily due to an \$11.9 million decrease in energy revenues driven by lower prevailing market prices and increased consumption of self-generated electricity due to the expansion of cryptocurrency operations, partially offset by a \$3.7 million increase in cryptocurrency hosting revenues due to the hosting agreement with Foundry Digital, LLC (the "Foundry Hosting Agreement") which began in November of 2022, and the Canaan Bitcoin Mining Agreement which began in May of 2023. Capacity revenues decreased by \$0.9 million due to both plants strategically reducing exposure to the capacity markets and the resulting cost-capping and operational requirements in the day ahead market by PJM.

Revenues decreased by \$32.3 million for the nine months ended September 30, 2023, as compared to the same period in 2022, primarily due to a \$25.1 million decrease in energy revenues driven by lower prevailing market prices and increased consumption of self-generated electricity due to the expansion of cryptocurrency operations, and a \$13.0 million decrease in cryptocurrency mining revenue due to lower Bitcoin prices and a higher global network hash rate. Cryptocurrency hosting revenues increased by \$8.9 million primarily due to the Foundry Hosting Agreement which began in November of 2022, and the Canaan Bitcoin Mining Agreement which began in May of 2023. Capacity revenues decreased by \$3.1 million due to both plants strategically reducing exposure to the capacity markets and the resulting cost-capping and operational requirements in the day ahead market by PJM.

Operating Expenses

Total operating expenses decreased by \$28.1 million for the three months ended September 30, 2023, as compared to the same period in 2022, primarily driven by (i) a \$12.6 million decrease in operations and maintenance expenses due to improved plant stability and performance driven by one-time plant upgrades that occurred in 2022 and the termination of the hosting services agreement by and between Stronghold LLC and Northern Data PA, LLC (the "Northern Data Hosting Agreement"), (ii) an \$11.6 million impairment on miner assets attributable to the decline in the price of Bitcoin that was recorded in the second quarter of 2022, (iii) a \$4.7 million decrease in general and administrative expenses driven by lower professional fees, insurance and stock-based compensation, (iv) a \$2.6 million decrease in depreciation and amortization due to prior period asset impairments, and (v) a \$1.5 million decrease in fuel expenses driven by higher proceeds from the sale of RECs, partially offset by an increase in imported power charges.

Total operating expenses decreased by \$90.0 million for the nine months ended September 30, 2023, as compared to the same period in 2022, primarily driven by (i) a \$23.2 million decrease in operations and maintenance expenses due to improved plant stability and performance driven by one-time plant upgrades that occurred in 2022 and the termination of the Northern Data Hosting Agreement, (ii) a \$16.6 million impairment on miner assets attributable to the decline in the price of Bitcoin that was recorded in 2022, (iii) an \$11.2 million decrease in depreciation and amortization due to prior period asset impairments, (iv) an \$8.0 million realized loss on sale of miner assets that was recorded in 2022, (v) a \$7.7 million decrease in general and administrative expenses driven by lower professional fees, insurance and stock-based compensation, (vi) a \$7.5 million decrease in impairments on digital currencies driven by an upward trend of Bitcoin prices in 2023 and, (vii) a \$7.0 million decrease in fuel expense driven by higher proceeds from the sale of RECs, partially offset by an increase in imported power charges and, (viii) a \$6.8 million decrease in impairments on equipment deposits recorded year over year

Other Income (Expense)

Total other income (expense) increased by \$33.4 million for the three months ended September 30, 2023, as compared to the same period in 2022, primarily driven by a \$28.7 million loss on debt extinguishment and a \$4.2 million impairment on assets held for sale resulting from the strategic decision to sell approximately 26,000 miners under an asset purchase agreement.

Total other income (expense) increased by \$9.4 million for the nine months ended September 30, 2023, as compared to the same period in 2022, primarily driven by a higher gain from changes in the fair value of warrant liabilities, a \$4.2 million impairment on assets held for sale recorded in 2022, and a \$3.4 million decrease in interest expense due to a reduction in debt year over year. These increases were partially offset by a change in the fair value of a forward sale derivative recorded in 2022.

Segment Results

The below presents summarized results for our operations for the two reporting segments: Energy Operations and Cryptocurrency Operations.

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
OPERATING REVENUES:				
Energy Operations	\$ 1,252,688	\$ 13,989,675	\$ 6,266,851	\$ 34,490,491
Cryptocurrency Operations	16,474,269	12,376,974	46,960,062	50,997,751
Total operating revenues	<u>\$ 17,726,957</u>	<u>\$ 26,366,649</u>	<u>\$ 53,226,913</u>	<u>\$ 85,488,242</u>
NET OPERATING LOSS:				
Energy Operations	\$ (9,685,721)	\$ (16,086,915)	\$ (29,864,794)	\$ (39,862,217)
Cryptocurrency Operations	(10,019,215)	(23,092,642)	(20,035,786)	(67,786,643)
Total net operating loss	(19,704,936)	(39,179,557)	(49,900,580)	(107,648,860)
OTHER EXPENSE ⁽¹⁾	(2,606,977)	(36,040,813)	(30,764,024)	(40,116,500)
NET LOSS	<u>\$ (22,311,913)</u>	<u>\$ (75,220,370)</u>	<u>\$ (80,664,604)</u>	<u>\$ (147,765,360)</u>
DEPRECIATION AND AMORTIZATION:				
Energy Operations	\$ (1,341,076)	\$ (1,292,241)	\$ (4,004,596)	\$ (3,874,894)
Cryptocurrency Operations	(8,326,137)	(10,955,004)	(22,020,425)	(33,359,232)
Total depreciation and amortization	<u>\$ (9,667,213)</u>	<u>\$ (12,247,245)</u>	<u>\$ (26,025,021)</u>	<u>\$ (37,234,126)</u>
INTEREST EXPENSE:				
Energy Operations	\$ (39,007)	\$ (15,864)	\$ (450,472)	\$ (71,933)
Cryptocurrency Operations	(2,402,132)	(3,377,203)	(6,978,058)	(10,741,369)
Total interest expense	<u>\$ (2,441,139)</u>	<u>\$ (3,393,067)</u>	<u>\$ (7,428,530)</u>	<u>\$ (10,813,302)</u>

⁽¹⁾ We do not allocate other income (expense) for segment reporting purposes. Amount is shown as a reconciling item between net operating income (loss) and consolidated net income (loss). Refer to our accompanying condensed consolidated statements of operations for further details.

Energy Operations Segment

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	Change	September 30, 2023	September 30, 2022	Change
OPERATING REVENUES:						
Energy	\$ 1,210,811	\$ 13,071,894	\$ (11,861,083)	\$ 4,682,590	\$ 29,807,512	\$ (25,124,922)
Capacity	—	878,610	(878,610)	1,442,067	4,591,038	(3,148,971)
Other	41,877	39,171	2,706	142,194	91,941	50,253
Total operating revenues	1,252,688	13,989,675	(12,736,987)	6,266,851	34,490,491	(28,223,640)
OPERATING EXPENSES:						
Fuel - net of crypto segment subsidy ⁽¹⁾	2,496,308	7,196,015	(4,699,707)	5,921,796	19,945,569	(14,023,773)
Operations and maintenance	5,685,366	15,730,182	(10,044,816)	20,618,654	37,199,699	(16,581,045)
General and administrative	1,026,100	339,364	686,736	3,015,375	1,097,054	1,918,321
Depreciation and amortization	1,341,076	1,292,241	48,835	4,004,596	3,874,894	129,702
Total operating expenses	10,548,850	24,557,802	(14,008,952)	\$ 33,560,421	\$ 62,117,216	\$ (28,556,795)
NET OPERATING LOSS (EXCLUDING CORPORATE OVERHEAD)	\$ (9,296,162)	\$ (10,568,127)	\$ 1,271,965	\$ (27,293,570)	\$ (27,626,725)	\$ 333,155
Corporate overhead	389,559	5,518,788	(5,129,229)	2,571,224	12,235,492	(9,664,268)
NET OPERATING LOSS	<u>\$ (9,685,721)</u>	<u>\$ (16,086,915)</u>	<u>\$ 6,401,194</u>	<u>\$ (29,864,794)</u>	<u>\$ (39,862,217)</u>	<u>\$ 9,997,423</u>
INTEREST EXPENSE						
	<u>\$ (39,007)</u>	<u>\$ (15,864)</u>	<u>\$ (23,143)</u>	<u>\$ (450,472)</u>	<u>\$ (71,933)</u>	<u>\$ (378,539)</u>

⁽¹⁾ Cryptocurrency operations consumed \$6.1 million and \$16.3 million of electricity generated by the Energy Operations segment for the three and nine months ended September 30, 2023, respectively, and \$2.9 million and \$9.3 million for the three and nine months ended September 30, 2022, respectively. For segment reporting, this intercompany electric charge is recorded as a contra-expense to offset fuel costs within the Energy Operations segment.

Operating Revenues

Total operating revenues decreased by \$12.7 million for the three months ended September 30, 2023, as compared to the same period in 2022, primarily due to an \$11.9 million decrease in energy revenues driven by lower prevailing market prices and increased consumption of self-generated electricity due to the expansion of cryptocurrency operations. Capacity revenues decreased by \$0.9 million.

Total operating revenues decreased by \$28.2 million for the nine months ended September 30, 2023, as compared to the same period in 2022, primarily due to a \$25.1 million decrease in energy revenues driven by lower prevailing market prices and increased consumption of self-generated electricity due to the expansion of cryptocurrency operations. Capacity revenues decreased by \$3.1 million.

Effective June 1, 2022, through May 31, 2024, both plants strategically reduced their exposure to the capacity markets and the resulting cost-capping and operational requirements in the day ahead market by PJM. The Company chose to be an energy resource after achieving its RegA certification, which reduced monthly capacity revenue and the frequency with which the plants will be mandated to sell power at non-market rates, in exchange for the opportunity to sell power to the grid at prevailing market rates, which management expects will more than make up for lost capacity revenue. This also gives the plants the ability to provide fast response energy to the grid in the real time market when needed without having to comply with day ahead power commitments. When high power prices call for more electricity to be supplied by the Company's plants, and those prices are in excess of Bitcoin-equivalent power prices, the Company may shut off its data center Bitcoin mining load in order to sell power to the grid. The Company believes that this integration should allow it to optimize for both revenue as well as grid support over time.

Full plant power utilization is optimal for our revenue growth as it also drives a higher volume of Tier II RECs, waste coal tax credits, and beneficial use ash sales, as well as the increased electricity supply for the crypto asset operations.

Operating Expenses

Total operating expenses decreased by \$14.0 million for the three months ended September 30, 2023, as compared to the same period in 2022, primarily due to (i) a \$10.0 million decrease in operations and maintenance expenses due to improved plant stability and performance driven by one-time plant upgrades that occurred in 2022, and (ii) a \$4.7 million decrease in fuel expenses due to higher proceeds from the sale of RECs, partially offset by an increase in imported power charges. These decreases were partially offset by a \$0.7 million increase in general and administrative expenses related to a decrease in the value of accounts receivable. REC sales of \$4.0 million and \$2.3 million were recognized as contra-expenses to offset fuel expenses for the three months ended September 30, 2023, and 2022, respectively.

Corporate overhead allocated to the Energy Operations segment decreased by \$5.1 million for the three months ended September 30, 2023, primarily driven by a decrease in Energy Operations revenues, a decrease in stock-based compensation, a decrease in professional services related to organizing and scaling operations, and a decrease in insurance expenses. Corporate overhead has been allocated to the two segments using a "fair-share" of revenues approach, where the revenue for the segment is divided by the total combined revenues of the segments and is then multiplied by the shared general and administrative costs for the combined segments.

Total operating expenses decreased by \$28.6 million for the nine months ended September 30, 2023, as compared to the same period in 2022, primarily due to (i) a \$16.6 million decrease in operations and maintenance expenses due to improved plant stability and performance driven by one-time plant upgrades that occurred in 2022, as well as a reduction in outsourced professional services, and (ii) a \$14.0 million decrease in fuel expenses due to higher proceeds from the sale of RECs and higher imported power charges. These decreases were partially offset by a \$1.9 million increase in general and administrative expenses related to a decrease in the value of accounts receivable. REC sales of \$14.4 million and \$4.9 million were recognized as contra-expenses to offset fuel expenses for the nine months ended September 30, 2023, and 2022, respectively.

Corporate overhead allocated to the Energy Operations segment decreased by \$9.7 million for the nine months ended September 30, 2023, primarily driven by a decrease in Energy Operations revenues, a decrease in stock-based compensation, a decrease in professional services related to organizing and scaling operations, and a decrease in insurance expenses. Corporate overhead has been allocated to the two segments using a "fair-share" of revenues approach, where the revenue for the segment is divided by the total combined revenues of the segments and is then multiplied by the shared general and administrative costs for the combined segments.

Cryptocurrency Operations Segment

	Three Months Ended			Nine Months Ended		
	September 30, 2023	September 30, 2022	Change	September 30, 2023	September 30, 2022	Change
OPERATING REVENUES:						
Cryptocurrency mining	\$ 12,684,894	\$ 12,283,695	\$ 401,199	\$ 37,764,990	\$ 50,715,424	\$ (12,950,434)
Cryptocurrency hosting	3,789,375	93,279	3,696,096	9,195,072	282,327	8,912,745
Total operating revenues	16,474,269	12,376,974	4,097,295	46,960,062	50,997,751	(4,037,689)
OPERATING EXPENSES:						
Electricity - purchased from energy segment	6,060,318	2,888,451	3,171,867	16,340,345	9,347,047	6,993,298
Operations and maintenance	1,275,694	3,797,906	(2,522,212)	3,587,426	10,249,478	(6,662,052)
General and administrative	60,154	97,501	(37,347)	181,091	667,046	(485,955)
Impairments on digital currencies	357,411	465,651	(108,240)	683,241	8,176,868	(7,493,627)
Impairments on equipment deposits	5,422,338	—	5,422,338	5,422,338	12,228,742	(6,806,404)
Impairments on miner assets	—	11,610,000	(11,610,000)	—	16,600,000	(16,600,000)
Realized gain on sale of digital currencies	(131,706)	(185,396)	53,690	(725,139)	(936,506)	211,367
Loss on disposal of fixed assets	—	461,940	(461,940)	108,367	2,231,540	(2,123,173)
Realized loss on sale of miner assets	—	—	—	—	8,012,248	(8,012,248)
Depreciation and amortization	8,326,137	10,955,004	(2,628,867)	22,020,425	33,359,232	(11,338,807)
Total operating expenses	21,370,346	30,091,057	(8,720,711)	\$ 47,618,094	\$ 99,935,695	\$ (52,317,601)
NET OPERATING LOSS (EXCLUDING CORPORATE OVERHEAD)						
	\$ (4,896,077)	\$ (17,714,083)	\$ 12,818,006	\$ (658,032)	\$ (48,937,944)	\$ 48,279,912
Corporate overhead	5,123,138	5,378,559	(255,421)	19,377,754	18,848,699	529,055
NET OPERATING LOSS	<u>\$ (10,019,215)</u>	<u>\$ (23,092,642)</u>	<u>\$ 13,073,427</u>	<u>\$ (20,035,786)</u>	<u>\$ (67,786,643)</u>	<u>\$ 47,750,857</u>
INTEREST EXPENSE						
	<u>\$ (2,402,132)</u>	<u>\$ (3,377,203)</u>	<u>\$ 975,071</u>	<u>\$ (6,978,058)</u>	<u>\$ (10,741,369)</u>	<u>\$ 3,763,311</u>

Operating Revenues

Total operating revenues increased by \$4.1 million for the three months ended September 30, 2023, as compared to the same period in 2022, primarily due to an increase in cryptocurrency hosting revenues driven by the Foundry Hosting Agreement and Canaan Bitcoin Mining Agreement, which began in the fourth quarter of 2022 and second quarter of 2023, respectively.

Total operating revenues decreased by \$4.0 million for the nine months ended September 30, 2023, as compared to the same period in 2022, primarily due to a decrease in cryptocurrency mining revenues due to a higher global network hash rate and lower Bitcoin prices. Cryptocurrency hosting revenues increased by \$8.9 million driven by the Foundry Hosting Agreement and Canaan Bitcoin Mining Agreement, which began in the fourth quarter of 2022 and second quarter of 2023, respectively.

Operating Expenses

Total operating expenses decreased by \$8.7 million for the three months ended September 30, 2023, as compared to the same period in 2022, primarily due to (i) a \$11.6 million impairment on miner assets attributable to the decline in the price of Bitcoin that was recorded in the second quarter of 2022, (ii) a \$2.6 million decrease in depreciation and amortization due to prior period asset impairments, (iii) a \$2.5 million decrease in operations and maintenance expenses primarily driven by the termination of the Northern Data Hosting Agreement and lower expenses for miner parts and maintenance. These decreases were partially offset by a \$5.4 million impairment on equipment deposits and a \$3.2 million increase in intercompany electric charges related to the expansion of cryptocurrency mining operations.

Corporate overhead allocated to the Cryptocurrency Operations segment decreased by \$0.3 million for the three months ended September 30, 2023, primarily driven by a decrease in stock-based compensation, a decrease in professional services related to organizing and scaling operations, and a decrease in insurance expenses. Corporate overhead has been allocated to the two segments using a "fair-share" of revenues approach, where the revenue for the segment is divided by the total combined revenues of the segments and is then multiplied by the shared general and administrative costs for the combined segments.

Total operating expenses decreased by \$52.3 million for the nine months ended September 30, 2023, as compared to the same period in 2022, primarily due to (i) a \$16.6 million impairment on miner assets attributable to the decline in the price

of Bitcoin that was recorded in the second quarter of 2022, (ii) an \$11.3 million decrease in depreciation and amortization due to prior period asset impairments, (iii) an \$8.0 million realized loss on sale of miner assets that was recorded in the second quarter of 2022, (iv) a \$7.5 million decrease in impairments on digital currencies driven by an upward trend of Bitcoin prices in 2023 compared to a downward trend in 2022, (v) a \$6.8 million decrease in impairments on equipment deposits recorded year over year, and (vi) a \$6.7 million decrease in operations and maintenance expenses primarily driven by the termination of the Northern Data Hosting Agreement and lower expenses for miner parts and maintenance. These decreases were partially offset by a \$7.0 million increase in intercompany electric charges related to the expansion of cryptocurrency mining operations.

Corporate overhead allocated to the Cryptocurrency Operations segment increased by \$0.5 million for the nine months ended September 30, 2023, primarily driven by an increase in Cryptocurrency Operations segment revenues relative to total combined revenue, partially offset by a decrease in stock-based compensation, a decrease in professional services related to organizing and scaling operations, and a decrease in insurance expenses, which has been allocated to the two segments using a "fair-share" of revenues approach, where the revenue for the segment is divided by the total combined revenues of the segments and is then multiplied by the shared general and administrative costs for the combined segments.

Impairments on Digital Currencies

Impairments on digital currencies of \$0.7 million and \$8.2 million were recognized for the nine months ended September 30, 2023, and 2022, respectively, as a result of the negative impacts from Bitcoin spot market declines. As of September 30, 2023, we held approximately 24 Bitcoin on our balance sheet at carrying value. The spot market price of Bitcoin was \$27,004 as of September 30, 2023, per Coinbase.

Interest Expense

Interest expense decreased by \$3.8 million for the nine months ended September 30, 2023, as compared to the same period in 2022, primarily due to lower debt as a result of extinguishing the debt under the master equipment financing agreements entered into with an affiliate of NYDIG ABL, LLC, from August to October 2022.

Liquidity and Capital Resources

Overview

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

Our cash needs are primarily for growth through acquisitions, capital expenditures, working capital to support equipment financing, and the purchase of additional miners and general operating expenses. We have incurred, and may continue to incur, significant expenses in servicing and maintaining our power generation facilities. If we were to acquire additional facilities in the future, capital expenditures may include improvements, maintenance and build out costs associated with equipping such facilities to house miners to mine Bitcoin. We may also incur additional expenses and capital expenditures to develop our carbon capture system, which is currently in pilot testing.

We have historically relied on funds from equity issuances, equipment financings and revenue from sales of Bitcoin and power generated at our power plants to provide for our liquidity needs. During the nine months ended September 30, 2023, we received approximately \$10.0 million pursuant to the April 2023 Private Placement. During the nine months ended September 30, 2023, the Company sold 1,278,906 ATM Shares at approximately \$6.96 per share under the ATM Agreement, including 28,400 ATM Shares which settled subsequent to September 30, 2023, for gross proceeds of approximately \$8.9 million less sales commissions of approximately \$0.3 million, or net proceeds of approximately \$8.6 million. Refer to *Note 15 – Equity Issuances* in the notes to our Condensed Consolidated Financial Statements.

As of September 30, 2023, and November 10, 2023, we had approximately \$5.6 million and \$5.2 million, respectively, of cash and cash equivalents and Bitcoin on our balance sheet, which included 24 Bitcoin and 12 Bitcoin, respectively. As of September 30, 2023, and November 10, 2023, we had principal amount outstanding indebtedness of \$59.7 million and \$59.6 million, respectively.

If our cash flows from operations continue to fall short of uses of capital, we may need to seek additional sources of capital to fund our short-term and long-term capital needs. We may further sell assets or seek potential additional debt or equity financing to fund our short-term and long-term needs. Further, the terms of the Credit Agreement, September 2022 Private

Placement and April 2023 Private Placement contain certain restrictions, including maintenance of certain financial and liquidity ratios and minimums, and certain restrictions on future issuances of equity and debt. Beginning with the third quarter of 2023, we may be required to make monthly prepayments pursuant to the WhiteHawk Refinancing Agreement if we maintain cash balance above a certain amount. If we are unable to raise additional capital, there is a risk that we could default on our obligations and could be required to discontinue or significantly reduce the scope of our operations, including through the sale of our assets, if no other means of financing options are available.

Operations have not yet established a consistent record of covering our operating expenses, and we incurred net losses of \$22.3 million and \$80.7 million for the three and nine months ended September 30, 2023, respectively, and an accumulated deficit of \$321.1 million as of September 30, 2023.

Taking into account the First Amendment, Second Amendment, the Exchange Agreement, the MicroBT Miner Purchase, the Canaan Bitcoin Mining Agreement, the April 2023 Private Placement, proceeds from the ATM Agreement, and continued expansion of our cryptocurrency mining operations through the Canaan Purchase Agreement and the amendment to Canaan Bitcoin Mining Agreement, we believe our liquidity position, combined with expected improvements in operating cash flows, will be sufficient to meet our existing commitments and fund our operations for the next twelve months.

We have no material off balance sheet arrangements.

Analysis of Changes in Cash Flows

	Nine Months Ended		
	September 30, 2023	September 30, 2022	Change
Net cash flows used in operating activities	\$ (7,064,082)	\$ (14,656,547)	\$ 7,592,465
Net cash flows used in investing activities	(14,743,269)	(67,864,070)	53,120,801
Net cash flows provided by financing activities	13,489,947	67,454,013	(53,964,066)
Net (decrease) increase in cash and cash equivalents	\$ (8,317,404)	\$ (15,066,604)	\$ 6,749,200

Operating Activities. Net cash flows used in operating activities was \$7.1 million for the nine months ended September 30, 2023, compared to \$14.7 million used in operating activities for the nine months ended September 30, 2022. The \$7.6 million net increase in cash flows from operating activities was primarily due to (i) lower cash outflows for operations and maintenance expenses related to major repairs and upgrades to the Scrubgrass Plant which occurred in 2022, and (ii) lower cash outflows for general and administrative expenses related to professional services and insurance.

Investing Activities. Net cash flows used in investing activities was \$14.7 million for the nine months ended September 30, 2023, compared to \$67.9 million used in investing activities for the nine months ended September 30, 2022. The \$53.1 million net increase in cash flows from investing activities was primarily due to significant cash outflows for the continued ramp up of cryptocurrency mining operations in the prior year.

Financing Activities. Net cash flows provided by financing activities was \$13.5 million for the nine months ended September 30, 2023, compared to \$67.5 million provided by financing activities for the nine months ended September 30, 2022. The \$54.0 million net decrease in cash flows from financing activities was primarily due to debt proceeds in the prior year from a WhiteHawk promissory note and equipment financings and higher repayments of debt and financed insurance premiums for the nine months ended September 30, 2022, partially offset by proceeds in the current year from the April 2023 Private Placement and ATM Agreement.

Debt Agreements

We have entered into various debt agreements used to purchase equipment to operate our business. Total net obligations under all debt agreements as of September 30, 2023, were \$59.3 million (excluding financed insurance premiums).

WhiteHawk Credit Agreement

On October 27, 2022, we entered into the Credit Agreement with WhiteHawk to refinance an existing equipment financing agreement with WhiteHawk. Upon closing, the Credit Agreement consisted of \$35.1 million in term loans and \$23.0 million in additional commitments. The Credit Agreement requires equal monthly amortization payments resulting in full amortization at maturity. The Credit Agreement has customary representations, warranties and covenants including restrictions on indebtedness, liens, restricted payments and dividends, investments, asset sales and similar covenants and contains customary events of default.

On February 6, 2023, we entered into the First Amendment in order to modify certain covenants and remove certain prepayment requirements contained therein. As a result of the First Amendment, amortization payments for the period from February 2023 through July 2024 are not required, with monthly amortization resuming July 31, 2024. Beginning June 30, 2023, following a five-month holiday, we will make monthly prepayments of the loan in an amount equal to 50% of its average daily cash balance (including cryptocurrencies) in excess of \$7,500,000 for such month. Consistent with the First Amendment, we made a loan prepayment of \$250,000 during the three months ended September 30, 2023.

The borrowings under the Credit Agreement mature on October 26, 2025, and bear interest at a rate of either (i) the Secured Overnight Financing Rate ("SOFR") plus 10% or (ii) a reference rate equal to the greater of (x) 3%, (y) the federal funds rate plus 0.5% and (z) the term SOFR rate plus 1%, plus 9%. Amounts drawn on the Credit Agreement are subject to a prepayment premium such that the lenders thereunder achieve a 20% return on invested capital. We also issued a stock purchase warrant to WhiteHawk in conjunction with the closing of the Credit Agreement, which provides for the purchase of an additional 400,000 shares of Class A common stock at an exercise price of \$0.10 per share. Borrowings under the Credit Agreement may also be accelerated in certain circumstances.

Convertible Note Exchange

On May 15, 2022, we issued \$33.75 million aggregate principal amount of May 2022 Notes to the purchasers thereto, bearing an interest rate of 10.00% per annum (in arrears) and a maturity date of May 15, 2024. On August 16, 2022, we entered into an agreement with the Purchasers, whereby we agreed to amend the terms of the May 2022 Notes (the "Amended May 2022 Notes") such that an aggregate of \$11.25 million of the outstanding principal under the May 2022 Notes was exchanged for the amended and restated warrant agreement pursuant to which the strike price of the aggregate 631,800 May 2022 Warrants was reduced from \$25.00 to \$0.10. After giving effect to the principal reduction under the Amended May 2022 Notes, subsequent payments were due to the Purchasers on the fifteenth (15th) day of each of November 2022, December 2022, January 2023, and February 2023. We generally had the option to make each such payment (A) in cash or (B) in shares of common stock, at a twenty percent (20%) discount to the average of the daily VWAPs for each of the twenty (20) consecutive trading days preceding the payment date.

On December 30, 2022, we entered into the Exchange Agreement with the Purchasers of the Amended May 2022 Notes, providing for the exchange of such Amended May 2022 Notes (the "Exchange Transaction") for shares of our newly-created Series C Preferred Stock, par value \$0.0001 per share. On February 20, 2023, the Exchange Transaction was consummated, and the Amended May 2022 Notes were deemed paid in full. Approximately \$16.9 million of principal amount of debt was extinguished in exchange for the issuances of the shares of Series C Preferred Stock. As a result of this transaction, we incurred a loss on debt extinguishment of approximately \$29 million during the first quarter of 2023.

Bruce & Merrilees Promissory Note

On March 28, 2023, we entered into a settlement agreement (the "B&M Settlement") with our electrical contractor, Bruce & Merrilees Electric Co. ("B&M"). Pursuant to the B&M Settlement, B&M agreed to eliminate an approximately \$11.4 million outstanding payable in exchange for a promissory note in the amount of \$3,500,000 (the "B&M Note") and a stock purchase warrant for the right to purchase 300,000 shares of our Class A common stock (the "B&M Warrant"). The B&M Note has no definitive payment schedule or term. Pursuant to the B&M Settlement, B&M released 10 3000kva transformers to us and fully cancelled 90 transformers remaining under a pre-existing order with a third-party supplier. The terms of the B&M Settlement included a mutual release of all claims.

Pursuant to the B&M Note, the first \$500,000 of the principal amount of the loan shall be payable in four equal monthly installments of \$125,000 beginning on April 30, 2023, so long as (i) no default or event of default has occurred or is occurring under the Credit Agreement and (ii) no PIK Option (as such term is defined in the Credit Agreement) has been elected. The principal amount under the B&M Note bears interest at seven and one-half percent (7.5%). As of September 30, 2023, the first \$500,000 of the principal pursuant due in 2023 pursuant to the B&M Note has been fully repaid.

Canaan Promissory Note

On July 19, 2023, we entered into a Sales and Purchase Contract with Canaan Inc. whereby the Company purchased 2,000 A1346 Bitcoin miners for a total purchase price of \$2,962,337. The purchase price is payable to Canaan via an upfront payment of \$1,777,402 on or before August 1, 2023, which we paid on July 25, 2023, and a promissory note of \$1,184,935 due to Canaan in ten equal, interest-free installments on the first day of each consecutive month thereafter until the remaining promissory note balance is fully repaid. The miners were delivered and installed during the third quarter of 2023 at our Panther Creek Plant.

Tax Receivable Agreement

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

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

Recent Accounting Pronouncements

For information with respect to recent accounting pronouncements, see *Note 1 – Basis of Presentation* in the notes to our Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its disclosure controls and procedures (as

such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act, as amended (the "Exchange Act") as of the end of the period covered by this report. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on this evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that its disclosure controls and procedures were effective as of September 30, 2023.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f)) during the quarter ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

Information regarding this Item is contained in *Note 10 – Commitments and Contingencies* in the notes to the Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

Except as set forth below, there are no material changes to the Risk Factors contained in Item 1A to Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

We are exploring using our beneficial ash to capture carbon, but there is no assurance that we will be able to monetize such opportunities.

We produce beneficial ash, as a byproduct of the combustion process in our two plants. We are exploring opportunities in carbon capture to see if our ash can capture CO₂ from ambient air. We are in the process of installing a direct air capture pilot unit at our Scrubgrass Plant, following prior lab-controlled testing by a third-party. We do not have sufficient data from our pilot unit to determine the amount of CO₂ that can be captured. We expect to incur additional costs and expenses with establishing and running our pilot program, and if we ultimately decide to expand the program, such costs and expenses may be material.

We are also exploring opportunities to monetize our carbon capture process, including sales of carbon credits in the private market or applying for certain tax credits. However, our pilot program is in its infancy stages, and we cannot make any assurances as to how successful the program may be. Additionally, to the extent the program is able to be scaled on a larger basis, we cannot accurately estimate the associated costs, or any capital expenditures or operational expenditures that may be required. Further, sales of carbon credits in the private market may require certain applications and audits, which can take time to complete. There are also other risks associated with the nature of voluntary carbon credits, and there is no assurance as to whether we will be able to obtain favorable pricing for our voluntary CO₂ removal. Further, even if we were to be able to monetize any such carbon credits in the private market, there is no assurance that we will be able to do so, either on a timely basis or at dollar-per-ton thresholds sufficient to offset the cost to operate any future carbon capture program, including the potential need for increased employees.

Even after we spend time and resources exploring such opportunities, there is no assurance that we will be able to monetize such opportunities either at all or at levels sufficient to offset the cost of capital or continued operations. Any of the foregoing may adversely affect our business, financial condition, results or operations and prospects. New programs with new and developing technologies can carry risks associated with design or process changes, development of new parts or tools, availability of parts or servicing, delivery schedules and unique contractual requirements, supplier performance, and our ability to accurately estimate associated expenses. We may also experience other problems or delays in establishing our carbon capture program.

Our contemplated carbon capture program is anticipated to be cash flow negative for the foreseeable future as we build out the necessary infrastructure. Such project could comprise a meaningful share of our cash flow.

We are not expecting to generate meaningful revenues from our contemplated carbon capture program until, at the earliest, 2025. In the interim, we will be incurring costs for the testing and development of the carbon capture infrastructure, including to see, if successful, whether the process is replicable on a larger scale. Although we believe that the program could be profitable for the Company over time, there are numerous risks and uncertainties that make its timing and quantification difficult to accurately predict. The financial impact of our expending capital on these activities before realizing cash flows could negatively impact our financial condition and operational results in future periods.

Our inability to qualify for, obtain, monetize or otherwise benefit from Section 45Q tax credits could materially reduce our ability to develop carbon capture and sequestration projects and, as a result, may adversely impact our business, results of operations and financial condition.

Our ability to successfully monetize our carbon capture program may depend on our ability to benefit from certain financial and tax incentives. On August 16, 2022, the Inflation Reduction Act ("IRA") was enacted in the United States, which, among other things, expanded opportunities to earn tax credits provided under Section 45Q of the Internal Revenue Code of 1986, as amended (such credits, "Section 45Q tax credits"), which provides a tax credit for qualified CO₂ that is

captured using carbon capture equipment and disposed of in secure geological storage, or utilized in a manner that satisfies a series of regulatory requirements. The impact of the IRA, the availability or nature of any future guidance, and the potential for any other legislation changes, is not fully known and the tax law is subject to change and to regulatory guidance which may be unfavorable for us.

Qualification for Section 45Q tax credits require satisfaction of the applicable statutory and regulatory requirements, including, for example, that we use carbon capture equipment to capture qualified CO₂ and that we physically or contractually ensure the disposal of the qualified CO₂ in secure geological storage or, if we pursue the CO₂ utilization credit under Section 45Q, that we utilize the qualified CO₂, and that such utilization is characterized and verified by a lifecycle analysis. We cannot make any assurances that we will be successful in satisfying such requirements or otherwise qualifying for or obtaining the Section 45Q tax credits currently available or that we will be able to effectively benefit from such tax credits. Certain Section 45Q tax credits are also subject to recapture with respect to any CO₂ that ceases to be disposed of in secure geological storage, which recapture is treated as an increase in tax liability for the year in which the recapture occurs. The recapture period for Section 45Q tax credits is limited to a 3-year lookback period preceding the date that sequestered CO₂ escapes from its secure geological storage.

The amount of Section 45Q tax credits from which we may benefit is dependent upon our ability to satisfy certain wage and apprenticeship requirements, which we cannot assure you that we will satisfy. Additionally, the availability of Section 45Q tax credits may be reduced, modified or eliminated as a matter of legislative or regulatory policy. Any such reduction, modification or elimination of Section 45Q tax credits, or our inability to otherwise benefit from Section 45Q tax credits, could materially reduce our ability to develop and monetize our carbon capture program. These and any other changes to government incentives that could impose additional restrictions or favor certain projects over our projects could increase costs, limit our ability to utilize tax benefits, reduce our competitiveness, and/or adversely impact our growth. Any of these factors may adversely impact our business, results of operations and financial condition.

Our management team has limited experience with carbon capture programs and initiatives.

Members of our management team have limited experience with carbon capture programs, initiatives, and the related and required infrastructure to develop such programs or initiatives. Our management team may not successfully or efficiently manage the Company's carbon capture programs or initiatives. These new obligations to potentially develop and manage the Company's carbon capture programs and initiatives will require significant attention from our senior management and could divert their attention away from the day-to-day management of other aspects of our business, which could adversely affect our business and financial performance.

We are dependent on third-parties, including consultants, contractors and suppliers to develop and advance our carbon capture program and initiatives, and failure to properly manage these relationships, or the failure of these consultants, contractors and suppliers to perform as expected, could have a material adverse effect on our business, prospects or operations.

We currently rely on third-party consultants, contractors and suppliers to assist with the development of our carbon capture program and initiatives. We have no assurance that business interruptions will not occur as a result of the failure by these or consultants, contractors or suppliers to perform as expected. We cannot ensure that our consultants, contractors or suppliers will continue to perform services to our satisfaction or on commercially reasonable terms. The recent increased demand for carbon capture components and services may limit the supply of components that brokers may source for us. Our consultants, contractors or suppliers may also decline our orders to fulfill those of our competitors, putting us at competitive harm. Further, resource constraints or regulatory actions could also impact our ability to obtain and receive components needed to advance our carbon capture program and initiatives. If our consultants, contractors or suppliers are not able to provide the agreed services at the level of quality and quantity we require, we may not be able to replace such consultants, contractors or suppliers in a timely manner. Any delays, interruption or increased costs could have a material adverse effect on our business, prospects or operations.

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

We may not be able to compete successfully against present or future competitors. We do not have the resources to compete with larger providers of similar services at this time. The carbon capture and sequestration industry has attracted various high-profile and well-established operators, some of which have substantially greater liquidity and financial resources than we do. With the limited resources we have available, we may experience great difficulties in advancing our carbon capture programs and initiatives to remain competitive. Competition from existing and future competitors could result in our inability to secure acquisitions and partnerships that we may need to expand our business in the future. This competition from other entities with greater resources, experience and reputations may result in our failure to maintain or

expand our business, as we may never be able to successfully execute our business plan, including with respect to our carbon capture programs and initiatives. If we are unable to expand and remain competitive, our business could be negatively affected which would have an adverse effect on the trading price of our Class A common stock, which would harm investors in our Company.

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.

Series D Exchange Transaction

On November 13, 2023, the Company consummated the Series D Exchange Transaction pursuant to the Series D Exchange Agreement with the Holder, whereby the Company issued to the Holder 15,582 shares of Series D Preferred Stock in exchange for 15,582 shares of Series C Preferred Stock held by the Holder, which represented all of the shares of Series C Preferred Stock held by the Holder. The Series D Preferred Stock contains substantially similar terms as the Series C Preferred Stock except with respect to a higher conversion price. The Series D Exchange Agreement contains representations, warranties, covenants, releases, and indemnities customary for transactions of this type, as well as certain trading volume restrictions. The Series D Exchange Transaction is expected to result in accretion of approximately 6.5% for the Company's stockholders.

On November 13, 2023, in connection with the consummation of the Series D Exchange Transaction, the Company entered into a Registration Rights Agreement with the Holder (the "Series D Registration Rights Agreement") whereby it agreed to, among other things, (i) within fifteen business days of the closing of the Series D Exchange Transaction, file a resale registration statement (the "Series D Resale Registration Statement") with the SEC covering all shares of Class A common stock issuable upon conversion of the Series D Preferred Stock or upon exercise of the pre-funded warrants that may be issued in lieu of Class A common stock upon conversion of the Series D Preferred Stock (the "Series D Pre-Funded Warrants"), and (ii) to cause the Series D Resale Registration Statement to become effective within the timeframes specified in the Series D Registration Rights Agreement.

The rights and preferences of the Series D Preferred Stock are designated in a certificate of designation filed by the Company with the Secretary of State of the State of Delaware on November 13, 2023, in connection with the closing of the Series D Exchange Transaction, to designate 15,582 shares of the Company's authorized preferred stock as the Series D Preferred Stock, with the powers, designations, preferences and other rights as set forth therein (the "Certificate of Designation"), which became effective upon filing.

Under the terms of the Certificate of Designation, the Series D Preferred Stock has a stated value of \$1,000 per share and is convertible at a holder's option into shares of Class A common stock at a conversion price of \$5.38145 per share (the "Conversion Price"). A holder will not have the right to convert any shares of Series D Preferred Stock, and the Company will not effect such conversion, to the extent that such conversion would cause a holder, together with its affiliates and any person acting as a group with such holder or any of such holder's affiliates, to beneficially own more than 9.99% of the then issued and outstanding shares of Class A common stock (the "Beneficial Ownership Limitation"). On February 20, 2028, any shares of Series D Preferred Stock that are then outstanding will automatically convert at the Conversion Price into shares of Class A common stock or, to the extent such conversion would cause a holder to exceed the Beneficial Ownership Limitation, into Series D Pre-Funded Warrants, the form of which is attached as Annex B to the Certificate of Designation. The exercise of the Series D Pre-Funded Warrants is subject to the Beneficial Ownership Limitation.

The Series D Preferred Stock ranks senior to the Class A common stock and the Class V common stock with respect to the payment of dividends and rights upon the voluntary or involuntary liquidation, dissolution or winding up of the Company, and on parity with the Series C Preferred Stock. Holders of Series D Preferred Stock generally have no voting rights,

except as required by the Delaware General Corporation Law, the Company's amended and restated certificate of incorporation, and in certain other circumstances specified under the Certificate of Designation. The Series D Preferred Stock is not entitled to receive dividends, does not have preemptive or subscription rights, and has no redemption or sinking fund provisions or rights.

The issuance of the shares of Series D Preferred Stock under the Series D Exchange Agreement was made in reliance on the exemption from registration pursuant to Section 3(a)(9) of the Securities Act, and to an investor that qualifies as an "accredited investor" (as such term is defined in Rule 501(a) of the Securities Act).

The foregoing description is not intended to be complete and is qualified in its entirety by reference to the full text of the Certificate of Designation, Series D Exchange Agreement and the Series D Registration Rights Agreement, which have been filed with the Quarterly Report on Form 10-Q as Exhibit 3.5, Exhibit 10.3 and Exhibit 10.4, respectively.

(c)

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2023, none of our directors or officers (as defined in Rule 16a-1 under the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 105b-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description
3.1	<u>Second Amended and Restated Certificate of Incorporation of Stronghold Digital Mining, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on October 25, 2021).</u>
3.2	<u>Amended and Restated Bylaws of Stronghold Digital Mining, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on October 25, 2021).</u>
3.3	<u>Certificate of Designations of the Series C Convertible Preferred Stock of Stronghold Digital Mining, Inc., effective February 20, 2023, filed with the Secretary of State of the State of Delaware (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on February 24, 2023).</u>
3.4	<u>Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Stronghold Digital Mining, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on May 19, 2023).</u>
3.5 *	<u>Certificate of Designation of the Series D Convertible Preferred Stock of Stronghold Digital Mining, Inc., filed with the Secretary of State of the State of Delaware and effective November 13, 2023.</u>
4.1	<u>Form of Warrant, dated April 21, 2023 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on April 24, 2023).</u>
4.2	<u>Pre-funded Warrant, dated April 21, 2023, by and between Stronghold Digital Mining, Inc. and Armistice Capital Master Fund Ltd. (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on April 24, 2023).</u>
10.1	<u>Frontier Mining Managed Services Agreement, dated October 13, 2013, by and between Stronghold Digital Mining, Inc. Stronghold Digital Mining LLC and Frontier Outpost 8, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-40931) filed on October 16, 2023).</u>
10.2 †	<u>Employment Agreement, dated September 6, 2023, by and between Stronghold Digital Mining, Inc. and Gregory A. Beard.</u>
10.3 *	<u>Exchange Agreement, dated as of November 13, 2023, by and among Stronghold Digital Mining, Inc., and Adage Capital Partners, LP.</u>
10.4 *	<u>Registration Rights Agreement, dated as of November 13, 2023, by and among Stronghold Digital Mining, Inc., and Adage Capital Partners, LP.</u>
31.1 *	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.</u>
31.2 *	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.</u>
32.1 **	<u>Section 1350 Certification of Chief Executive Officer.</u>
32.2 **	<u>Section 1350 Certification of Chief Financial Officer.</u>
101.INS(a)	Inline XBRL Instance Document.
101.SCH(a)	Inline XBRL Schema Document.
101.CAL(a)	Inline XBRL Calculation Linkbase Document.
101.DEF(a)	Inline XBRL Definition Linkbase Document.
101.LAB(a)	Inline XBRL Label Linkbase Document.
101.PRE(a)	Inline XBRL Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith.

** Furnished herewith.

† Indicates a management contract or compensatory plan or arrangement.

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 14, 2023 STRONGHOLD DIGITAL MINING, INC.
(registrant)

By: /s/ Matthew J. Smith

Matthew J. Smith

Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

STRONGHOLD DIGITAL MINING, INC.**CERTIFICATE OF DESIGNATIONS**

Pursuant to Section 151 of the General Corporation Law of the State of Delaware

SERIES D CONVERTIBLE PREFERRED STOCK

(Par Value \$0.0001 Per Share)

Stronghold Digital Mining, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended from time to time (the "DGCL"), hereby certifies that, pursuant to the authority expressly granted to and vested in the Board of Directors of the Corporation (the "Board of Directors") by the Second Amended and Restated Certificate of Incorporation of the Corporation (as amended from time to time in accordance with its terms and the DGCL, the "Certificate of Incorporation"), which authorizes the Board of Directors, by resolution, to provide out of the unissued shares of the preferred stock (the "Preferred Stock") for one or more series of Preferred Stock and to establish from time to time the number of shares to be included in each such series and to fix the voting rights (if any), designations, powers, preferences and relative, participating, optional, special and other rights (if any) of each such series and any qualifications, limitations and restrictions thereof, and in accordance with the provisions of Section 151 of the DGCL and resolutions duly adopted by the Board of Directors, the Corporation's Series D Preferred Stock (as defined below) is hereby established on the following terms:

ARTICLE 1 DESIGNATION

Section 1.1. There is hereby created out of the authorized and unissued shares of Preferred Stock of the Corporation a series of preferred stock designated "Series D Convertible Preferred Stock" (the "Series D Preferred Stock"), consisting of fifteen thousand, five hundred eighty two (15,582) shares, par value \$0.0001 per share (each, a "Series D Preferred Share"). Each Series D Preferred Share shall rank equally in all respects and shall be subject to the following provisions of this Certificate of Designations. Series D Preferred Shares which have been converted, redeemed, repurchased or otherwise acquired by the Corporation shall be retired and, following the filing of any certificate required by the DGCL, will have the status of authorized and unissued shares of the Corporation's Preferred Stock, without designation as to series, until such shares are once more designated by the Board of Directors as part of a particular series of Preferred Stock.

ARTICLE 2 RANK AND PREFERENCE

Section 2.1. The Series D Preferred Stock shall, with respect to rights upon an acquisition, merger or consolidation of the Corporation, sale of all or substantially all assets of the Corporation, other business combination or liquidation, dissolution or winding up of the affairs of the Corporation, either voluntary or involuntary (collectively, a "Liquidation Event") rank:

(a) senior to the Class A Common Stock, par value \$0.0001 per share, of the Corporation (including any capital stock into which the Class A Common Stock shall have been converted, exchanged or reclassified following the date hereof, the "Class A Common Stock"), the Class V Common Stock, par value \$0.0001 per share, of the Corporation (the "Class V Common Stock" and together with the Class A Common Stock, the "Common Stock"), and any other class or series of capital stock of the Corporation, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Series D Preferred Stock with respect to rights upon a Liquidation Event (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such capital stock, the "Junior Stock");

(b) on a parity with the Series C Convertible Preferred Stock, par value \$0.0001 per share, and any class or series of capital stock of the Corporation, the terms of which provide that such class or series ranks on a parity with the Series D Preferred Stock with respect to rights upon a Liquidation Event (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such capital stock, the "Parity Stock"); and

(c) junior to any class or series of capital stock of the Corporation, the terms of which expressly provide that such class or series ranks senior to the Series D Preferred Stock with respect to rights upon a Liquidation Event (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such capital stock, the "Senior Stock").

Section 2.2. In the event of a Liquidation Event, each Holder shall, with respect to each Series D Preferred Share owned by such Holder, be entitled to receive, out of funds of the Corporation legally available therefor, before any payment or distribution of any assets of the Corporation shall be made or set apart for holders of the Junior Stock, an amount per Series D Preferred Share equal to the Stated Value (as defined below). If upon any such Liquidation Event of the Corporation, the funds and assets available for distribution to the stockholders of the Corporation shall be insufficient to pay the Holders the full amount to which they are entitled under this Section 2.2 and the holders of any shares of Parity Stock ranking on a parity with the Series D Preferred Stock the full amount to which they are entitled under the Certificate of Incorporation or any certificate of designations, the Holders and the holders of such Parity Stock shall share ratably in any distribution of the funds and assets legally available for distribution in respect of the shares of Series D Preferred Stock and such Parity Stock held by them upon such distribution. The "Stated Value" shall mean One Thousand United States Dollars (\$1,000.00) per share, subject to any adjustment for stock splits, stock combinations, recapitalizations and similar transactions as set forth herein; *provided*, that a Fundamental Transaction shall not constitute a Liquidation Event but instead shall be subject to Article 4.

ARTICLE 3 VOTING RIGHTS AND TRANSFERABILITY

Section 3.1. Except as required by the DGCL or the Certificate of Incorporation (including this Certificate of Designations), Holders shall not have any voting rights except as set forth in this Section 3.1. The Corporation shall require approval of the Holders of at least two-thirds (66.67%) of the then outstanding Series D Preferred Shares (together with any Parity Stock) to (either directly or through a Subsidiary or controlled Affiliate):

(a) authorize, create, increase the authorized amount of, or issue any Series D Preferred Stock or class or series of Senior Stock or Parity Stock or any security convertible into, or exchangeable or exercisable for, shares of Series D Preferred Stock, Senior Stock or Parity Stock;

(b) authorize, enter into or otherwise engage in a Fundamental Transaction unless such Fundamental Transaction does not adversely affect the rights, preferences or privileges of the Series D Preferred Stock; and

(c) agree or consent to any of the foregoing.

Further, the Corporation shall require approval of the Holders of at least two-thirds (66.67%) of the then outstanding Series D Preferred Shares to (either directly or through a Subsidiary or controlled Affiliate), amend, alter, repeal or otherwise modify (whether by merger, operation of law, consolidation or otherwise) (i) any provision of the Certificate of Incorporation (including this Certificate of Designations) or the Corporation's bylaws in a manner that would adversely affect the powers, rights, preferences or privileges of the Series D Preferred Stock or (ii) any provision of this Certificate of Designations.

Section 3.2. No Holder shall be entitled to transfer any Series D Preferred Shares to any Person who is not a "United States person" as defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended, and any such transfer shall be void *ab initio*.

Section 3.3. Certificated Shares; Replacement Certificates.

(a) The Corporation agrees, upon request of a Holder or permitted assignee, to take all steps reasonably necessary to promptly effect the removal of any restrictive legend from the certificates representing Series D Preferred Shares or shares of Class A Common Stock issued or the book-entry account of such Series D Preferred Shares or shares of Class A Common Stock, and the Corporation shall bear all costs associated therewith, regardless of whether the request is made in connection with a sale or otherwise, so long as such Holder, its permitted assigns or its broker provides to the Corporation a certification as to the length of time such shares have been held and a certification that such Holder is not an Affiliate of the Corporation. The Corporation shall cooperate with the Holder to effect the removal of the legend at any time such legend is no longer appropriate.

(b) The Corporation shall replace any mutilated Series D Preferred Stock certificate at the Holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the Holder's expense upon delivery to the Corporation of satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may reasonably be required by the Corporation.

(c) Notwithstanding anything to the contrary herein, unless requested in writing by a Holder to the Corporation, shares of Common Stock issued upon conversion of shares of Series D Preferred Stock or exercise of a Pre-Funded Warrant shall be uncertificated, book entry form as permitted by the bylaws of the Corporation and the DGGL.

Section 3.4. Subject to the terms of this Certificate of Designations, the Holder may transfer to any Person any portion of their Series D Preferred Stock issued pursuant to this Certificate of Designations or any Class A Common Stock issued upon conversion of the Series D Preferred Stock (or exercise of Pre-Funded Warrants (as defined below)) issued pursuant to this Certificate of Designation or Pre-Funded Warrants.

ARTICLE 4 CONVERSION; ADJUSTMENTS; COVENANTS

Section 4.1. Securities To Be Delivered Upon Conversion. Each Series D Preferred Share shall be convertible into shares of Class A Common Stock or Pre-Funded Warrants (the "Conversion Securities") at a conversion rate equal to (i) (A) the Stated Value plus (B) cash in lieu of fractional shares, as set forth in Section 4.7 divided by (ii) a conversion price of \$5.38145 per share of Class A Common Stock (subject to the adjustments in Section 4.5 herein, the "Conversion Price") as provided in this Article 4. On the date of conversion, with respect to each Series D Preferred Share, uncertificated book-entry shares representing the number of shares of Class A Common Stock into which such share of Series D Preferred Stock is converted (or Pre-Funded Warrants with respect to such shares, as applicable) shall be promptly issued and delivered to the Holder thereof or such Holder's designee upon presentation and surrender of the certificate evidencing the Series D Preferred Stock, if any (or, if such certificate or certificates have been lost, stolen, or destroyed, a lost certificate affidavit and indemnity in form and substance reasonably acceptable to the Corporation), to the Corporation and, if required, the furnishing of appropriate endorsements and transfer documents and the payment of all transfer and similar taxes, if any, allocable to the Holder pursuant to Section 4.4. The Person or Persons entitled to receive the Class A Common Stock and/or cash issuable upon conversion of Series D Preferred Stock (or Pre-Funded Warrants) shall be treated for all purposes as the record holder(s) of such shares of Class A Common Stock and/or securities (including Pre-Funded Warrants) as of the close of business on the date of conversion with respect thereto. In the event that a Holder shall not by written notice designate the name in which shares of Class A Common Stock and/or cash (or Pre-Funded Warrants) to be issued or paid upon conversion or shares of Series D Preferred Stock should be registered or paid or the manner in which such shares (or Pre-Funded Warrants) should be delivered, the Corporation shall be entitled to register and deliver such shares (or Pre-Funded Warrants), and make such payment, in the name of the Holder and in the manner shown on the records of the Corporation.

Section 4.2. Optional Conversion.

(a) Optional Conversion Right. Subject to Section 4.3, from and after the issuance of the Series D Preferred Shares (the "Issuance Date"), each Holder shall be entitled to convert all or a portion of such Holder's Series D Preferred Shares, at any time and from time to time (any such conversion, an "Optional Conversion"), into a number of duly authorized, validly issued, fully paid and non-assessable shares of Class A Common Stock as set forth in this Article 4. From and after any such conversion, the Series D Preferred Shares so converted shall no longer be deemed to be outstanding, and all rights of the Holder with respect to such Series D Preferred Shares shall immediately terminate, except the right to receive the shares of Class A Common Stock issuable pursuant to such Optional Conversion.

(b) Notice of Optional Conversion. In order to effect an Optional Conversion, a Holder shall submit a written notice to the Corporation, duly executed by an officer of the Holder and in the form attached hereto as Annex A (the "Optional Conversion Notice"), stating that the Holder irrevocably elects to convert the number of Series D Preferred Shares specified in such Optional Conversion Notice. Upon receiving an Optional Conversion

Notice, the Corporation shall issue and deliver to such Holder the number of shares of Class A Common Stock issuable upon conversion of such Series D Preferred Shares.

(c) Beneficial Ownership Limitation. The Corporation shall not effect any conversion of Series D Preferred Shares, and a Holder shall not have the right to convert any Series D Preferred Shares, to the extent that, after giving effect to the conversion set forth on the applicable Optional Conversion Notice, such Holder (together with such Holder's Affiliates, and any Persons acting as a group together with such Holder or any of such Holder's Affiliates (such Persons, "Attribution Parties")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Class A Common Stock beneficially owned by such Holder and its Affiliates and Attribution Parties shall include the number of shares of Class A Common Stock issuable upon conversion of the Series D Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Class A Common Stock which are issuable upon (i) conversion of the remaining, unconverted shares of Class A Common Stock underlying the Series D Preferred Stock beneficially owned by such Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 4.2, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 4.2 applies, the determination of whether the Series D Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and of how many Series D Preferred Shares are convertible shall be in the sole discretion of such Holder, and the submission of an Optional Conversion Notice shall be deemed to be such Holder's determination of whether such Series D Preferred Shares may be converted (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and how many Series D Preferred Shares are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers an Optional Conversion Notice that such Optional Conversion Notice has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4.2, in determining the number of outstanding shares of Class A Common Stock, a Holder may rely on the number of outstanding shares of Class A Common Stock as stated in the most recent of the following: (i) the Corporation's most recent periodic or annual report filed with the U.S. Securities and Exchange Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice by the Corporation or the Corporation's transfer agent setting forth the number of shares of Class A Common Stock outstanding. Upon the written or oral request (which may be via email) of a Holder, the Corporation shall within one Trading Day confirm orally and in writing to such Holder the number of shares of Class A Common Stock then outstanding. In any case, the number of outstanding shares of Class A Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Series D Preferred Stock, by such Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Class A Common Stock was reported. The "Beneficial Ownership Limitation" shall be 9.99% of the number of shares of the Class A Common Stock outstanding immediately after giving effect to the issuance of shares of Class A Common Stock issuable upon conversion of Series D Preferred Shares held by the applicable Holder. The limitations contained in this paragraph shall apply to a successor holder of Series D Preferred Stock.

Section 4.3. Automatic Conversion.

(a) Automatic Conversion. Upon February 20, 2028, each then outstanding Series D Preferred Share will automatically and immediately convert (the "Automatic Conversion") into a number of duly authorized, validly issued, fully paid and non-assessable shares of Class A Common Stock or Pre-Funded Warrants as set forth in this Article 4 without any further action by the Holders. From and after the Automatic Conversion, the Series D Preferred Shares shall no longer be deemed to be outstanding, and all rights of the Holders with respect to such Series D Preferred Shares shall immediately terminate, except the right to receive the shares of Class A Common Stock or Pre-Funded Warrants, as applicable.

(b) Automatic Conversion Notice. In advance of the occurrence of the Automatic Conversion, the Corporation shall deliver to all Holders a written notice of the Automatic Conversion pursuant to this Section 4.3.

(c) Automatic Conversion Beneficial Ownership Limitation. Upon the Automatic Conversion, in lieu of issuing any shares of Class A Common Stock to a Holder that would exceed the Beneficial Ownership Limitation, the Corporation will issue, and the Holder will receive, pre-funded warrants exercisable for the number of shares of Class A Common Stock which would otherwise be issuable ("Pre-Funded Warrants"), substantially in the form attached hereto as Annex B, the exercise of which shall be subject to the Beneficial Ownership Limitation.

Section 4.4. Transfer Taxes. Issuances of shares of Class A Common Stock or Pre-Funded Warrants upon conversion of the Series D Preferred Shares shall be made without charge to the Holder for any issuance or transfer tax in respect of the issuance thereof; *provided, however*, that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of Class A Common Stock or Pre-Funded Warrants in a name other than that of the converting Holder, and no such issuance or delivery need be made unless and until the Person requesting such issuance or delivery has paid to the Corporation the amount of any such tax or has established, to the reasonable satisfaction of the Corporation, that such tax has been, or will timely be, paid.

Section 4.5. Adjustments for Subsequent Events. From and after the date of this Certificate of Designations, adjustments shall be made to the Conversion Price from time to time as follows:

(a) Adjustment Upon Stock Dividends, Certain Issuances, Subdivisions or Combinations of Common Stock. If the Corporation, at any time while Series D Preferred Shares are outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of Class A Common Stock or any other equity or equity equivalent securities payable in shares of Class A Common Stock, (ii) subdivides outstanding shares of Class A Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Class A Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Class A Common Stock any shares of capital stock of the Corporation, then in each case the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Class A Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Class A Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 4.5(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) Fundamental Transaction. If, at any time while Series D Preferred Shares are outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person (excluding a merger effected solely to change the Corporation's name), (ii) the Corporation (and all of its Subsidiaries, taken as a whole), directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any direct or indirect purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Class A Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and such offer has been accepted by the holders of 50% or more of the outstanding Class A Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Class A Common Stock or any compulsory share exchange pursuant to which the Class A Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Class A Common Stock (not including any shares of Class A Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent Optional Conversion or the Automatic Conversion, the Holder shall have the right to receive, for each share of Class A Common Stock that would have been issuable upon such Optional Conversion or the Automatic Conversion immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to the Beneficial Ownership Limitation), the number of shares of common stock of the successor or

acquiring corporation, or of the Class A Common Stock if the Corporation is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Class A Common Stock into which a Holder's Series D Preferred Shares are convertible immediately prior to such Fundamental Transaction (without regard to the Beneficial Ownership Limitation).

(c) Alternate Consideration. If holders of Class A Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any Optional Conversion or the Automatic Conversion following such Fundamental Transaction. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Corporation under this Certificate of Designations and the other Transaction Documents in accordance with the provisions of this Section 4.5(c) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for the Series D Preferred Shares a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Certificate of Designations which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Class A Common Stock acquirable and receivable upon an Optional Conversion or the Automatic Conversion (without regard to the Beneficial Ownership Limitation) prior to such Fundamental Transaction, and with a conversion price which applies the Conversion Price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Class A Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of the Series D Preferred Shares immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for, the Corporation so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designations and the other Transaction Documents referring to the "Company" or the "Corporation" shall refer instead to the Successor Entity, and the Successor Entity may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designations and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Corporation herein.

(d) Other Distributions. During such time as the Series D Preferred Shares are outstanding, if the Corporation shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Class A Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) other than any such dividend or distribution that is subject to Section 4.5(a) hereof (a "Distribution"), at any time after the issuance of the Series D Preferred Shares, then, in each such case, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such Distribution by a fraction of which the denominator shall be the closing price on the record date mentioned above, and of which the numerator shall be such closing price on such record date less the then-per-share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Class A Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Class A Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

(e) Repurchases. Unless otherwise adjusted pursuant to Section 4.5(a) through Section 4.5(f) hereof, if, at any time while Series D Preferred Shares are outstanding, the Corporation effects any Repurchases (as defined below), then, following the completion of the Repurchase, the Conversion Price shall be reduced to the price determined by multiplying the Conversion Price in effect immediately prior to the date of the Repurchase by a fraction of which the numerator shall be (i) the product of (A) the number of shares of Class A Common Stock outstanding immediately prior to the date of the Repurchase and (B) the closing price of the Class A Common Stock on the Trading Day immediately preceding the Corporation's first public disclosure of its intent to effect such Repurchases, minus (ii) the Assumed Payment Amount (as defined below), and of which the denominator shall be the product of (A) the number of shares of Class A Common Stock outstanding immediately prior to the date of the

Repurchase minus the number of shares of Class A Common Stock so repurchased and (B) the closing price of the Class A Common Stock on the Trading Day immediately preceding the Corporation's first public disclosure of its intent to effect such Repurchases. For purposes of the foregoing, the "Assumed Payment Amount" with respect to any Repurchases shall mean the closing price as of the date of such Repurchases, of the aggregate consideration paid to effect such Repurchases and "Repurchases" means any transaction or series of related transactions to purchase Class A Common Stock of the Corporation for a purchase price greater than the closing price on the Trading Day immediately prior to such transactions pursuant to any tender offer or exchange offer.

(f) Exceptions to Adjustment Upon Issuance of Class A Common Stock. Notwithstanding anything herein to the contrary herein, there shall be no adjustment to the Conversion Price with respect to any Excluded Issuance.

Section 4.5. Rights Plans. If the Corporation has a rights plan in effect with respect to the Common Stock when Series D Preferred Shares are converted, upon conversion of any shares of the Series D Preferred Stock, Holders of such shares will receive, in addition to the shares of Class A Common Stock, the rights under the rights plan relating to such Common Stock, unless, prior to such date the rights have (i) become exercisable or (ii) separated from the shares of Common Stock.

Section 4.6. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Class A Common Stock for the sole purpose of issuance upon conversion of the Series D Preferred Stock and, as applicable, the exercise of the Pre-Funded Warrants as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders, not less than such aggregate number of shares of the Class A Common Stock as shall be issuable (taking into account the adjustments and restrictions of this Article 4) upon the conversion of the then outstanding shares of Series D Preferred Stock and the exercise of the then outstanding Pre-Funded Warrants. The Corporation covenants that all shares of Class A Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

Section 4.7. No Fractional Shares of Class A Common Stock. No fractional shares of Class A Common Stock will be issued as a result of any conversion of shares of Series D Preferred Stock. In lieu of any fractional share of Class A Common Stock otherwise issuable in respect of any conversion pursuant hereto, the Corporation shall pay (concurrently with the issuance of the shares of Class A Common Stock) an amount in cash (computed to the nearest cent) equal to the same fraction of the closing price of the Class A Common Stock determined as of the second Trading Day immediately preceding the date of conversion. If more than one share of the Series D Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Class A Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Series D Preferred Stock so surrendered.

ARTICLE 5 DEFINITIONS

Unless the context otherwise requires, when used herein the following terms shall have the meaning indicated.

"Affiliate" means any person or entity that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act of 1933, as amended. With respect to a Holder, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Holder will be deemed to be an Affiliate of such Holder.

"Business Day" means a day except a Saturday, a Sunday or other day on which commercial banks in the City of New York are authorized or required by applicable law to be closed.

"Excluded Issuances" means any issuance of (a) shares of any equity securities pursuant to an employee stock option plan, management incentive plan, restricted stock plan, stock purchase plan or stock ownership plan or similar benefit plan, similar program or similar agreement as approved by the Board of Directors and shareholders of the Corporation existing on or prior to the date hereof, (b) shares of any equity securities issuable upon exercise of any warrants or upon conversion, exercise or redemption of other securities outstanding as of the date of this

Certificate of Designations which have been disclosed in the Corporation's reports filed with the Securities and Exchange Commission pursuant to the Exchange Act prior to the date of this Certificate of Designations, or (c) shares of Class A Common Stock or securities convertible into Class A Common Stock, as applicable, issued by the Corporation upon any or pursuant to any of the other Transaction Documents.

"Holder" or "Holders" means a holder, or all of the holders, as the case may be, of outstanding Series D Preferred Shares as they appear in the records of the Corporation.

"Person" means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

"Subsidiary" means a corporation, association, company (including limited liability company), joint-stock company, business trust or other similar entity more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Corporation or by one or more other Subsidiaries, or by the Corporation and one or more other Subsidiaries. For purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Trading Day" means a day on which the Class A Common Stock is traded for any period on the principal securities exchange or if the Class A Common Stock is not traded on a principal securities exchange, on a day that the Class A Common Stock is traded on another securities market on which the Class A Common Stock is then being traded or if the Class A Common Stock is not then traded, Trading Day shall mean a Business Day.

"Trading Market" means any of the following markets or exchanges on which the Class A Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQB, or the OTCQX (or any successors to any of the foregoing).

"Transaction Documents" means that certain Exchange Agreement by and among the Corporation and the Holders, dated as of November 13, 2023, that certain Registration Rights Agreement by and among the Corporation and the Holders, dated as of November 13, 2023, the Pre-Funded Warrants, and this Certificate of Designations.

ARTICLE 6 MISCELLANEOUS

Section 6.1. Notices. All notices or communications in respect of the Series D Preferred Shares shall be in writing, shall be effective upon delivery, and shall be delivered by (i) registered or certified mail, return receipt requested, postage prepaid, (ii) reputable nationwide overnight courier service guaranteeing next Business Day delivery, (iii) personal delivery, or (iv) email, with written confirmation of receipt.

Section 6.2. No Other Rights. The Series D Preferred Shares shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as expressly set forth herein or in the Certificate of Incorporation or as required by applicable law or regulation.

Section 6.3. Headings. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

Section 6.4. Effectiveness. This Certificate of Designations shall become effective upon filing with the Secretary of State of the State of Delaware.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designations to be duly executed and acknowledged by the undersigned, thereunto duly authorized, as of November 13, 2023.

STRONGHOLD DIGITAL MINING, INC.

/s/ Gregory A. Beard

By:

Name: Gregory A. Beard
Title: Chief Executive Officer and Chairman

ANNEX A

STRONGHOLD DIGITAL MINING, INC. SERIES D PREFERRED STOCK

CONVERSION NOTICE

The undersigned hereby irrevocably elects to convert _____ shares of Series D Preferred Stock into shares of Class A Common Stock according to the conditions of the Certificate of Designations of the Series D Convertible Preferred Stock of Stronghold Digital Mining, Inc., as filed with the Secretary of State of the State of Delaware on November 13, 2023 (the "Certificate of Designations"), as of the date written below. The Corporation will pay any issuance or transfer tax on the issuance of shares of Class A Common Stock, unless the tax is due because the undersigned requests such shares of Class A Common Stock to be issued in a name other than the undersigned's name, in which case, the undersigned will pay the tax. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Certificate of Designations.

Date of Conversion: _____

Signature: _____

Name: _____

Address: _____

ANNEX B

FORM OF PRE-FUNDED WARRANT

STRONGHOLD DIGITAL MINING, INC. CLASS A COMMON STOCK PRE-FUNDED WARRANT

THIS PRE-FUNDED WARRANT (THE "WARRANT") AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SECURITIES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW AND, IF THE COMPANY REQUESTS, AN OPINION SATISFACTORY TO THE COMPANY TO SUCH EFFECT HAS BEEN RENDERED BY COUNSEL.

Warrant Certificate No.: _____

Original Issue Date: [_____]

FOR VALUE RECEIVED, Stronghold Digital Mining, Inc., a Delaware corporation (the "**Company**"), hereby certifies that [HOLDER] or its registered assigns (the "**Holder**") is entitled to purchase from the Company [_____] duly authorized, validly issued, fully paid and nonassessable shares of Class A Common Stock, par value \$0.0001 per share, at a purchase price per share of \$0.001 (the "**Strike Price**"), all subject to the terms, conditions and adjustments set forth below in this Warrant.

This Warrant is being issued to the Holder in exchange for [_____] shares of the Company's Series D Convertible Preferred Stock, par value \$0.0001 per share (the "**Series D Preferred Stock**"), issued by the Company to the Holder on November 13, 2023.

Definitions. As used in this Warrant, the following terms have the respective meanings set forth below:

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Aggregate Strike Price" means an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then outstanding, multiplied by (b) the Strike Price.

"Alternate Consideration" has the meaning set forth in Section 4(c)(ii).

"Attribution Parties" has the meaning set forth in Section 3(f)(i).

"Beneficial Ownership Limitation" has the meaning set forth in Section 3(f)(i).

"Business Day" means any day, except a Saturday, Sunday or legal holiday, on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Certificate of Designations of the Series D Preferred Stock" means the certificate of designations of the Series D Preferred Stock filed with the Secretary of State of the State of Delaware on November 13, 2023.

"Common Stock" means the Class A Common Stock, par value \$0.0001 per share, of the Company, and any capital stock into which such Common Stock shall have been converted, exchanged or reclassified following the date hereof.

"Company" has the meaning set forth in the preamble.

"Distribution" has the meaning set forth in Section 4(c)(iii).

"Exchange Agreement" means that certain Exchange Agreement by and among the Company and the Holder, dated as of November 13, 2023.

"Excluded Issuances" means any issuance of (a) shares of any equity securities pursuant to an employee stock option plan, management incentive plan, restricted stock plan, stock purchase plan or stock ownership plan or similar benefit plan, similar program or similar agreement as approved by the Board of Directors and shareholders of the Company existing on or prior to the date hereof, (b) shares of any equity securities issuable upon exercise of any warrants or upon conversion, exercise or redemption of other securities outstanding as of the date of this Warrant which have been disclosed in the Company's reports filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (as amended, the **"Exchange Act"**) prior to the date of this Warrant, or (c) shares of Common Stock or securities convertible into Common Stock, as applicable, issued by the Company upon exercise of this Warrant or pursuant to any of the other Transaction Documents.

"Exercise Date" means, for any given exercise of this Warrant, the date on which the conditions to such exercise as set forth in Section 3(a) shall have been satisfied at or prior to 5:00 p.m., New York City, NY time, on a Business Day.

"Exercise Period" has the meaning set forth in Section 2.

"Fundamental Transaction" has the meaning set forth in Section 4(c)(ii).

"Holder" has the meaning set forth in the preamble.

"Notice of Exercise" has the meaning set forth in Section 3(a).

"Original Issue Date" means the first date hereabove written.

"Person" means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

"Registration Rights Agreement" means that certain Registration Rights Agreement by and among the Company, the Holder and the other holders party thereto, dated as of November 13, 2023.

"Series D Preferred Stock" has the meaning set forth in the Preamble.

"Strike Price" has the meaning set forth in the preamble, subject to adjustments in accordance with the terms of this Warrant. No additional consideration (other than the Strike Price per Warrant Share) shall be required to be paid by the Holder to any Person to effect any exercise of this Warrant. The Holder shall not be entitled to the return or refund of all, or any portion, of such pre-paid aggregate exercise price under any circumstance or for any reason whatsoever, including in the event this Warrant shall not have been exercised prior to the Termination Date.

"Subsidiary" means a corporation, association, company (including limited liability company), joint-stock company, business trust or other similar entity more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Successor Entity" has the meaning set forth in Section 4(c)(ii).

"Termination Date" means the date on which this Warrant is exercised in full.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQB, or the OTCQX (or any successors to any of the foregoing).

"Transaction Documents" means the Exchange Agreement, the Certificate of Designations of the Series D Preferred Stock, the Registration Rights Agreement and this Warrant.

"Transfer Agent" has the meaning set forth in Section 3(c).

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a trading day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported on the OTCQX, OTCQB or OTC Pink Marketplace maintained by the OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the volume weighted average price of the Common Stock on the first such facility (or a similar organization or agency succeeding to its functions of reporting prices), or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company. For purposes of calculating VWAP over any multiple-day period, the number of shares of Common Stock shall be adjusted for any stock splits, stock combinations, reclassifications or similar transaction.

"Warrant" means this Warrant and all warrants issued upon division or combination of, or in substitution for, this Warrant.

"Warrant Shares" means the shares of Common Stock or other capital stock of the Company then purchasable upon exercise of this Warrant in accordance with the terms of this Warrant.

Term of Warrant. Subject to the terms and conditions hereof, at any time from the Original Issue Date through the Termination Date (the "**Exercise Period**"), the Holder of this Warrant may exercise this Warrant for all or any part of the Warrant Shares purchasable hereunder, subject to the Beneficial Ownership Limitation and subject to adjustment as provided herein.

Exercise of Warrant.

Exercise Procedure. This Warrant may be exercised from time to time on any Business Day during the Exercise Period, for all or any part of the unexercised Warrant Shares, upon: surrender of this Warrant to the Company at the address for notices in Section 10 below (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction), together with a duly completed and executed exercise notice in the form attached hereto as Exhibit A (the "**Notice of Exercise**").

RESERVED.

Delivery of Warrant Shares Upon Exercise. In accordance with and subject to Section 3(a) and Section 4 hereof, the Company shall, as promptly as practicable, and in any event within three (3) Business Days after surrender of this Warrant, instruct the transfer agent (the "**Transfer Agent**") for the Common Stock to record the issuance of the Warrant Shares purchased hereunder to the Holder in book-entry form pursuant to the Transfer Agent's regular procedures. The Warrant Shares shall be registered in the name of the Holder or, subject to compliance with Section 5 below, such other Person's name as shall be designated. This Warrant shall be deemed to have been exercised in whole or in part, and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the applicable Exercise Date.

Delivery of New Warrant. Unless the purchase rights represented by this Warrant shall have been fully exercised, the Company shall, at the time of delivery of the Warrant Shares being issued in accordance with Section 3(c) hereof, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unexercised Warrant Shares called for by this Warrant. Such new Warrant shall in all other respects be identical to this Warrant.

Reservation of Shares. During the Exercise Period, the Company shall at all times reserve and keep available out of its authorized but unissued Common Stock or other securities constituting Warrant Shares, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of Warrant Shares

issuable upon the exercise of this Warrant, and the par value per Warrant Share shall at all times be less than or equal to the applicable Strike Price. The Company shall not increase the par value of any Warrant Shares receivable upon the exercise of this Warrant above the Strike Price then in effect, and shall take all such actions as may be necessary or appropriate so that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

Exercise Restriction. Notwithstanding anything herein to the contrary, the Company shall not effect the exercise of any portion of this Warrant, and the Holder shall not have the right to exercise any portion of this Warrant, and any such exercise shall be null and void and treated as if never made, to the extent, and only to the extent, that:

the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "**Attribution Parties**")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below) upon such exercise. Except as set forth in the preceding sentence, for purposes of this **Section 3(f)(i)**, beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this **Section 3(f)(i)** applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. For purposes of this **Section 3(f)(i)**, in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the U.S. Securities and Exchange Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one (1) Business Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "**Beneficial Ownership Limitation**" shall be 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The limitations contained in this paragraph shall apply to a successor holder of this Warrant; or

such issuance, when aggregated with any other Common Stock theretofore or simultaneously therewith issued (including all of the transactions as contemplated under the Transaction Documents) to or otherwise beneficially owned by the Holder and its Affiliates and any other Persons or entities whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act (including any shares held by any "group" of which the Holder is a member) would result in a "change of control" of the Company within the meaning of Nasdaq Listing Rule 5635(b) or otherwise require shareholder approval under Nasdaq Listing Rule 5635(d); except that such limitation under this **Section 3(f)(i)** shall not apply in the event that the Company obtains all necessary stockholder approvals for such exchange in accordance with the Nasdaq Listing Rules. For purposes hereof, "group" has the meaning set forth in Section 13(d) of the Exchange Act and applicable regulations of the Securities and Exchange Commission, and the percentage held by the Holder shall be determined in a manner consistent with the provisions of Section 13(d) of the Exchange Act.

Mandatory Cashless Exercise; Adjustments.

RESERVED.

Cashless Exercise. Upon the exercise of this Warrant in whole or in part, the Company will settle such exercise by paying or delivering, as applicable and as provided in this **Section 4(b)**, shares of Common Stock,

together, if applicable, with cash in lieu of fractional shares, in the amounts set forth herein. This Warrant shall only be settled in shares of Common Stock, other than any cash payments in lieu of fractional shares, and shall not be settled in cash. Upon settlement of the exercise of each Warrant, the Company will deliver the following:

- A number of shares of Common Stock equal to the greater of (x) zero and (y) the quotient obtained by dividing $[(VP-SP) * (WS)]$ by (VP), where:
- WS = the number of Warrant Shares being exercised, subject to any adjustments as set forth in this [Section 4](#);
- VP = the 20-day VWAP as of the market close on the trading day immediately preceding the applicable Exercise Date; and
- SP = the Strike Price in effect immediately after the close of business on such Exercise Date.

Additionally, if the calculation set forth in [Section 4\(b\)\(i\)](#) results in the issuance of fractional shares of Common Stock, in lieu of delivering any fractional share of Common Stock otherwise due upon exercise of any Warrant, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction based on the VP per share of Common Stock on the applicable Exercise Date as set forth in [Section 4\(b\)\(i\)](#) or round up to the next whole share.

Strike Price and Warrant Share Adjustments. Each of the Strike Price and the Warrant Shares will be adjusted from time to time as follows:

Adjustment Upon Stock Dividends, Certain Issuances, Subdivisions or Combinations of Common Stock. If the Company, at any time while this Warrant is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock, (B) subdivides outstanding shares of Common Stock into a larger number of shares, (C) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Strike Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of Warrant Shares shall be proportionately adjusted such that the Aggregate Strike Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this [Section 4\(c\)\(i\)](#) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

Fundamental Transaction. If, at any time while this Warrant is outstanding, (A) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person (excluding a merger effected solely to change the Company's name), (B) the Company (and all of its Subsidiaries, taken as a whole), directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (C) any direct or indirect purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and such offer has been accepted by the holders of 50% or more of the outstanding Common Stock, (D) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (E) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to such stock or share purchase agreement or other business combination) (each a "**Fundamental Transaction**"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the

occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 3(f)(i) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "**Alternate Consideration**") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 3(f)(i) on the exercise of this Warrant).

For purposes of any such exercise, the determination of the Strike Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Strike Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "**Successor Entity**") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 4(c)(ii) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for, the Company so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity, and the Successor Entity may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

Other Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) other than any such dividend or distribution that is subject to Section 4(c)(i) hereof (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Strike Price shall be adjusted by multiplying the Strike Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such Distribution by a fraction of which the denominator shall be the closing price on the record date mentioned above, and of which the numerator shall be such closing price on such record date less the then-per-share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors of the Company in good faith, and the number of Warrant Shares shall be proportionately adjusted such that the Aggregate Strike Price of this Warrant shall remain unchanged. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

Repurchases. Unless otherwise adjusted pursuant to Section 4(c)(i) through (vi) hereof, if, at any time while this Warrant is outstanding, the Company effects any Repurchases, then, following the completion of the Repurchase, the Strike Price shall be reduced to the price determined by multiplying the Strike Price in effect immediately prior to the date of the Repurchase by a fraction of which the numerator shall be (a) the product of (1) the number of shares of Common Stock outstanding immediately prior to the date of the Repurchase and (2) the closing price of the Common Stock on the trading day immediately preceding the Company's first public

disclosure of its intent to effect such Repurchases, minus (b) the Assumed Payment Amount (as defined below), and of which the denominator shall be the product of (X) the number of shares of Common Stock outstanding immediately prior to the date of the Repurchase minus the number of shares of Common Stock so repurchased and (Y) the closing price of the Common Stock on the trading day immediately preceding the Company's first public disclosure of its intent to effect such Repurchases. In such event, the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by multiplying such number of Warrant Shares by the quotient of (A) the Strike Price in effect immediately prior to the date of the Repurchases divided by (B) the new Strike Price determined in accordance with the immediately preceding sentence. For purposes of the foregoing, the "Assumed Payment Amount" with respect to any Repurchases shall mean the closing price as of the date of such Repurchases, of the aggregate consideration paid to effect such Repurchases and "Repurchases" means any transaction or series of related transactions to purchase Common Stock of the Company for a purchase price greater than the closing price on the trading day immediately prior to such transactions pursuant to any tender offer or exchange offer.

Exceptions to Adjustment Upon Issuance of Common Stock. Notwithstanding anything herein to the contrary herein, there shall be no adjustment to the number of Warrant Shares issuable upon exercise of this Warrant or the Strike Price with respect to any Excluded Issuance.

Notices. Whenever the Strike Price or the Warrant Shares are adjusted pursuant to any provision of this Section 4, the Company shall send to the Holder a notice setting forth the adjusted Strike Price or Warrant Shares and a brief statement of the facts requiring such adjustment. In the event the Company shall consummate any Fundamental Transaction then, unless the Company has made a filing with the Securities and Exchange Commission, including pursuant to a Current Report on Form 8-K, which filing discloses such Fundamental Transaction, the Company shall give to each Holder a written notice of such Fundamental Transaction.

Transfer of Warrant. Subject to the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights hereunder are transferable, in whole or in part, by the Holder without charge to the Holder, upon surrender of this Warrant to the Company at the address for notices in Section 10 below (email being sufficient) with a properly completed and duly executed assignment in the form set forth on Exhibit B and any other documentation as may be reasonably requested from the Company. Upon such compliance, surrender and delivery, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly be cancelled.

Holder Not Deemed a Stockholder; Limitations on Liability. Other than as set forth herein, prior to the issuance to the Holder of the Warrant Shares to which the Holder is then entitled to receive upon the due exercise of this Warrant, the Holder shall not be entitled to vote or be deemed the holder of shares of capital stock of the Company for any purpose (other than for tax purposes), nor shall anything contained in this Warrant be construed to confer upon the Holder, as such, any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise) or receive notice of meetings. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

Replacement on Loss; Division and Combination.

Replacement of Warrant on Loss. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and upon delivery of an indemnity reasonably satisfactory to it (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity) and, in case of mutilation, upon surrender of such Warrant for cancellation to the Company, the Company at its own expense shall execute and deliver to the Holder, in lieu hereof, a new Warrant of like tenor and exercisable for an equivalent number of Warrant Shares as the Warrant so lost, stolen, mutilated or destroyed; provided, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

Division and Combination of Warrant. Subject to compliance with the applicable provisions of this Warrant as to any transfer or other assignment which may be involved in such division or combination, this Warrant may be divided or, following any such division of this Warrant, subsequently combined with other

Warrants, upon the surrender of this Warrant or Warrants to the Company at its then principal executive offices, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the respective Holders or their agents or attorneys, along with any other documentation that the Company may reasonably request. Subject to compliance with the applicable provisions of this Warrant as to any transfer or assignment which may be involved in such division or combination, the Company shall at its own expense execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants so surrendered in accordance with such notice. Such new Warrant or Warrants shall be of like tenor to the surrendered Warrant or Warrants and shall be exercisable in the aggregate for an equivalent number of Warrant Shares as the Warrant or Warrants so surrendered in accordance with such notice.

Compliance with the Act.

Restrictive Legend. The Holder, by acceptance of this Warrant, agrees to comply in all respects with the provisions of this Section 8 and the restrictive legend requirements set forth on the face of this Warrant and further agrees that such Holder shall not offer, sell or otherwise dispose of this Warrant or any Warrant Shares to be issued upon exercise hereof except under circumstances that will not result in a violation of the Act. This Warrant and all Warrant Shares issued upon exercise of this Warrant (unless registered under the Act) shall be stamped or imprinted with a legend in substantially the following form:

"THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SECURITIES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW AND, IF THE COMPANY REQUESTS, AN OPINION SATISFACTORY TO THE COMPANY TO SUCH EFFECT HAS BEEN RENDERED BY COUNSEL."

Removal of Restrictive Legend. The Company agrees, upon request of the Holder or permitted assignee, to take all steps reasonably necessary to promptly effect the removal of any restrictive legend from the certificates representing Warrant Shares or the book-entry account of such Warrant Shares, and the Company shall bear all costs associated therewith, regardless of whether the request is made in connection with a sale or otherwise, so long as the Holder, its permitted assigns or its broker provides to the Company a certification as to the length of time such Warrant Shares have been held and a certification that the Holder is not an affiliate of the Company. The Company shall cooperate with the Holder to effect the removal of the legend at any time such legend is no longer appropriate.

Warrant Register. The Company shall keep and properly maintain at its principal executive offices books for the registration of this Warrant and any transfers thereof. The Company may deem and treat the Person in whose name this Warrant is registered on such register as the Holder thereof for all purposes, and the Company shall not be affected by any notice to the contrary, except any assignment, division, combination or other transfer of this Warrant effected in accordance with the provisions of this Warrant.

Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission); or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10).

- If to the Company: Stronghold Digital Mining, Inc. 595 Madison Avenue, 28th Floor New York, NY 10022 Attention: Matthew Usdin
 - with a copy to: Vinson & Elkins LLP 901 East Byrd Street, Suite 1500 Richmond, VA 23219 Attention: Daniel M. LeBey
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- If to the Holder: To such Holder at the address of such Holder as listed in the stock record books of the Company.

Cumulative Remedies. Except to the extent expressly provided to the contrary, the rights and remedies provided in this Warrant are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

Entire Agreement. This Warrant, together with the Transaction Documents, constitutes the sole and entire agreement of the parties with respect to this Warrant and the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Warrant and any of the Transaction Documents, the statements in the body of this Warrant shall control.

Equitable Relief. Each of the Company and the Holder acknowledges that a breach or threatened breach by such party of any of its obligations under this Warrant would give rise to irreparable harm to the other party hereto for which monetary damages would not be an adequate remedy and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, the other party hereto shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction.

Successors and Assigns. This Warrant and the rights evidenced hereby shall be binding upon and shall inure to the benefit of the parties hereto and the successors of the Company and the successors and permitted assigns of the Holder. Such successors and/or permitted assigns of the Holder shall be deemed to be a Holder for all purposes hereunder.

No Third-Party Beneficiaries. This Warrant is for the sole benefit of the Company and the Holder and their respective successors and, in the case of the Holder, permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Warrant.

Headings. The headings in this Warrant are for reference only and shall not affect the interpretation of this Warrant.

Amendment and Modification; Waiver. Except as otherwise provided herein, this Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

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

Governing Law. This Warrant shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware.

Submission to Jurisdiction. Any legal suit, action or proceeding arising out of or based upon this Warrant or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the Chancery Court of the State of Delaware in each case located in the city of Wilmington, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be

effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Waiver of Jury Trial. Each party acknowledges and agrees that any controversy which may arise under this Warrant is likely to involve complicated and difficult issues and, therefore, each party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Warrant or the transactions contemplated hereby.

Counterparts. This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant.

No Strict Construction. This Warrant shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has duly executed this Warrant as of the Original Issue Date.
STRONGHOLD DIGITAL MINING, INC.

By: _____
Name: _____
Title: _____

ACKNOWLEDGED AND AGREED:

[HOLDER]

By: _____
Name: _____
Title: _____

EXHIBIT A
NOTICE OF EXERCISE

To: STRONGHOLD DIGITAL MINING, INC.

Reference is made to that certain Class A Common Stock Pre-Funded Warrant (the "**Warrant**") issued by Stronghold Digital Mining, Inc. (the "**Company**") on [DATE]. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Warrant.

The undersigned Holder of the Warrant hereby elects to exercise the Warrant for _____ number of Warrant Shares, subject to tender of Warrant Shares pursuant to the cashless exercise provisions of Section 4 of the Warrant.

The undersigned Holder hereby instructs the Company to issue the applicable net number of shares of Common Stock issuable upon exercise of the Warrant pursuant to the cashless exercise provisions of Section 4 of the Warrant, in the name of the undersigned Holder. The Holder's calculation of such net number shall be provided to the Company upon request.

The undersigned Holder hereby represents and warrants to the Company that, as of the date hereof:

Experience: Accredited Investor Status. The Holder (i) is an accredited investor as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act, is capable of evaluating the merits and risks of its investment in the Company, (iii) has the capacity to protect its own interests, and (iv) has the financial ability to bear the economic risk of its investment in the Company.

Company Information. The Holder has been provided access to all information, including through the Company's publicly available documents and filings, regarding the business and financial condition of the Company, its expected plans for future business activities, material contracts, intellectual property, and the merits and risks of its purchase of the Warrant Shares, which it has requested or otherwise needs to evaluate an investment in the Warrant Shares. It has had an opportunity to discuss the Company's business, management and financial affairs with directors, officers and management of the Company and has had the opportunity to review the Company's operations and facilities. It has also had the opportunity to ask questions of, and receive answers from, the Company and its management regarding the terms and conditions of this investment and all such questions have been answered to its satisfaction.

Investment. The Holder has not been formed solely for the purpose of making this investment and is acquiring the Warrant Shares for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution of any part thereof. It understands that the Warrant Shares have not been registered under the Securities Act or applicable state and other securities laws and are being issued by reason of a specific exemption from the registration provisions of the Securities Act and applicable state and other securities laws, the availability of which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations as expressed herein.

Transfer Restrictions. The Holder acknowledges and understands that (i) transfers of the Warrant Shares are subject to transfer restrictions under the federal securities laws and (ii) it may have to bear the economic risk of this investment for an indefinite period of time unless the Warrant Shares are subsequently registered under the Securities Act and applicable state and other securities laws or unless an exemption from such registration is available.

Name of Registered Owner:

Signature of Authorized Signatory of Registered Owner:

Name of Authorized Signatory:

Title of Authorized Signatory:

Date:

EXHIBIT B
ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name:

(Please Print)

Address:

(Please Print)

Dated:

Holder's Signature:

Holder's Address:

EMPLOYMENT AGREEMENT

This Employment Agreement ("**Agreement**") is made and entered into by and between Stronghold Digital Mining, Inc., a Delaware corporation (the "**Company**"), and Gregory A. Beard ("**Employee**") effective as of September 6, 2023 (the "**Effective Date**").

WHEREAS, Employee is currently employed by the Company and serves as its Chairman of the Board and Chief Executive Officer; and

WHEREAS, the Company desires to continue to employ Employee, and Employee desires to continue to be employed by the Company, pursuant to the terms of this Agreement.

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

1. **Employment.** During the Employment Period (as defined in Section 4), the Company shall employ Employee, and Employee shall serve, as its Chief Executive Officer of the Company and in such other position or positions as may be agreed to by Employee and the Company from time to time. The Employee will also serve as the Company's Chairman of the Board for so long as he is elected and willing to serve.
 2. **Duties and Responsibilities of Employee.**
 - a. During the Employment Period, Employee shall devote Employee's best efforts and full business time and attention to the businesses of the Company and its direct and indirect subsidiaries as may exist from time to time, including the Company (collectively, the Company and its direct and indirect subsidiaries are referred to as the "**Company Group**") as may be requested by the Company from time to time. Employee's duties and responsibilities shall include those normally incidental to the position(s) identified in Section 1, as well as such additional duties as may be assigned to Employee by the Company from time to time, which duties and responsibilities may include providing services to other members of the Company Group in addition to the Company. Employee may, without violating this Section 2(a), (i) as a passive investment, either make or manage personal investments or own publicly traded securities in such form or manner as will not require any services by Employee in the operation of the entities in which such securities are owned; (ii) engage in charitable and civic activities; (iii) serve as the Chief Executive Officer of Beard Energy Transition Acquisition Corp.; (iv) serve on the board of directors of other private or public companies, including but not limited to Employee's role as Chairman of the board of directors of the Company (the "**Board**"); or (v) with the prior written consent of the Board, engage in other personal and passive investment activities, in each case, so long as such ownership, interests or activities do not interfere with Employee's ability to fulfill Employee's duties and responsibilities under this Agreement and are not inconsistent with Employee's obligations to any member of the Company Group or competitive with the business of any member of the Company Group.
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- b. Employee owes each member of the Company Group fiduciary duties (including (i) duties of loyalty and disclosure and (ii) such fiduciary duties that an officer of the Company owes under the laws of the State of Delaware), and the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Employee owes each member of the Company Group under statutory and common law.

3. Compensation.

- a. Base Salary. During the Employment Period, the Company shall pay to Employee an annualized base salary of \$600,000 (the "**Base Salary**") in consideration for Employee's services under this Agreement, payable in substantially equal installments in conformity with the Company's customary payroll practices for similarly situated employees as may exist from time to time, but no less frequently than monthly. Employee's Base Salary shall be payable in cash or, subject to minimum wage requirements, at Employee's election, in fully-vested shares of the Company's Class A common stock, par value \$0.0001 ("**Common Stock**") on a quarterly basis in arrears. For purposes of calculating the number of fully-vested shares of Common Stock to be granted, the Company will use the volume-weighted average price ("**VWAP**") of the Common Stock for the final thirty (30) Business Days of the quarter.
 - b. Annual Bonus. For each complete calendar year that Employee is employed hereunder, Employee will be eligible for an annual bonus (the "**Annual Bonus**") with a target amount of 100% of Employee's Base Salary if the applicable targets to achieve such Annual Bonus are met. The performance targets that must be achieved in order to be eligible for certain bonus levels shall be established by the Board (or a committee thereof) annually, in its sole discretion, and communicated to Employee within the first ninety (90) days of the applicable calendar year (the "Bonus Year"). The Board (or a committee thereof) in setting the Employee's applicable targets may consider, among other elements, stock price, earnings per share, cash flow, performance against peers, key strategic and operational objectives, business strategy and market conditions. Notwithstanding the foregoing, Employee shall be eligible to receive an annual bonus for 2023 (the "**2023 Bonus**") with a target amount of 100% of Employee's Base Salary if the applicable targets to achieve such 2023 Bonus are met. Each Annual Bonus (and the 2023 Bonus), if any, shall be paid in cash or, at Employee's election, in fully-vested shares of Common Stock. For purposes of calculating the number of fully-vested shares of Common Stock to be granted, if chosen, the Company will use the VWAP of the Common Stock for the final thirty (30) Business days of the relevant Bonus Year. Each Annual Bonus (and the 2023 Bonus) shall be paid as soon as administratively feasible after the Board (or a committee thereof) certifies whether the applicable performance targets for the applicable Bonus Year have been achieved, but in no event later than March 15 following the end of such Bonus Year (or, for the 2023 Bonus, no later than March 15, 2024). Notwithstanding anything in this Section 3(b) to the contrary, no Annual Bonus (or the 2023 Bonus), if any, nor any portion thereof, shall be payable for any Bonus Year unless Employee remains continuously employed by the Company
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from the Effective Date through the date on which such Annual Bonus or 2023 Bonus is paid.

- c. Long-Term Incentive Plan. Employee shall be eligible to receive annual equity awards pursuant to the Company's Omnibus Incentive Plan, (as may be amended, the "**LTIP**"), subject to the terms of any applicable award agreement and the LTIP as in effect from time to time and the approval of the Board. The Board or a committee thereof subject to approval of the Board, will determine the type and number of any equity awards to be granted and the vesting and performance conditions to which such awards will be subject.
 - d. Director Compensation. Consistent with the Company's Non-Employee Director Compensation Policy, Employee will receive no additional compensation for serving as the Chairman, or otherwise as a member of the Board of Directors of the Company, so long as Employee is paid pursuant to the terms of this Agreement. For the avoidance of doubt, Employee shall be reimbursed for reasonable out of pocket expenses incurred as member of the Board of Directors of the Company so long as such expenses are not otherwise covered hereunder.
4. **Term of Employment**. The initial term of Employee's employment under this Agreement shall be for the period beginning on the Effective Date and ending on the second (2nd) anniversary of the Effective Date (the "**Initial Term**"). On the second (2nd) anniversary of the Effective Date and on each subsequent anniversary thereafter, the term of Employee's employment under this Agreement shall automatically renew and extend for a period of twelve (12) months (each such twelve (12)-month period being a "**Renewal Term**") unless written notice of non-renewal is delivered by either party to the other not less than sixty (60) days prior to the expiration of the then-existing Initial Term or Renewal Term, as applicable. Notwithstanding any other provision of this Agreement, Employee's employment pursuant to this Agreement may be terminated at any time in accordance with Section 7. The period from the Effective Date through the expiration of this Agreement or, if sooner, the termination of Employee's employment pursuant to this Agreement, regardless of the time or reason for such termination, shall be referred to herein as the "**Employment Period**."
5. **Business Expenses**. Subject to Section 23, the Company shall reimburse Employee for Employee's reasonable out-of-pocket business-related expenses actually incurred in the performance of Employee's duties under this Agreement so long as Employee timely submits all documentation for such expenses, as required by Company policy in effect from time to time. Any such reimbursement of expenses shall be made by the Company upon or as soon as practicable following receipt of such documentation (but in any event not later than the close of Employee's taxable year following the taxable year in which the expense is incurred by Employee). Except to the extent permitted by Section 13, in no event shall any reimbursement be made to Employee for any expenses incurred after the date of Employee's termination of employment with the Company.
6. **Benefits**.
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- a. During the Employment Period, Employee shall be eligible to participate in the same benefit plans and programs in which other similarly situated Company employees are eligible to participate, subject to the terms and conditions of the applicable plans and programs in effect from time to time. The Company shall not, however, by reason of this Section 6, be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any such plan or policy, so long as such changes are similarly applicable to similarly situated Company employees generally.
- b. During the Employment Period, Employee shall be eligible for reimbursement for any reasonable out-of-pocket expenses incurred by Employee related to one (1) annual check-up or physical examination by Employee's medical provider of choice that are not covered by any company provided benefit plans so long as Employee timely submits all documentation for such expenses. Reimbursement owed to Employee for the annual check-up or physical examination under this Section 6(b) shall not exceed \$7,500.

7. Termination of Employment

- a. Company's Right to Terminate Employee's Employment for Cause. The Company shall have the right to terminate Employee's employment hereunder at any time for Cause. For purposes of this Agreement, "**Cause**" shall mean:
 - i. Employee's material breach of this Agreement or any other written agreement between Employee and one or more members of the Company Group, including Employee's material breach of any representation, warranty or covenant made under any such agreement;
 - ii. Employee's material breach of any policy or code of conduct established by a member of the Company Group and applicable to Employee;
 - iii. Employee's violation of any law applicable to the workplace (including any law regarding anti-harassment, anti-discrimination, or anti-retaliation);
 - iv. Employee's gross negligence, willful misconduct, breach of fiduciary duty, fraud, theft or embezzlement;
 - v. the commission by Employee of, or conviction or indictment of Employee for, or plea *of nolo contendere* by Employee to, any felony (or state law equivalent) or any crime involving moral turpitude; or
 - vi. Employee's willful failure or refusal, other than due to Disability, to perform Employee's obligations pursuant to this Agreement or to follow any lawful directive from the Board, as determined by the Board (sitting without Employee, if applicable); *provided, however*, that if Employee's actions or omissions as set forth in this Section 7(a)(v) are of such a nature that the Board determines that they are curable by Employee, such actions or omissions must remain uncured thirty (30) days after the Board first
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provided Employee written notice of the obligation to cure such actions or omissions.

Notwithstanding anything to the contrary, a resignation by Employee at a time when grounds for Cause exist shall be deemed to be a termination of Employee's employment by the Company for Cause.

- b. Company's Right to Terminate for Convenience. The Company shall have the right to terminate Employee's employment for convenience at any time and for any reason, or no reason at all, upon written notice to Employee.
- c. Employee's Right to Terminate for Good Reason. Employee shall have the right to terminate Employee's employment with the Company at any time for Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean:
 - (a) a material diminution in Employee's Base Salary or authority, duties and responsibilities with the Company Group;
 - (b) a material breach by the Company of any of its obligations under this Agreement; or
 - (i) the relocation of the geographic location of Employee's principal place of employment by more than seventy-five (75) miles from the location of Employee's principal place of employment as of the Effective Date.

Notwithstanding the foregoing provisions of this Section 7(c) or any other provision of this Agreement to the contrary, any assertion by Employee of a termination for Good Reason shall not be effective unless all of the following conditions are satisfied: (A) the condition described in Section 7(c)(i), (ii) or (iii) giving rise to Employee's termination of employment must have arisen without Employee's consent; (B) Employee must provide written notice to the Board of the existence of such condition(s) within thirty (30) days after the initial occurrence of such condition(s); (C) the condition(s) specified in such notice must remain uncorrected for thirty (30) days following the Board's receipt of such written notice; and (D) the date of Employee's termination of employment must occur within seventy-five (75) days after the initial occurrence of the condition(s) specified in such notice.

- d. Death or Disability. Upon the death or Disability of Employee, Employee's employment with Company shall automatically (and without any further action by any person or entity) terminate with no further obligation under this Agreement of either party hereunder. For purposes of this Agreement, a "**Disability**" shall mean Employee's inability to perform the essential functions of Employee's position (after accounting for reasonable accommodation, if applicable and required by applicable law), due to physical or mental impairment that continues, or can reasonably be expected to continue, for a period in excess of one hundred-twenty (120) consecutive days or one hundred-eighty (180) days, whether or not consecutive (or for any longer period as may be required by applicable law), in any twelve (12)-month period.
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- e. Employee's Right to Terminate for Convenience. In addition to Employee's right to terminate Employee's employment for Good Reason, Employee shall have the right to terminate Employee's employment with the Company for convenience at any time and for any other reason, or no reason at all, upon thirty (30) days' advance written notice to the Company; provided, however, that if Employee has provided notice to the Company of Employee's termination of employment, the Company may determine, in its sole discretion, that such termination shall be effective on any date prior to the effective date of termination provided in such notice (and, if such earlier date is so required, then it shall not change the basis for Employee's termination of employment nor be construed or interpreted as a termination of employment pursuant to Section 7(b)).
- f. Effect of Termination.
- (i) If Employee's employment hereunder is terminated for any reason, then upon the date on which Employee's employment terminates (the "**Termination Date**"), Employee will be entitled to (1) payment of all accrued and unpaid Base Salary earned through the Termination Date, (2) reimbursement for all incurred but unreimbursed expenses for which Employee is entitled to reimbursement in accordance with Section 5, and (3) benefits to which Employee is entitled under the terms of any applicable benefit plan or program (collectively, the "**Accrued Benefits**").
- (ii) If Employee's employment hereunder is terminated by the Company without Cause pursuant to Section 7(b), upon the expiration of the Initial Term or a Renewal Term as a result of the Company's issuance of a notice of non-renewal pursuant to Section 4, or by Employee for Good Reason pursuant to Section 7(c) then in addition to the Accrued Benefits, so long as (and only if): (1) Employee executes on or before the Release Expiration Date (as defined below), and does not revoke within any time provided by the Company to do so, a release of all claims in a form reasonably acceptable to the Company (the "**Release**"), which Release shall release each member of the Company Group and their respective affiliates, and the foregoing entities' respective shareholders, members, partners, officers, managers, directors, fiduciaries, employees, representatives, agents and benefit plans (and fiduciaries of such plans) from any and all claims, including any and all causes of action arising out of Employee's employment with the Company and any other member of the Company Group or the termination of such employment, but excluding all claims to severance payments Employee may have under this Section 7; and (2) Employee abides by the terms of each of Sections 9, 10 and 11, then:
- a. the Company shall make severance payments to Employee in a total amount equal to 12 months' of Employee's Base Salary for the year in which the termination occurs (such total severance payments being referred to as the "**Severance Payment**"). The Severance Payment will be divided into substantially equal installments and paid over 12 months following the date that Employee's employment terminates (the "**Termination Date**").
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On the Company's first regularly scheduled pay date that is on or after the date that is sixty (60) days after the Termination Date, the Company shall pay to Employee, without interest, a number of such installments equal to the number of such installments that would have been paid during the period beginning on the Termination Date and ending on the Company's first regularly scheduled pay date that is on or after the date that is sixty (60) days after the Termination Date had the installments been paid commencing on the Company's first regularly scheduled pay date coincident with or next following the Termination Date, and each of the remaining installments shall be paid on the Company's regularly scheduled pay dates during the remainder of such 12-month period.

- b. The Company shall pay Employee a pro-rated portion of the Annual Bonus that Employee would have been paid for the calendar year in which the Termination Date occurs, if any (the "**Pro-Rata Bonus Payment**"), which Pro-Rata Bonus Payment shall be paid (if the applicable criteria for earning a bonus for such calendar year, other than the requirement with respect to continued employment through the applicable payment date, are satisfied) to Employee at the same time bonuses for such calendar year are paid to similarly situated employees of the Company, but in no event no later than March 15 of the calendar year following the calendar year in which the Termination Date occurs.
 - c. The Company shall pay Employee the Annual Bonus that Employee would have been paid for the calendar year ending on or prior to the Termination Date (the "**Prior Year Bonus Payment**"), to the extent such bonus has not yet been paid as of the Termination Date. The Prior Year Bonus Payment, if any, will be made at the same time bonuses for such calendar year are paid to similarly situated employees of the Company, but in no event no later than March 15 of the calendar year in which the Termination Date occurs.
 - d. During the portion, if any, of the twelve (12) -month period following the Termination Date (the "**Reimbursement Period**") that Employee elects to continue coverage for Employee and Employee's spouse and eligible dependents, if any, under the Company's group health plans pursuant to Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), the Company shall promptly reimburse Employee on a monthly basis for the full amount Employee pays to effect and continue such coverage (the "**COBRA Benefit**"). Each payment of the COBRA Benefit shall be paid to Employee on the Company's first regularly scheduled pay date in the calendar month immediately following the calendar month in which Employee submits to the Company
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documentation of the applicable premium payment having been paid by Employee, which documentation shall be submitted by Employee to the Company within thirty (30) days following the date on which the applicable premium payment is due. Employee shall be eligible to receive such reimbursement payments until the earliest of: (x) the last day of the Reimbursement Period; (y) the date Employee is no longer eligible to receive COBRA continuation coverage; and (z) the date on which Employee becomes eligible to receive coverage under a group health plan sponsored by another employer (and any such eligibility shall be promptly reported to the Company by Employee); *provided, however*, that the election of COBRA continuation coverage and the payment of any premiums due with respect to such COBRA continuation coverage shall remain Employee's sole responsibility, and the Company shall not assume any obligation for payment of any such premiums relating to such COBRA continuation coverage. Notwithstanding the foregoing, if the provision of the benefits described in this paragraph cannot be provided in the manner described above without penalty, tax or other adverse impact on the Company or any other member of the Company Group, then the Company and Employee shall negotiate in good faith to determine an alternative manner in which the Company may provide substantially equivalent benefits to Employee without such adverse impact on the Company or such other member of the Company Group.

- e. At Employee's election, reimbursement at the then-current fair market value, for any personal property of Employee, including furniture, fixtures, movable property and equipment, located at the Company's corporate office at 595 Madison Avenue, 28th Floor, New York, NY 10022, that Employee paid for with his own funds.

(iii) If the Release is not executed and returned to the Company on or before the Release Expiration Date, and the required revocation period has not fully expired without revocation of the Release by Employee, then Employee shall not be entitled to any portion of the Severance Payment, Pro-Rata Bonus Payment, Prior Year Bonus Payment or COBRA Benefit. As used herein, the "**Release Expiration Date**" is that date that is thirty (30) days following the date upon which the Company delivers the Release to Employee (which shall occur no later than seven (7) days after the Termination Date); *provided, however*, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the Release Expiration Date shall be that date that is forty-five (45) days following such delivery date.

(iv) For the avoidance of doubt, the Severance Payment, Pro-Rata Bonus Payment, Prior Year Bonus Payment and COBRA Benefit (and any portions thereof) shall not be payable in the event that the Employment Period ends due to

a termination by the Company for Cause pursuant to Section 7(a), due to the expiration of the Initial Term or Renewal Term, as applicable, following Employee's issuance of a notice of non-renewal pursuant to Section 4, due to Employee's death or Disability, or by Employee for convenience pursuant to Section 7(e).

(v) Notwithstanding the foregoing, if a termination of employment occurs within the 12-month period following a Change in Control, as defined in the Company's Omnibus Incentive Plan, then in lieu of the foregoing payments set forth in this Section 7(f)(ii)(A), the Company shall pay to the Employee a single lump-sum amount equal to 12-months of Employee's Base Salary in effect on the Termination Date on the sixtieth (60th) day after the Termination Date. In addition, Employee shall be paid a pro-rata Annual Bonus to which the Executive would have become entitled (if any) for the fiscal year of the Company during which the Termination Date occurs, had the Employee remained employed through the payment date and based on the achievement of any applicable performance goals or objectives, pro-rated based on the number of days during such fiscal year that the Employee was employed by the Company (the "**Bonus Severance**"). The Bonus Severance shall be payable in a single lump-sum payment on the date on which annual bonuses are paid to the Company's senior executives generally for such year, but in no event later than March 15th of the calendar year immediately following the calendar year in which the Termination Date occurs, with the actual date within such period determined by the Company in its sole discretion.

g . After-Acquired Evidence. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that Employee is eligible to receive the Severance Payment, Pro-Rata Bonus Payment, Prior Year Bonus Payment or COBRA Benefit pursuant to Section 7(f) but, after such determination, the Company subsequently acquires evidence that: (i) Employee has failed to abide by the terms of Sections 9, 10 or 11; or (ii) a Cause condition existed prior to the Termination Date that, had the Company been fully aware of such condition, would have given the Company the right to terminate Employee's employment pursuant to Section 7(a), then the Company shall have the right to cease the payment of any future installments of the Severance Payment, Pro-Rata Bonus Payment, Prior Year Bonus Payment and COBRA Benefit, and Employee shall promptly return to the Company all installments of the Severance Payment, Pro-Rata Bonus Payment, Prior Year Bonus Payment and COBRA Benefit received by Employee prior to the date that the Company determines that the conditions of this Section 7(f) have been satisfied.

8. Disclosures. Promptly upon becoming aware of (a) any actual or potential Conflict of Interest or (b) any lawsuit, claim or arbitration filed against or involving Employee or any trust or vehicle owned or controlled by Employee that (with respect to such lawsuit, claim or arbitration) could be reasonably be expected to affect Employee's ability to perform his duties hereunder or, if determined adversely, could reasonably be expected to have an adverse effect on any member of the Company Group, in each case, Employee shall disclose such actual or potential Conflict of Interest or such lawsuit, claim or arbitration

to the Board. A "**Conflict of Interest**" shall exist when Employee engages in, or plans to engage in, any activities, associations, or interests that conflict with, or create an appearance of a conflict with, Employee's duties, responsibilities, authorities, or obligations for and to any member of the Company Group.

9. **Confidentiality.** In the course of Employee's employment with the Company and the performance of Employee's duties on behalf of the Company Group hereunder, Employee will be provided with, and have access to, Confidential Information (as defined below).
- i. Both during the Employment Period and thereafter, except as expressly permitted by this Agreement or by directive of the Board, Employee shall not disclose any Confidential Information to any person or entity (other than a legal or financial advisor of Employee who maintains such Confidential Information in strict confidence) and shall not use any Confidential Information except for the benefit of the Company Group. Employee shall follow all written Company Group policies and protocols regarding the security of all documents and other materials containing Confidential Information (regardless of the medium on which Confidential Information is stored). The covenants of this Section 9(a) shall apply to all Confidential Information, whether now known as a result of Employee's employment with the Company or later to become known to Employee during the period that Employee is employed by or affiliated with the Company or any other member of the Company Group.
 - ii. Notwithstanding any provision of Section 9(a) to the contrary, Employee may make the following disclosures and uses of Confidential Information: (i) disclosures to other employees of a member of the Company Group who have a need to know the information in connection with the businesses of the Company Group; (ii) disclosures and uses that are approved in writing by the Board; or (iii) disclosures to a person or entity that has (x) been retained by a member of the Company Group to provide services to one or more members of the Company Group and (y) agreed in writing to abide by the terms of a confidentiality agreement acceptable to the Company.
 - iii. Upon the expiration of the Employment Period, and at any other time upon written request of the Company, Employee shall promptly surrender and deliver to the Company all documents (including electronically stored information) and all copies thereof and all other materials of any nature containing or pertaining to all Confidential Information and any other Company Group property (including any Company Group-issued computer, mobile device or other equipment) in Employee's possession, custody or control and Employee shall not retain any such documents or other materials or property of the Company Group. Within five (5) days of any such request, Employee shall certify to the Company in writing that all such documents, materials and property have been returned to the Company.
 - iv. All trade secrets, confidential or proprietary information, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and
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inventions, whether patentable or not, that are or have been conceived, made, developed or acquired by or disclosed to Employee, individually or in conjunction with others, during the period that Employee is employed and has previously been employed by the Company or any other member of the Company Group (whether during business hours or otherwise and whether on the Company's premises or otherwise) that relate to any member of the Company Group's businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or acquisition targets or their requirements, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) and other information that is competitively valuable to any member of the Company Group by virtue of it not being known to the general public is defined as "**Confidential Information**." Moreover, all documents, videotapes, written presentations, brochures, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, e-mail, voice mail, electronic databases, maps, drawings, architectural renditions, models and all other writings or materials of any type including or embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression are and shall be the sole and exclusive property of the Company or the applicable member of the Company Group and be subject to the same restrictions on disclosure applicable to all Confidential Information pursuant to this Agreement. For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or any of Employee's agents; (ii) was available to Employee on a non-confidential basis before its disclosure by a member of the Company Group; (iii) is independently developed by Employee without reference to any Confidential Information of any member of the Company Group; or (iv) becomes available to Employee on a non-confidential basis from a source other than a member of the Company Group; *provided, however*, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, a member of the Company Group.

- v. Notwithstanding the foregoing, nothing in this Agreement shall prohibit or restrict Employee from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (including the Securities and Exchange Commission) regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the
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disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company or any other member of the Company Group that Employee has engaged in any such conduct.

- vi. Notwithstanding the foregoing, Employee shall not make any action to impede any individual from communicating directly with the Securities and Exchange Commission or otherwise regarding any potential securities law violations, including enforcing, or threatening to enforce, a confidentiality agreement or the provisions of this Agreement.

10. Non-Competition; Non-Solicitation.

- a. The Company shall provide Employee Confidential Information for use during the Employment Period, and Employee acknowledges and agrees that the Company Group will be entrusting Employee, in Employee's unique and special capacity, with developing the goodwill of the Company Group, and as an express incentive for the Company to enter into this Agreement and to employ Employee hereunder, Employee has voluntarily agreed to the covenants set forth in this Section 10. Employee agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, will not cause Employee undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company Group's Confidential Information, goodwill and legitimate business interests.
 - b. During the Prohibited Period, Employee shall not, without the prior written approval of the Board, directly or indirectly, for Employee or on behalf of or in conjunction with any other person or entity of any nature:
 - 1. engage in or participate within the Market Area in competition with any member of the Company Group in any aspect of the Business, which prohibition shall prevent Employee from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with any member of the Company Group in the Market Area; or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with any member of the Company Group in any capacity (with respect to this clause (B)) in which Employee's duties or responsibilities directly or indirectly relate to the Business;
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2. appropriate any Business Opportunity of, or relating to, any member of the Company Group located in the Market Area;
 3. solicit, canvass, approach, encourage, entice or induce any customer or supplier of any member of the Company Group to cease or lessen such customer's or supplier's business with any member of the Company Group; or
 4. solicit, canvass, approach, encourage, entice or induce any employee or contractor of any member of the Company Group to terminate his, her or its employment or engagement with any member of the Company Group.
- c. Because of the difficulty of measuring economic losses to the Company Group as a result of a breach or threatened breach of the covenants set forth in Section 9 and in this Section 10, and because of the immediate and irreparable damage that would be caused to the members of the Company Group for which they would have no other adequate remedy, the Company and each other member of the Company Group shall be entitled to seek to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or any other member of the Company Group's exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each other member of the Company Group, at law and equity.
- d. The covenants in this Section 10, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such arbitrator or court deems reasonable, and this Agreement shall thereby be reformed.
- e. The following terms shall have the following meanings:
- (i) **"Business"** shall mean the business and operations that are the same or similar to those performed by the Company and any other member of the Company Group for which Employee provides services or about which Employee obtains Confidential Information during the Employment Period, which business and operations include crypto asset mining (including mining Bitcoin and other digital currencies).
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(ii) **"Business Opportunity"** shall mean any commercial, investment or other business opportunity relating to the Business of any member of the Company Group.

(iii) **"Market Area"** shall mean: the Commonwealth of Pennsylvania and State of New York.

(iv) **"Prohibited Period"** shall mean the period during which Employee is employed by any member of the Company Group and continuing for a period of twelve (12) months following the date that Employee is no longer employed by any member of the Company Group.

11. **Ownership of Intellectual Property.**

- i. Employee agrees that the Company shall own, and Employee hereby assigns, all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, and all other intellectual and industrial property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), discoveries, developments, improvements, innovations, works of authorship, mask works, designs, know-how, ideas, formulae, processes, techniques, data and information authored, created, contributed to, made or conceived or reduced to practice, in whole or in part, by Employee during the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group, whether or not registerable under U.S. law or the laws of other jurisdictions, that either (a) relate, at the time of conception, reduction to practice, creation, derivation or development, to any member of the Company Group's businesses or actual or anticipated research or development, or (b) were developed on any amount of the Company's or any other member of the Company Group's time or with the use of any member of the Company Group's equipment, supplies, facilities or Confidential Information (all of the foregoing collectively referred to herein as **"Company Intellectual Property"**), and Employee shall promptly disclose all Company Intellectual Property to the Company in writing. To support Employee's disclosure obligation herein, Employee shall keep and maintain adequate and current written records of all Company Intellectual Property made by Employee (solely or jointly with others) during the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group in such form as may be specified from time to time by the Company. These records shall be available to, and remain the sole property of, the Company at all times.
 - ii. All of Employee's works of authorship and associated copyrights created during the period in which Employee is employed by or affiliated with the Company or any other member of the Company Group and in the scope of Employee's employment or engagement shall be deemed to be "works made for hire" within the meaning of the Copyright Act. To the extent any right, title and interest in and to Company Intellectual Property cannot be assigned by Employee to the Company, Employee shall grant, and does hereby grant, to the Company Group
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an exclusive, perpetual, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to make, have made, use, sell, offer for sale, import, export, reproduce, practice and otherwise commercialize such rights, title and interest.

- iii. To the extent allowed by law, this Section applies to all rights that may be known as or referred to as “moral rights,” “artist’s rights,” “droit moral,” or the like, including without limitation those rights set forth in 17 U.S.C. §106A (collectively, “**Moral Rights**”). To the extent Employee retains any Moral Rights under applicable law, Employee hereby ratifies and consents to any action that may be taken with respect to such Moral Rights by or authorized by the Company or any member of the Company Group, and Employee hereby waives and agrees not to assert any Moral Rights with respect to such Moral Rights. Employee shall confirm any such ratifications, consents, waivers, and agreements from time to time as requested by the Company.
 - iv. All inventions (whether or not patentable), original works of authorship, designs, know-how, mask works, ideas, trademarks or names, information, developments, improvements, and trade secrets of which Employee is the sole or joint author, creator, contributor, or inventor that were made or developed by Employee prior to Employee’s employment with or affiliation with the Company or any other member of the Company Group, or in which Employee asserts any intellectual property right, and which are applicable to or relate in any way to the business, products, services, or demonstrably anticipated research and development or business of any member of the Company Group (“**Prior Inventions**”) are listed on Exhibit A, and Employee represents that Exhibit A is a complete list of all such Prior Inventions. If no such list is attached, Employee hereby represents and warrants that there are no Prior Inventions, and Employee shall make no claim of any rights to any Prior Inventions. If, in the course of Employee’s employment with or affiliation with the Company or any other member of the Company Group, Employee incorporates into the product, process, or device of any member of the Company Group a Prior Invention, the Company Group is hereby granted and will have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use, import, export, offer for sale, sell and otherwise commercialize such Prior Invention as part of or in connection with such product, process, or device of any member of the Company Group.
 - v. Employee shall perform, during and after the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group, all acts deemed necessary or desirable by the Company to permit and assist each member of the Company Group, at the Company’s expense, in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Company Intellectual Property and Confidential Information assigned, to be assigned, or licensed to the Company under this Agreement. Such acts may include execution of documents and assistance or cooperation (i) in the filing, prosecution, registration, and memorialization of assignment of any applicable patents, copyrights, mask work, or other applications, (ii) in the enforcement of any applicable patents, copyrights, mask
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work, moral rights, trade secrets, or other proprietary rights, and (iii) in other legal proceedings related to the Company Intellectual Property or Confidential Information.

- vi. In the event that the Company (or, as applicable, a member of the Company Group) is unable for any reason to secure Employee's signature to any document required to file, prosecute, register, or memorialize the assignment of any patent, copyright, mask work or other applications or to enforce any patent, copyright, mask work, moral right, trade secret or other proprietary right under any Confidential Information or Company Intellectual Property (including derivative works, improvements, renewals, extensions, continuations, divisionals, continuations in part, continuing patent applications, reissues, and reexaminations of such Company Intellectual Property), Employee hereby irrevocably designates and appoints the Company and each of the Company's duly authorized officers and agents as Employee's agents and attorneys-in-fact to act for and on Employee's behalf and instead of Employee (i) to execute, file, prosecute, register and memorialize the assignment of any such application, (ii) to execute and file any documentation required for such enforcement, and (iii) to do all other lawfully permitted acts to further the filing, prosecution, registration, memorialization of assignment, issuance, and enforcement of patents, copyrights, mask works, moral rights, trade secrets or other rights under the Confidential Information or Company Intellectual Property, all with the same legal force and effect as if executed by Employee.
 - vii. In the event that Employee enters into, on behalf of any member of the Company Group, any contracts or agreements relating to any Confidential Information or Company Intellectual Property, Employee shall assign such contracts or agreements to the Company (or the applicable member of the Company Group) promptly, and in any event, prior to Employee's termination. If the Company (or the applicable member of the Company Group) is unable for any reason to secure Employee's signature to any document required to assign said contracts or agreements, or if Employee does not assign said contracts or agreements to the Company (or the applicable member of the Company Group) prior to Employee's termination, Employee hereby irrevocably designates and appoints the Company (or the applicable member of the Company Group) and each of the Company's duly authorized officers and agents as Employee's agents and attorneys-in-fact to act for and on Employee's behalf and instead of Employee to execute said assignments and to do all other lawfully permitted acts to further the execution of said documents.
 - viii. The Company and Employee acknowledge that Employee has provided services to the Company and the Company Group prior to the Effective Date. Accordingly, if and to the extent that, prior to the Effective Date: (a) Employee conceived, made, developed, acquired or received access to any information from or on behalf of the Company or any other member of the Company Group that would have been Confidential Information if conceived, made, developed, acquired or received after the Effective Date; or (b) Employee conceived, created, authored, invented, developed, or reduced to practice any item, including any
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intellectual property rights with respect thereto, that would have been Company Intellectual Property if conceived, created, authored, invented, developed, or reduced to practice after the Effective Date, then such information will be deemed Confidential Information under this Agreement and any such item will be deemed Company Intellectual Property under this Agreement, and this Agreement will apply to such information or item as if conceived, created, authored, invented, developed, or reduced to practice following the Effective Date.

12. Arbitration.

- i. Subject to Section 12(b) and Section 12(d), any dispute, controversy or claim between Employee and any member of the Company Group arising out of or relating to this Agreement or Employee's employment or engagement with any member of the Company Group will be finally settled by arbitration in New York, New York in accordance with the then-existing American Arbitration Association ("**AAA**") Employment Arbitration Rules. The arbitration award shall be final and binding on the parties. Any arbitration conducted under this Section 12 shall be heard by a single arbitrator (the "**Arbitrator**") selected in accordance with the then-applicable rules of the AAA. All disputes shall be arbitrated on an individual basis, and each party hereto hereby foregoes and waives any right to arbitrate any dispute as a class action or collective action or on a consolidated basis or in a representative capacity on behalf of other persons or entities who are claimed to be similarly situated, or to participate as a class member in such a proceeding. The Arbitrator shall expeditiously hear and decide all matters concerning the dispute. Except as expressly provided to the contrary in this Agreement, the Arbitrator shall have the power to (i) gather such materials, information, testimony and evidence as the Arbitrator deems relevant to the dispute before him or her (and each party will provide such materials, information, testimony and evidence requested by the Arbitrator), and (ii) grant injunctive relief and enforce specific performance. The decision of the Arbitrator shall be reasoned, rendered in writing, be final and binding upon the disputing parties and the parties agree that judgment upon the award may be entered by any court of competent jurisdiction. The arbitration provisions set forth in this Section 12 shall be subject to the Federal Arbitration Act.
 - ii. Notwithstanding Section 12(a), either party may make a timely application for, and seek to obtain, judicial emergency or temporary injunctive relief to enforce any of the provisions of Sections 9 through 11; *provided, however*, that the remainder of any such dispute (beyond the application for emergency or temporary injunctive relief) shall be subject to arbitration under this Section 12.
 - iii. By entering into this Agreement and entering into the arbitration provisions of this Section 12, THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT THEY ARE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVING THEIR RIGHTS TO A JURY TRIAL.
 - iv. Nothing in this Section 12 shall prohibit a party to this Agreement from (i) instituting litigation to enforce any arbitration award, or (ii) joining the other party
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to this Agreement in a litigation initiated by a person or entity that is not a party to this Agreement. Further, nothing in this Section 12 precludes Employee from filing a charge or complaint with a federal, state or other governmental administrative agency.

- v. Notwithstanding anything in this Section 12, to the extent that any dispute, controversy or claim between Employee and any member of the Company Group arises out of or relates to the LTIP or any award agreement related thereto, such dispute, controversy or claim shall be subject to the dispute resolution provisions set forth in the LTIP or such award agreement, as applicable.

13. **Assistance with Claims.** During the Employment Period and thereafter, upon request from the Company, Employee shall cooperate with the Company Group in providing truthful information and assistance with respect to the pursuit or defense of any claims or actions that may be made by or against any member of the Company Group that relate to Employee's actual or prior areas of responsibility. Any request for assistance pursuant to this Section 13 that occurs after the end of the Employment Period shall take into account Employee's other personal and professional commitments as may be in effect.
 14. **Withholdings; Deductions.** The Company may withhold and deduct from any benefits and payments made or to be made pursuant to this Agreement (a) all federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling and (b) any deductions consented to in writing by Employee.
 15. **Title and Headings; Construction** Titles and headings to Sections hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. Any and all Exhibits or Attachments referred to in this Agreement are, by such reference, incorporated herein and made a part hereof for all purposes. Unless the context requires otherwise, all references to laws, regulations, contracts, agreements and instruments refer to such laws, regulations, contracts, agreements and instruments as they may be amended from time to time, and references to particular provisions of laws or regulations include a reference to the corresponding provisions of any succeeding law or regulation. All references to "dollars" or "\$" in this Agreement refer to United States dollars. The word "or" is not exclusive. The words "herein", "hereof", "hereunder" and other compounds of the word "here" shall refer to the entire Agreement, including all Exhibits attached hereto, and not to any particular provision hereof. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely. All references to "including" shall be construed as meaning "including without limitation." Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.
 16. **Applicable Law; Submission to Jurisdiction.** This Agreement shall in all respects be construed according to the laws of the State of New York without regard to its conflict of laws principles that would result in the application of the laws of another jurisdiction.
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With respect to any claim or dispute related to or arising under this Agreement, the parties hereby consent to the arbitration provisions of Section 12 and recognize and agree that should any resort to a court be necessary and permitted under this Agreement, then they consent to the exclusive jurisdiction, forum and venue of the state and federal courts (as applicable) located in the Borough of Manhattan in New York, New York.

17. **Entire Agreement and Amendment.** This Agreement contains the entire agreement of the parties with respect to the matters covered herein and supersedes all prior and contemporaneous agreements and understandings, oral or written, between the parties hereto concerning the subject matter hereof, including, for the avoidance of doubt, that certain offer letter dated July 12, 2021, entered into by and between the Company and Employee (the "**Offer Letter**"); provided, however, this Agreement complements and is in addition to (and does not replace or supersede) any obligation that Employee has to any member of the Company Group with respect to confidentiality or non-disclosure, non-competition, or non-solicitation. For the avoidance of doubt, Employee acknowledges and agrees that the Company and each other member of the Company Group have fully and finally satisfied any and all obligations that they have had, and ever could have, under the Offer Letter. In entering into this Agreement, Employee expressly acknowledges and agrees that Employee has received all sums and compensation that Employee has been owed, is owed, or ever could be owed for services provided to any member of the Company Group through the date Employee signs this Agreement, with the exception of any unpaid Base Salary for the pay period that includes the date on which Employee signs this Agreement. This Agreement may be amended only by a written instrument executed by both parties hereto.
 18. **Waiver of Breach.** Any waiver of this Agreement must be executed by the party to be bound by such waiver. No waiver by either party hereto of a breach of any provision of this Agreement by the other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either party hereto to take any action by reason of any breach will not deprive such party of the right to take action at any time.
 19. **Assignment.** This Agreement is personal to Employee, and neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise transferred by Employee. The Company may assign this Agreement without Employee's consent, including to any member of the Company Group and to any successor to or acquirer of (whether by merger, purchase or otherwise) all or substantially all of the equity, assets or businesses of the Company.
 20. **Notices.** Notices provided for in this Agreement shall be in writing and shall be deemed to have been duly received (a) when delivered in person, (b) on the first Business Day after such notice is sent by express overnight courier service, or (c) on the second Business Day following deposit with an internationally-recognized second-day courier service with proof of receipt maintained, in each case, to the following address, as applicable:
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If to the Company, addressed to:

Stronghold Digital Mining, Inc.
595 Madison Avenue
28th Floor
New York, NY
10022
Attn: Board of Directors and General Counsel

If to Employee, addressed to Employee's last known address on file with the Company.

21. **Counterparts.** This Agreement may be executed in any number of counterparts, including by electronic mail or facsimile, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both parties hereto.
 22. **Deemed Resignations.** Except as otherwise determined by the Board or as otherwise agreed to in writing by Employee and any member of the Company Group prior to the termination of Employee's employment with the Company or any member of the Company Group, any termination of Employee's employment shall constitute, as applicable, an automatic resignation of Employee: (a) as an officer of the Company and each member of the Company Group; (b) from the Board; and (c) from the board of directors or board of managers (or similar governing body) of any member of the Company Group and from the board of directors or board of managers (or similar governing body) of any corporation, limited liability entity, unlimited liability entity or other entity in which any member of the Company Group holds an equity interest and with respect to which board of directors or board of managers (or similar governing body) Employee serves as such Company Group member's designee or other representative.
 23. **Section 409A.**
 - a. Notwithstanding any provision of this Agreement to the contrary, all provisions of this Agreement are intended to comply with Section 409A of the Internal Revenue Code of 1986 (the "**Code**"), and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, "**Section 409A**") or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of Employee's employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A.
 - b. To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the
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meaning of Section 409A), (i) any such expense reimbursement shall be made by the Company no later than thirty (30) days following the final day of Employee's employment with the Company, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period in which the arrangement is in effect.

- c. Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Employee's receipt of such payment or benefit is not delayed until the earlier of (i) the date of Employee's death or (ii) the date that is six (6) months after the Termination Date (such date, the "**Section 409A Payment Date**"), then such payment or benefit shall not be provided to Employee (or Employee's estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall any member of the Company Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of noncompliance with Section 409A.

24. **Certain Excise Taxes.** Notwithstanding anything to the contrary in this Agreement, if Employee is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which Employee has the right to receive from the Company or any of its affiliates, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments and benefits provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Employee from the Company or any of its affiliates shall be one dollar (\$1.00) less than three times Employee's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Employee shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Employee (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company or any of its affiliates used in determining if a "parachute payment" exists, exceeds one dollar (\$1.00) less than three times Employee's base amount, then Employee
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shall immediately repay such excess to the Company upon notification that an overpayment has been made. Nothing in this Section 24 shall require the Company to be responsible for, or have any liability or obligation with respect to, Employee's excise tax liabilities under Section 4999 of the Code.

25. **Clawback.** To the extent required by applicable law or any applicable securities exchange listing standards, amounts paid or payable under this Agreement shall be subject to the provisions of any applicable clawback policies or procedures adopted by the Company, which clawback policies or procedures may provide for forfeiture and/or recoupment of amounts paid or payable under this Agreement. Notwithstanding any provision of this Agreement to the contrary, the Company reserves the right, without the consent of Employee, to adopt any such clawback policies and procedures (but only to the extent required by applicable law or any applicable securities exchange listing standards), including such policies and procedures applicable to this Agreement with retroactive effect.
26. **Effect of Termination.** The provisions of Sections 7, 9-14 and 22-25 and those provisions necessary to interpret and enforce them, shall survive any termination of this Agreement and any termination of the employment relationship between Employee and the Company.
27. **Third-Party Beneficiaries.** Each member of the Company Group that is not a signatory to this Agreement shall be a third-party beneficiary of Employee's obligations under Sections 8, 9, 10, 11, 12 and 22 and shall be entitled to enforce such obligations as if a party hereto.
28. **Severability.** If an arbitrator or court of competent jurisdiction determines that any provision of this Agreement (or portion thereof) is invalid or unenforceable, then the invalidity or unenforceability of that provision (or portion thereof) shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

IN WITNESS WHEREOF, Employee and the Company each have caused this Agreement to be executed and effective as of the Effective Date.

EMPLOYEE

/s/ Gregory A. Beard
Gregory A. Beard

STRONGHOLD DIGITAL MINING, INC.

By: /s/ Matthew Smith
Name: Matthew Smith
Title: Chief Financial Officer

EXHIBIT A

PRIOR INVENTIONS

1. The following is a complete list of all Prior Inventions relevant to the subject matter of Employee's employment by the Company that have been made or conceived or first reduced to practice by Employee alone or jointly with others prior to Employee's employment with or affiliation with the Company or any other member of the Company Group:

Check appropriate space(s):

☐ None.

☐ See below:

☐ Due to confidentiality agreements with a prior employer, Employee cannot disclose certain Prior Inventions that would otherwise be included on the above-described list.

☐ Additional sheets attached.

2. Employee proposes to bring to Employee's employment the following devices, materials, and documents of a former employer or other person to whom Employee has an obligation of confidentiality that is not generally available to the public, which materials and documents may be used in Employee's employment pursuant to the express written authorization of Employee's former employer or such other person (a copy of which is attached to this Agreement):

Check appropriate space(s):

☐ None.

☐ See below.

☐ Additional sheets attached.

EXCHANGE AGREEMENT

This Exchange Agreement (the “**Agreement**”) executed as of November 13, 2023 by and among Stronghold Digital Mining, Inc., a Delaware corporation (the “**Company**”), and the holder named on the executed signature page hereto (the “**Holder**”) sets forth the terms and conditions upon which the Company will issue an aggregate of 15,582 shares (the “**Shares**”) of the Company’s Series D Convertible Preferred Stock, par value \$0.0001 per share (the “**Series D Preferred Stock**”), containing the rights, powers and privileges as set forth on Exhibit A hereto (the “**Certificate of Designation**”), in exchange for the cancellation of 15,582 shares of the Company’s Series C Convertible Preferred Stock, par value \$0.0001 per share (the “**Series C Preferred Stock**”) issued to the Holder (the “**Exchanged Equity**”).

Section 1. Exchange. On the terms and subject to the conditions of this Agreement and in reliance upon the representations, warranties and agreements contained herein, the Holder agrees to exchange the Exchanged Equity in consideration of and in exchange for issuance by the Company to Holder of the Shares. Upon satisfaction or waiver, if applicable, of the terms and subject to the conditions of this Agreement, at Closing (as defined below), (i) the Company shall issue the Shares, which Shares shall be issued without restrictive legend and shall be freely tradable by the Holder, and the Company shall reflect such issuance in the Company’s books and records, and (ii) the Exchanged Equity as set forth on the Holder’s signature page hereto shall be immediately canceled.

Section 2. Closing; Closing Actions and Deliverables. The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall occur concurrently with the execution and delivery by the Company and the Holder of this Agreement and the performance or delivery, as applicable, of each of the following actions and deliverables:

- (a) The Company shall have obtained the receipt of any and all government and other necessary consents in connection with the transactions contemplated by this Agreement.
- (b) The Certificate of Designation shall have been filed with and accepted by the Secretary of State of the State of Delaware.
- (c) The Company and the Holder shall have executed and delivered a Registration Rights Agreement in the form attached as Exhibit B hereto.
- (d) The Holder shall have delivered to the Company a duly executed and properly completed Internal Revenue Service Form W-9 with respect to the Holder certifying as to a complete exemption from backup withholding.
- (e) The Company shall issue the Shares and promptly deliver evidence thereof to the Holder.
- (f) The Exchanged Equity shall be canceled in exchange for the Shares.

Section 3. Representations and Warranties of the Holder. The Holder represents and warrants on behalf of itself to the Company, as of the date hereof, that:

- (a) The execution, delivery and performance by the Holder of this Agreement, the documents attached hereto (the “**Transaction Documents**”) to which it is a party
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and the consummation of the transactions contemplated hereby and thereby are within the powers of the Holder and have been duly authorized by all necessary action on the part of the Holder and no further consent, approval or authorization is required by the Holder or its equity owners in order for the Holder to perform its obligations hereunder or thereunder and consummate the transactions contemplated hereby and thereby, including, without limitation, the exchange of the Exchanged Equity for the Shares as contemplated hereunder, and this Agreement constitutes (and the other Transaction Documents to which it is a party will constitute) a valid and binding agreement of the Holder, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement or creditors' rights generally or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

- (b) The execution, delivery and performance by the Holder of this Agreement, the Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby require no order, license, consent, authorization or approval of, or exemption by, or action by or in respect of, or notice to, or filing or registration with, any governmental body, agency or official on the part of the Holder.
 - (c) The execution, delivery and performance by the Holder of this Agreement, the Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby, do not and will not violate (i) the certificate of limited partnership (or similar constituent document) or limited partnership agreement (or similar constituent document) of the Holder, (ii) any material agreement to which the Holder is a party or by which the Holder or any of its property or assets is bound or (iii) any law, rule, regulation, judgment, injunction, order or decree applicable to the Holder.
 - (d) The Holder is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act of 1933, as amended (the "**Securities Act**"), and an institutional investor with such knowledge, sophistication and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares, the pre-funded warrants in the form as set forth on Annex B to the Certificate of Designation attached as Exhibit A hereto, which may be issued by the Company to the Holder upon conversion of the Shares (the "**Pre-Funded Warrants**"), and the shares of Class A common stock, \$0.0001 par value per share (the "**Class A Common Stock**"), that may be received upon conversion of the Shares or the Pre-Funded Warrants (the "**Conversion Shares**," and, collectively with the Shares and the Pre-Funded Warrants, the "**Offered Securities**"). The Holder acknowledges that it understands the risks inherent in an investment in the Offered Securities and that it has the financial ability to fend for itself and bear the economic risk of, and to afford the entire loss of, its investment in the Offered Securities.
 - (e) Neither the Holder, nor, to its knowledge, any of its officers, directors, employees, agents, stockholders or partners has either directly or indirectly, including, through a broker or finder (i) engaged in any general solicitation or (ii) published any advertisement in connection with the offer and sale of the Offered Securities.
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- (f) The Holder understands that its investment in the Offered Securities being acquired by the Holder from the Company involves a high degree of risk. The Holder understands that no U.S. federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Offered Securities being acquired by the Holder from the Company. The Holder represents and warrants that it has read and understands the risk factors relating to the Company set forth in the Company's filings with the U.S. Securities and Exchange Commission (the "**SEC**") prior to the date hereof (the "**Company SEC Filings**"), under the respective "Risk Factors" heading.
 - (g) The Holder has made its own independent inquiry as to the legal, tax and accounting aspects of the transactions contemplated by this Agreement, and the Holder has not relied on the Company, the Company's legal counsel or the Company's accounting advisors for legal, tax or accounting advice in connection with the transactions contemplated by this Agreement. The Holder has determined based on its own independent review and due diligence investigation of the Company and such professional advice as it deems appropriate that the transactions contemplated by this Agreement, including the exchange of the Exchanged Equity and the acquisition and ownership of the Offered Securities (i) is consistent with its financial needs, objectives and condition, (ii) complies and is consistent with all investment policies, guidelines and other restrictions applicable to the Holder, and (iii) is a fit, proper and suitable investment for the Holder, notwithstanding the substantial risks inherent in such transactions, including investing in or holding the Offered Securities.
 - (h) The Holder acknowledges that (i) it has access to and has reviewed the Company SEC Filings to the extent it deems necessary and appropriate to make an investment decision regarding the transactions contemplated in this Agreement and (ii) it is relying only upon its own independent review and due diligence investigation of the Company and its review of the information contained in the Company SEC Filings and the representations and warranties of Company in this Agreement and it is not relying upon any other information furnished by the Company or any of its officers, directors or representatives. The Holder represents that it has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management and to obtain any additional information it deemed necessary. Holder represents that it has been furnished with all materials and information requested by either Holder or others representing the Holder. The Holder understands and acknowledges that there may exist material non-public information regarding the Company and its business, prospects and liquidity position that has not been disclosed by the Company in the Company SEC Filings and, unless the Holder expressly requested such information, has not been furnished to the Holder. The Holder understands that its acquisition of the Offered Securities involves a high degree of risk.
 - (i) The Holder covenants that neither it nor any person acting on behalf of or pursuant to any understanding with it will engage in any transactions in the securities of Company (including "short sales," as defined in Rule 200 of Regulation SHO under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) prior to the time that the transactions contemplated by this Agreement are publicly disclosed by the Company.
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- (j) There is no investment banker, broker, finder or other intermediary which has been retained by, will be retained by or is authorized to act on behalf of the Holder who might be entitled to any fee or commission from Company or the Holder upon consummation of the transactions contemplated by this Agreement.
- (k) The Holder understands that no public market now exists for the Shares, and that the Company has made no assurances that a public market will ever exist for the Shares.
- (l) The Holder represents and warrants that (i) it is the legal and beneficial owner of the Exchanged Equity and (ii) such Exchanged Equity is free and clear of any lien, encumbrance or other adverse claim.

Section 4. *Representations and Warranties of the Company.* The Company represents and warrants to the Holder, as of the date hereof, that:

- (a) The Company has the authorized capitalization as set forth in the Company's Second Amended and Restated Certificate of Incorporation (the "**Certificate of Incorporation**") and the Company SEC Filings. Except as described in the Company SEC Filings, there are no outstanding rights (including, without limitation, preemptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in the Company or any of its subsidiaries, or any contract, commitment, or agreement relating to the issuance of any capital stock of the Company or any such subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options; and, except as otherwise disclosed in the Company SEC Filings, all the outstanding shares of capital stock or other equity interests of each subsidiary owned, directly or indirectly, by the Company are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other similar claim of any third party.
- (b) Each of the Company and its subsidiaries has been duly organized and is validly existing as a corporation or other legal entity, as applicable, in good standing (or its equivalent) under the laws of its jurisdiction of incorporation or organization. Each of the Company and its subsidiaries is duly qualified to do business and is in good standing as a foreign corporation or other legal entity in each jurisdiction in which its ownership or lease of its properties or the conduct of its business requires such qualification and has all corporate power and authority necessary to own or hold its properties and to conduct the businesses in which each is engaged as described in the Company SEC Filings, except where the failure to so qualify or have such power or authority would not reasonably be expected to have a Material Adverse Effect (as defined below) or a material adverse effect on the ability of the Company to perform its obligations under, and consummate the transactions contemplated by, this Agreement.

"Material Adverse Effect" means any material adverse effect, change, event, occurrence, circumstance or development ("**Effect**") in or on the business, properties, financial condition, results of operations or prospects of the Company and its consolidated subsidiaries taken as a whole, *provided* that, in no event shall any of the following Effects, alone or in combination, or any Effect to the extent

any of the foregoing results from any of the following, be taken into account in determining whether there shall have occurred a Material Adverse Effect: (i) changes in general business, economic or political conditions in the United States or any other country or region in the world; (ii) conditions in the financial, credit, banking, capital or currency markets in the United States or any other country or region in the world, or changes therein, including (a) changes in interest rates in the United States or any other country and changes in exchange rates for the currencies of any countries and (b) any suspension of trading in securities (whether equity, debt, derivative or hybrid securities) generally on any securities exchange or over-the-counter market operating in the United States or any other country or region in the world; (iii) changes in conditions in the industries in which the Company conducts business, including changes in conditions in the crypto asset industry generally or the Bitcoin mining industry generally; (iv) changes in political conditions in the United States or any other country or region in the world; (v) acts of hostilities, war, sabotage or terrorism, including cyber-terrorism (including any outbreak, escalation or general worsening of any such acts) in the United States or any other country or region in the world; (vi) earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wild fires or other natural or man-made disasters or acts of God or weather conditions in the United States or any other country or region in the world, or any escalation of the foregoing; (vii) the entry into or the announcement, pendency or performance of this Agreement or the Transaction Documents or the consummation of the transactions contemplated hereby or thereby, including (a) by reason of any communication by the Company or any of its affiliates regarding the plans or intentions of the Company with respect to the conduct of the business of the Company following the Closing and (b) the impact of any of the foregoing on any relationships, contractual or otherwise, with customers, franchisors, managers, lenders, suppliers, tenants, vendors, business partners, employees or any other Persons (provided that this clause (vii) shall not apply for purposes of Section 4(b) or Section 4(c)); (viii) the taking of any action expressly required by this Agreement or the Transaction Documents or the failure to take any action expressly prohibited by this Agreement or the Transaction Documents (provided that this clause (viii) shall not apply for purposes of Section 4(b) or Section 4(c)); (ix) changes in Law (as defined below) or other legal or regulatory conditions (or the interpretation thereof); or (xii) changes in the generally accepted accounting principles in the United States or other accounting standards (or the interpretation thereof); *provided, however*, that to be excluded under the subsections above (other than subsection (vii) or subsection (viii)) such Effect may not disproportionately affect, as compared to others in the industry in which the Company or its subsidiaries are operated, the business, properties, financial condition, results of operations or prospects of the Company and its consolidated subsidiaries as a whole.

- (c) Assuming performance or delivery, as applicable, of each of the actions and deliverables set forth in Section 2 hereof, the execution, delivery and performance of this Agreement, the Transaction Documents and the consummation of the transactions contemplated hereby and thereby do not and will not conflict or result in a breach of or violation of or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any assets or properties of the Company or any of its subsidiaries pursuant to, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement
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or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the assets or properties of the Company or any of its subsidiaries is subject, which has not been waived or the result of which could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, nor will such action result in any violation of (i) the provisions of the Certificate of Incorporation or the Amended and Restated Bylaws of the Company or similar organizational documents of any of its subsidiaries or (ii) any applicable law or statute or any order, rule, regulation or judgment of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their assets, properties or operations (each, a “**Law**”), except, with respect to (ii) above, for any such violations that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

- (d) The Company has the full legal right, power and authority to execute and deliver, and perform its obligations under this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby. This Agreement, the Transaction Documents and the transactions contemplated hereby and thereby have been duly authorized, executed and delivered by the Company, and when executed and delivered, assuming due authorization, execution and delivery by the Holder party thereto, constitutes and will constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or similar laws affecting the enforcement of creditors’ rights generally and to general equitable principles (whether considered in a proceeding in equity or at law).
 - (e) The reports of the Company required to be filed by it under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the 12 months preceding the date of this Agreement did not, at the time they were filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided, however*, that information disclosed in such reports shall be deemed to be modified by information disclosed in subsequently filed reports filed before the date of this Agreement.
 - (f) The Company is unaware of any item requiring disclosure by the Company to the public on a Current Report on Form 8-K under the Exchange Act and does not currently intend to disclose any item to the public on a Current Report on Form 8-K under the Exchange Act with respect to events or other matters that would reasonably be expected to have a material adverse effect on the trading price of the Class A Common Stock, and the Company’s Class V common stock, \$0.0001 par value per share (the “**Class V Common Stock**” and together with the Class A Common Stock, the “**Common Stock**”); *provided, however*, the Company may in the future be required or deem it necessary to file additional Current Reports on Form 8-K to report material events or provide operational updates in order to satisfy its disclosure obligations. Holder also acknowledges that the Company has not disclosed its financial results for the quarter ended September 30, 2023, nor has it filed its Quarterly Report on Form 10-Q for such period or disclosed to the Holder any other material non-public information regarding the Company and its
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business that may be in its possession. Other than as contemplated by the disclosure to be included in the Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, which disclosure is in the form attached as Exhibit C hereto, the Company has provided no material non-public information regarding the Company and its business to the Holder.

- (g) Neither the Company, nor, to its knowledge, any of its officers, directors, employees, agents, stockholders or partners has either directly or indirectly, including, through a broker or finder (i) engaged in any general solicitation or (ii) published any advertisement in connection with the offer and sale of the Offered Securities.
 - (h) The Shares, when issued and delivered in exchange for the Exchanged Equity in accordance with the terms and for the consideration set forth in this Agreement, and filing and acceptance of the Certificate of Designation with the Secretary of State of the State of Delaware, will be duly and validly authorized and issued, fully-paid and non-assessable, free and clear of all encumbrances, liens, equities or claims and any preemptive or similar rights. The Pre-Funded Warrants upon issuance will be duly and validly authorized, free and clear of all encumbrances, liens, equities or claims and any preemptive or similar rights. The Conversion Shares have been duly reserved for issuance, and upon issuance in accordance with the terms of the Certificate of Designation or Pre-Funded Warrants, as applicable, will be duly and validly authorized and issued, fully-paid and non-assessable, free and clear of all encumbrances, liens, equities or claims and any preemptive or similar rights.
 - (i) The Company is not, and has not been, an issuer described in Rule 144(i)(1) under the Securities Act.
 - (j) There is no investment banker, broker, finder or other intermediary which has been retained by, will be retained by or is authorized to act on behalf of the Company who would be entitled to any fee or commission from Company or the Holder for soliciting the exchange upon consummation of the transactions contemplated by this Agreement.
 - (k) Except as set forth in or contemplated by the Company's filings with the SEC since June 30, 2023, the Company has conducted its business since June 30, 2023 in the ordinary course, consistent with past practice in all material respects, and there has been no Material Adverse Effect.
 - (l) The Class A Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the SEC is contemplating terminating such registration.
 - (m) The Class A Common Stock is listed for trading on the Nasdaq Global Market.
 - (n) The Company has submitted an application for the listing of the Class A Common Stock underlying the Offered Securities to The Nasdaq Global Market.
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- (o) The Company is an SEC registered public company and files reports under the rules and regulations promulgated under the Exchange Act.

Section 5. Tax Matters.

- (a) For U.S. federal and applicable state and local income tax purposes, the Company and the Holder hereby acknowledge and agree that (i) except as set forth in clause (ii) below, the exchange of the Exchanged Equity for the Shares is intended to be treated as a recapitalization within the meaning of Section 368(a)(1)(E) of the Code, and this Agreement is intended to constitute, and is hereby adopted as, a “plan of reorganization” for purposes of Sections 354 and 361 of the Code and within the meaning of Treasury Regulations §§ 1.368-2(g) and 1.368-3(a); and (ii) to the extent the value of Exchanged Equity exceeds the value of the Shares exchanged therefor, any such value surrendered is intended to be treated as a contribution by the Holder to the capital of the Company.
- (b) The Company and its paying agent shall be entitled to deduct or withhold taxes on all payments or deemed payments (including constructive distributions) on the exchange of the Exchanged Equity for the Shares, the Shares, the Conversion Shares and the Pre-Funded Warrants to the extent required by law. The Company and its paying agent shall be entitled to satisfy any required withholding tax on non-cash payments (including deemed payments) to the Holder through any sale of all or a portion of the Shares or the Conversion Shares or the Pre-Funded Warrants received by the Holder as dividends or upon conversion of the Shares or the Pre-Funded Warrants or otherwise owned by the Holder. To the extent such amounts are so deducted or withheld and paid over to the applicable taxing authority, such amounts shall be treated for all purposes as having been paid to the Holder.

Section 6. Exempt Transaction.

- (a) The Holder understands that the exchange of the Exchanged Equity for the Shares hereby is intended to be exempt from registration under Section 3(a)(9) of the Securities Act, which exemption depends upon, among other things, the accuracy of the Holder's representations expressed herein.
 - (b) The Holder represents and warrants to the Company that it did not acquire the Exchanged Equity with a view to, or for sale in connection with, any distribution of the Shares issuable upon exchange of the Exchanged Equity in violation of the Securities Act or other securities laws.
 - (c) The Holder represents and warrants to the Company that (i) to the knowledge of the Holder, no commission or other remuneration has been or will be paid or given, directly or indirectly, for soliciting the transactions contemplated hereby, and (ii) the Company did not, and to the knowledge of the Holder, no person acting on behalf of the Company did, solicit the Holder with respect to this disposition of the Exchanged Equity.
 - (d) The Holder represents and warrants to the Company that the Holder is not, and has not been in the preceding three months, an “affiliate” of the Company as such term is defined in Rule 144 under the Securities Act, nor to the knowledge of the
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Holder did the Holder acquire the Exchanged Equity within one year from the date of this Agreement from a person that was an affiliate of the Company.

- (e) The Company represents and warrants to the Holder that (i) no commission or other remuneration has been or will be paid or given, directly or indirectly, for soliciting the transactions contemplated hereby, and (ii) the Company did not, and no person acting on behalf of the Company did, solicit the Holder with respect to this disposition of the Exchanged Equity.
- (f) The Holder understands that the Shares have not been registered under the Securities Act, and are being issued hereunder in reliance upon a specific exemption from the registration provisions of the Securities Act afforded by Section 3(a)(9) of the Securities Act. Under current interpretations of the SEC, securities that are obtained in a Section 3(a)(9) exchange generally assume the same character (*i.e.*, restricted or unrestricted) as the securities that have been surrendered.

Section 7. Certain Covenants.

- (a) The Company covenants and agrees to disclose in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, the disclosure regarding this Agreement and the transactions contemplated hereby that the Company would be required to file in a Current Report on Form 8-K not later than 9:00 am Eastern Time on November 14, 2023.
- (b) Each of the parties hereto shall use its commercially reasonable efforts promptly to take or cause to be taken all action and promptly to do or cause to be done all things necessary, proper or advisable under applicable law and regulations to consummate and make effective the transactions contemplated by this Agreement. Without limiting the foregoing, the Company and the Holder shall use its commercially reasonable efforts to make all filings and obtain all consents of governmental authorities that may be necessary or, in the reasonable opinion of the Holder or the Company, as the case may be, advisable for the consummation of the transactions contemplated by this Agreement and the Transaction Documents.
- (c) Holder shall not, except for Permitted Sales, knowingly sell any Conversion Shares on any given day in an amount greater than 6% of the aggregate daily trading volume (taking into account its own trading activity) of the Common Stock for such day, as reported by Bloomberg Page "HCP". On the 1st business day of each calendar month following the Closing, the Holder shall deliver to the Company a certificate, duly executed by an authorized representative of the Holder, certifying the Holder's continuous compliance with this Section 7(c) during the immediately preceding calendar month.

"Permitted Sales" means any transfers:

- (i) pursuant to a merger, tender offer or exchange offer, consolidation or recapitalization of the Company in accordance with the terms thereof;
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- (ii) following the date the Company (A) has an order for relief entered with respect to it, (B) has commenced a voluntary case under the U.S. bankruptcy code or under any other similar law now or hereafter in effect, (C) has consented to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, (D) has consented to the appointment of or taking possession by a receiver, manager, trustee, examiner or other custodian for all or a substantial part of its property or (E) has made any assignment for the benefit of creditors;
 - (iii) following the date the Class A Common Stock is no longer listed on The Nasdaq Global Market;
 - (iv) following the date that both the chief executive officer and the chief financial officer resign or are removed from the Company; or
 - (v) that have been approved in writing by the Company prior to such transfer.
- (d) Holder shall not, for a period of three years from the date of this Agreement, transfer or sell any Shares except for Permitted Transfers. For the avoidance of doubt, nothing in this Agreement will restrict Holder from converting the Shares, exercising any warrants held by Holder, in each case in accordance with their terms, or selling any Conversion Shares in accordance with Section 7(c).

"Permitted Transfers" means any transfer or sale:

- (i) pursuant to a merger, tender offer or exchange offer, consolidation or recapitalization of the Holder in accordance with the terms thereof;
 - (ii) following the date the Company (A) has an order for relief entered with respect to it, (B) has commenced a voluntary case under the U.S. bankruptcy code or under any other similar law now or hereafter in effect, (C) has consented to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, (D) has consented to the appointment of or taking possession by a receiver, manager, trustee, examiner or other custodian for all or a substantial part of its property or (E) has made any assignment for the benefit of creditors;
 - (iii) following the date the Class A Common Stock is no longer listed on The Nasdaq Global Market;
 - (iv) following the date that both the chief executive officer and the chief financial officer resign or are removed from the Company;
 - (v) that has been approved in writing by the Company prior to such transfer; or
 - (vi) of Shares to any transferee or buyer so long as such transferee or buyer would not, after giving effect to the transfer or sale of such Shares to such transferee or buyer, hold a number of shares of Common Stock, assuming
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conversion of such transferred or sold Shares, greater than 6% of the average daily trading volume (taking into account the Holder's trading activity) of the Common Stock, as reported by Bloomberg Page "HCP," over the preceding 20 trading days.

- (e) The Company shall issue irrevocable instructions to its transfer agent and any subsequent transfer agent (as applicable) (the "**Transfer Agent**") in a form acceptable to the Holder (the **Irrevocable Transfer Agent Instructions**) to credit shares to the Holder's (or its designee's) account at DTC through its Deposit/Withdrawal At Custodian ("**DWAC**") System or, if the DWAC System is not available, to issue certificates to the applicable balance accounts at DTC, registered in the name of the Holder or its respective nominee(s), for the Conversion Shares in such amounts as specified from time to time by the Holder to the Company upon conversion of the Series D Preferred Stock. Holder shall promptly provide all information required to process such issuances. The Company represents and warrants that no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 7(e) will be given by the Company to the Transfer Agent with respect to the Series D Preferred Stock or Conversion Shares, and that the Series D Preferred Stock and Conversion Shares shall otherwise be freely transferable on the books and records of the Company, as applicable, to the extent provided in this Agreement and the other Transaction Documents. If the Holder effects a sale, assignment or transfer of the Series D Preferred Stock or Conversion Shares, the Company shall permit the transfer and shall promptly instruct Transfer Agent to issue one or more certificates or credit shares to the applicable balance accounts at DTC in such name and in such denominations as specified by the Holder to effect such sale, transfer or assignment. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder. Any fees (with respect to the Transfer Agent, counsel to the Company or otherwise) incurred by the Company associated with the removal of any legends on any of the Series D Preferred Stock or Conversion Shares shall be borne by the Company.

Section 8. *RESERVED.*

Section 9. *Indemnification.* The Company agrees to indemnify the Holder and each Related Party of any of the foregoing persons (each such person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, and to advance funds and to reimburse each Indemnitee upon request from time to time with respect to, any and all losses, claims, damages, liabilities and related expenses (including the reasonable and documented fees, charges and disbursements of any one counsel for each Indemnitee) incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Company or any of its affiliates arising out of, in connection with, or as a result of, any actual, threatened or prospective claim, litigation, investigation or proceeding relating to (i) the execution or delivery of this Agreement, any other Transaction Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or (ii) any Offered Securities, whether based on contract, tort or any other theory, whether brought by a third party or by the Company or any of its affiliates, and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or

related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Company against an Indemnitee for breach of such Indemnitee's material obligations hereunder or under any other Transaction Document, if the Company has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. "**Related Parties**" means, with respect to any person, such person's affiliates and the partners, directors, officers, employees, agents and advisors of such person and of such person's affiliates. This covenant shall survive any termination of this Agreement. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to a party at law or in equity or otherwise.

Section 10. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission) and shall be given,

if to the Company, to:

Stronghold Digital Mining, Inc.
595 Madison Avenue, 28th Floor
New York, New York 10022
Attention: General Counsel
Email: *****@*****.com

with a copy to:

Vinson & Elkins LLP
901 East Byrd Street, Suite 1500,
Richmond, VA 23219,
Attention: Daniel LeBey
Email: *****@*****.com

and if to the Holder, to the contact information set forth on such Holder's signature page hereto,

or to such other address or telecopy number and with such other copies as such party may hereafter specify for the purpose of notice. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

Section 11. Confidentiality. Each of Company and the Holder represents that it has not disclosed any information regarding discussions relating to this Agreement and has directed its representatives not to disclose any such information in violation of any executed confidentiality agreements. Except as may be required by applicable law or regulatory requirement, neither Company nor the Holder shall disclose the existence or terms of this Agreement or any of the provisions contained herein without the prior written consent of the other until public disclosure of the Agreement and the transactions contemplated hereby pursuant to Section 7(a); *provided, however*, that nothing contained herein shall prevent any party from promptly making all filings with any governmental entity or supervisory body (including, without limitation, the Company's ongoing

reporting obligations under the Exchange Act) or disclosures with the stock exchange, if any, on which such party's capital stock is listed, as may, in its judgment, be required in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby. The Holder acknowledges that (i) the terms of this Agreement and the transactions contemplated hereunder may be considered material non-public information concerning the Company and (ii) U.S. securities laws restrict the purchase and sale of securities (including entering into hedge transactions involving such securities) by persons who possess material non-public information relating to the issuer of such securities, and also the communication of such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

Section 12. Releases. Effective as of the Closing:

- (a) Subject to Section 12(c), effective as of the Closing, the Holder, on its own behalf and on behalf of its past, present and future affiliates, representatives, securityholders, successors and assigns claiming by or through the Holder (each, a **"Selling Shareholder Releasing Party"**), hereby absolutely, unconditionally and irrevocably releases and forever discharges the Company and its past, present and future securityholders, affiliates, representatives, administrators, heirs, executors, beneficiaries, successors and assigns (collectively, excluding any affiliates or representatives of the Holder or their affiliates, **"Selling Shareholder Releasees"**), from any and all actions (including any derivative claim on behalf of any person), obligations, damages, causes of action, suits, arbitrations, proceedings, sums of money, accounts, covenants, contracts (whether written or oral, express or implied), controversies, agreements, promises, damages, fees, expenses, judgments, executions, indemnification rights, and demands, at law or in equity, in contract or tort, of any nature whatsoever, whether known or unknown, suspected or unsuspected, previously, now or hereafter arising, in each case solely to the extent related to or arising out of in any way any Company securities issued by the Company to the Holder (collectively, **"Company Securities"**) or the transactions contemplated hereby. The Holder shall not make, and its shall not permit any of its affiliates to make, any claim or demand, or commence any proceeding asserting any claim or demand, including any claim of contribution or any indemnification, against any of the Selling Shareholder Releasees with respect to any matters released pursuant to this Section 12(a). Notwithstanding the foregoing, nothing in this Section 12(a) shall in any way affect any of the Holder's or the Company's rights or obligations arising under this Agreement.
 - (b) Subject to Section 12(c), effective as of the Closing, the Company on the Company's own behalf and on behalf of the Company's past, present and future affiliates, representatives, securityholders, successors and assigns claiming by or through the Company (each, a **"Company Releasing Party"**), hereby absolutely, unconditionally and irrevocably releases and forever discharges the Holder and its past, present and future securityholders, affiliates, representatives, administrators, heirs, executors, beneficiaries, successors and assigns (collectively, **"Company Releasees"**), from any and all actions (including any derivative claim on behalf of any person), obligations, damages, causes of action, suits, arbitrations, proceedings, sums of money, accounts, covenants, contracts (whether written or oral, express or implied), controversies, agreements, promises, damages, fees,
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expenses, judgments, executions, indemnification rights, and demands, at law or in equity, in contract or tort, of any nature whatsoever, whether known or unknown, suspected or unsuspected, previously, now or hereafter arising, in each case solely to the extent related to the Company Securities or the transactions contemplated hereby. The Company shall not make, and it shall not permit any of its affiliates to make, any claim or demand, or commence any proceeding asserting any claim or demand, including any claim of contribution or any indemnification, against any of the Company Releasees with respect to any matters released pursuant to this Section 12(b). Notwithstanding the foregoing, nothing in this Section 12(b) shall in any way affect any of the Holder's or the Company's rights or obligations arising under this Agreement.

- (c) The foregoing releases do not extend to, include, alter, restrict or limit in any way, and each Selling Shareholder Releasing Party and Company Releasing Party (each, a "**Releasing Party**") hereby reserves such Releasing Party's rights, if any, and the right of the other Releasing Parties, if any, to pursue any and all claims, actions or rights that such Releasing Party may now or in future have on account of rights of such Releasing Party under this Agreement. Each Releasing Party is aware that it may hereafter discover facts in addition to or different from those it now knows or believes to be true with respect to the release provided for in this Section 12; however, it is the intention of each Releasing Party that such release shall be effective as a full and final accord and satisfactory release of each and every matter constituting a released claim in this Section 12.

Section 13. Amendments and Waivers. Any provision of this Agreement may be amended if, but only if, such amendment is in writing and is signed by the Company and the Holder. Any provision of this Agreement may be waived if, but only if, such waiver is in writing and is signed by the party or parties against whom the waiver is to be effective. Notwithstanding the foregoing, any amendment or waiver which materially adversely alters or changes any rights of the Holder under this Agreement must, in each case, be executed by the Company and the Holder. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 14. Expenses. All costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

Section 15. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided that*, other than Section 7(d) and Section 7(e), no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto.

Section 16. Governing Law: Jurisdiction; Waiver of Jury Trial. This Agreement shall be subject to and governed by the laws of the State of New York, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws of another state. Each party hereby submits to the jurisdiction of the state and federal courts in the State and county of New York City, New York. EACH OF THE PARTIES IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY

IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 17. *Survival.* Notwithstanding the provisions of Section 8, the provisions of Section 7(a), Section 7(c), Section 8, Section 9, Section 10, Section 12, Section 13, Section 14, Section 15, Section 17, Section 18, Section 19, Section 21, Section 22, Section 23, Section 24 and Section 25, hereof shall survive the termination of this Agreement indefinitely.

Section 18. *Specific Performance.* Each party acknowledges and agrees that the other parties would be damaged irreparably if any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. Accordingly, each party agrees that the other parties will be entitled to seek an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and its terms and provisions in any action instituted in any court of the United States or any state thereof having jurisdiction over the parties and the matter in accordance with Section 16 herein, in addition to any other remedy to which it may be entitled, at law or in equity.

Section 19. *Counterparts; Third Party Beneficiaries.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto. No provision of this Agreement shall confer upon any person other than the parties hereto any rights or remedies hereunder.

Section 20. *Entire Agreement.* This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 21. *Captions.* The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

Section 22. *Severability.* If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and shall be enforced in accordance with its terms to the maximum extent permitted by law.

Section 23. *Limitation on Damages.* Notwithstanding anything to the contrary contained in this Agreement, except as provided below, none of the parties to this Agreement shall be entitled to either punitive, special, indirect, or consequential damages in connection with this Agreement and the transactions contemplated hereby. The Company and the Holder hereby expressly waive any right to punitive, special, indirect, or consequential damages (including loss of profits or revenue that are not direct, actual damages) in connection with this Agreement and the transactions contemplated hereby, except to the extent either (i) actually awarded to a third party and for which a party entitled to indemnification or damages hereunder is liable or (ii) which such party has paid under a third party claim subject to indemnification hereunder.

Section 24. No Recourse Against Non-Parties. All claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement, may be made only against the entities that are expressly identified as parties hereto. No person who is not a named party to this Agreement, including any director, officer, employee, member, partner (general or limited), securityholder, affiliate, agent, attorney or representative of any named party to this Agreement ("**Non-Party Affiliates**"), shall have any liability (whether in contract or in tort, in law or in equity, or based upon any theory that seeks to impose liability of an entity party against its owners or affiliates) for any obligations arising under, in connection with or related to this Agreement or for any claim based on, in respect of, or by reason of this Agreement or its negotiation or execution; and each party waives and releases all such claims and obligations against any such Non-Party Affiliates. Non-Party Affiliates are expressly intended as third party beneficiaries of this provision of this Agreement.

Section 25. Equity Interests. The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all equity interests of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution of, the Offered Securities, and shall be appropriately adjusted for combinations, splits, recapitalizations and the like of the Series D Preferred Stock or the Common Stock occurring after the date of this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

STRONGHOLD DIGITAL MINING, INC.

By: /s/ Gregory A. Beard

Name: Gregory A. Beard

Title: Chief Executive Officer and Chairman

ADAGE CAPITAL PARTNERS, LP

By: Adage Capital Partners, GP, LLC, its General Partner

By: Adage Capital Advisors, LLC, its Managing Member

By: /s/ Daniel J. Lehan

Name: Daniel J. Lehan

Title: Chief Operating Officer / Chief Compliance Officer

Address for Notices to Holder pursuant to Section 7:

Adage Capital Partners, LP

Attn: Dan Lehan

200 Clarendon St., Ste. 52

Boston, MA 02116

Email: *****@*****.com

with an additional copy by email only to (which shall not constitute notice):

Christopher E. Centrich

Email: *****@*****.com

Exhibit A

**Certificate of Designation of the
Series D Preferred Stock**

STRONGHOLD DIGITAL MINING, INC.

CERTIFICATE OF DESIGNATIONS

**Pursuant to Section 151 of the General
Corporation Law of the State of Delaware**

SERIES D CONVERTIBLE PREFERRED STOCK

(Par Value \$0.0001 Per Share)

Stronghold Digital Mining, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended from time to time (the "DGCL"), hereby certifies that, pursuant to the authority expressly granted to and vested in the Board of Directors of the Corporation (the "Board of Directors") by the Second Amended and Restated Certificate of Incorporation of the Corporation (as amended from time to time in accordance with its terms and the DGCL, the "Certificate of Incorporation"), which authorizes the Board of Directors, by resolution, to provide out of the unissued shares of the preferred stock (the "Preferred Stock") for one or more series of Preferred Stock and to establish from time to time the number of shares to be included in each such series and to fix the voting rights (if any), designations, powers, preferences and relative, participating, optional, special and other rights (if any) of each such series and any qualifications, limitations and restrictions thereof, and in accordance with the provisions of Section 151 of the DGCL and resolutions duly adopted by the Board of Directors, the Corporation's Series D Preferred Stock (as defined below) is hereby established on the following terms:

**ARTICLE 1
DESIGNATION**

Section 1.1. There is hereby created out of the authorized and unissued shares of Preferred Stock of the Corporation a series of preferred stock designated "Series D Convertible Preferred Stock" (the "Series D Preferred Stock"), consisting of fifteen thousand, five hundred eighty two (15,582) shares, par value \$0.0001 per share (each, a "Series D Preferred Share"). Each Series D Preferred Share shall rank equally in all respects and shall be subject to the following provisions of this Certificate of Designations. Series D Preferred Shares which have been converted, redeemed, repurchased or otherwise acquired by the Corporation shall be retired and, following the filing of any certificate required by the DGCL, will have the status of authorized and unissued shares of the Corporation's Preferred Stock, without designation as to series, until such shares are once more designated by the Board of Directors as part of a particular series of Preferred Stock.

**ARTICLE 2
RANK AND PREFERENCE**

Section 2.1. The Series D Preferred Stock shall, with respect to rights upon an acquisition, merger or consolidation of the Corporation, sale of all or substantially all assets of the Corporation, other business combination or liquidation, dissolution or winding up of the affairs of the Corporation, either voluntary or involuntary (collectively, a "Liquidation Event") rank:

- (a) senior to the Class A Common Stock, par value \$0.0001 per share, of the Corporation (including any capital stock into which the Class A Common Stock shall have been converted, exchanged or reclassified following the date hereof, the "Class A Common Stock"), the Class V Common Stock, par value \$0.0001 per share, of the Corporation (the "Class V Common Stock" and together with the Class A Common Stock, the "Common Stock"), and any other class or series of capital stock of the Corporation, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Series D Preferred Stock with respect to rights upon a Liquidation Event (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such capital stock, the "Junior Stock");
- (a)
 - (b) on a parity with the Series C Convertible Preferred Stock, par value \$0.0001 per share, and any class or series of capital stock of the Corporation, the terms of which provide that such class or series ranks on a parity with the Series D Preferred Stock with respect to rights upon a Liquidation Event (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such capital stock, the "Parity Stock"); and
- (c)
 - (d) junior to any class or series of capital stock of the Corporation, the terms of which expressly provide that such class or series ranks senior to the Series D Preferred Stock with

respect to rights upon a Liquidation Event (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such capital stock, the "Senior Stock").

Section 2.2. In the event of a Liquidation Event, each Holder shall, with respect to each Series D Preferred Share owned by such Holder, be entitled to receive, out of funds of the Corporation legally available therefor, before any payment or distribution of any assets of the Corporation shall be made or set apart for holders of the Junior Stock, an amount per Series D Preferred Share equal to the Stated Value (as defined below). If upon any such Liquidation Event of the Corporation, the funds and assets available for distribution to the stockholders of the Corporation shall be insufficient to pay the Holders the full amount to which they are entitled under this Section 2.2 and the holders of any shares of Parity Stock ranking on a parity with the Series D Preferred Stock the full amount to which they are entitled under the Certificate of Incorporation or any certificate of designations, the Holders and the holders of such Parity Stock shall share ratably in any distribution of the funds and assets legally available for distribution in respect of the shares of Series D Preferred Stock and such Parity Stock held by them upon such distribution. The "Stated Value" shall mean One Thousand United States Dollars (\$1,000.00) per share, subject to any adjustment for stock splits, stock combinations, recapitalizations and similar transactions as set forth herein; *provided*, that a Fundamental Transaction shall not constitute a Liquidation Event but instead shall be subject to Article 4.

ARTICLE 3

VOTING RIGHTS AND TRANSFERABILITY

Section 3.1. Except as required by the DGCL or the Certificate of Incorporation (including this Certificate of Designations), Holders shall not have any voting rights except as set forth in this Section 3.1. The Corporation shall require approval of the Holders of at least two-thirds (66.67%) of the then outstanding Series D Preferred Shares (together with any Parity Stock) to (either directly or through a Subsidiary or controlled Affiliate):

- (e)
- (a) authorize, create, increase the authorized amount of, or issue any Series D Preferred Stock or class or series of Senior Stock or Parity Stock or any security convertible into, or exchangeable or exercisable for, shares of Series D Preferred Stock, Senior Stock or Parity Stock;
- (b)
- (c) authorize, enter into or otherwise engage in a Fundamental Transaction unless such Fundamental Transaction does not adversely affect the rights, preferences or privileges of the Series D Preferred Stock; and
- (d) agree or consent to any of the foregoing.

Further, the Corporation shall require approval of the Holders of at least two-thirds (66.67%) of the then outstanding Series D Preferred Shares to (either directly or through a Subsidiary or controlled Affiliate), amend, alter, repeal or otherwise modify (whether by merger, operation of law, consolidation or otherwise) (i) any provision of the Certificate of Incorporation (including this Certificate of Designations) or the Corporation's bylaws in a manner that would adversely affect the powers, rights, preferences or privileges of the Series D Preferred Stock or (ii) any provision of this Certificate of Designations.

Section 3.2. No Holder shall be entitled to transfer any Series D Preferred Shares to any Person who is not a "United States person" as defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended, and any such transfer shall be void *ab initio*.

Section 3.3. Certificated Shares; Replacement Certificates.

(a) The Corporation agrees, upon request of a Holder or permitted assignee, to take all steps reasonably necessary to promptly effect the removal of any restrictive legend from the certificates representing Series D Preferred Shares or shares of Class A Common Stock issued or the book-entry account of such Series D Preferred Shares or shares of Class A Common Stock, and the Corporation shall bear all costs associated therewith, regardless of whether the request is made in connection with a sale or otherwise, so long as such Holder, its permitted assigns or its broker provides to the Corporation a certification as to the length of time such shares have been held and a certification that such Holder is not an Affiliate of the Corporation. The Corporation shall cooperate with the Holder to effect the removal of the legend at any time such legend is no longer appropriate.

(b)

(c) The Corporation shall replace any mutilated Series D Preferred Stock certificate at the Holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the Holder's expense upon delivery to the Corporation of satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may reasonably be required by the Corporation.

(d) Notwithstanding anything to the contrary herein, unless requested in writing by a Holder to the Corporation, shares of Common Stock issued upon conversion of shares of Series D Preferred Stock or exercise of a Pre-Funded Warrant shall be uncertificated, book entry form as permitted by the bylaws of the Corporation and the DGGL.

Section 3.4. Subject to the terms of this Certificate of Designations, the Holder may transfer to any Person any portion of their Series D Preferred Stock issued pursuant to this Certificate of Designations or any Class A Common Stock issued upon conversion of the Series D Preferred Stock (or exercise of Pre-Funded Warrants (as defined below)) issued pursuant to this Certificate of Designation or Pre-Funded Warrants.

ARTICLE 4

CONVERSION; ADJUSTMENTS; COVENANTS

Section 4.1. Securities To Be Delivered Upon Conversion. Each Series D Preferred Share shall be convertible into shares of Class A Common Stock or Pre-Funded Warrants (the "Conversion Securities") at a conversion rate equal to (i) (A) the Stated Value plus (B) cash in lieu of fractional shares, as set forth in Section 4.7 divided by (ii) a conversion price of \$5.38145 per share of Class A Common Stock (subject to the adjustments in Section 4.5 herein, the "Conversion Price") as provided in this Article 4. On the date of conversion, with respect to each Series D Preferred Share, uncertificated book-entry shares representing the number of shares of Class A Common Stock into which such share of Series D Preferred Stock is converted (or Pre-Funded Warrants with respect to such shares, as applicable) shall be promptly issued and delivered to the Holder thereof or such Holder's designee upon presentation and surrender of the certificate evidencing the Series D Preferred Stock, if any (or, if such certificate or certificates have been lost, stolen, or destroyed, a lost certificate affidavit and indemnity in form and substance reasonably acceptable to the Corporation), to the Corporation and, if required, the furnishing of appropriate endorsements and transfer documents and the payment of all transfer and similar taxes, if any, allocable to the Holder pursuant to Section 4.4. The Person or Persons entitled to receive the Class A Common Stock and/or cash issuable upon conversion of Series D Preferred Stock (or Pre-Funded Warrants) shall be treated for all purposes as the record holder(s) of such shares of Class A Common Stock and/or securities (including Pre-Funded Warrants) as of the close of business on the date of conversion with respect thereto. In the event that a Holder shall not by written notice designate the name in which shares of Class A Common Stock and/or cash (or Pre-Funded Warrants) to be issued or paid upon conversion or shares of Series D Preferred Stock should be registered or paid or the manner in which such shares (or Pre-Funded Warrants) should be delivered, the Corporation shall be entitled to register and deliver such shares (or Pre-Funded Warrants), and make such payment, in the name of the Holder and in the manner shown on the records of the Corporation.

Section 4.2. Optional Conversion.

(a) Optional Conversion Right. Subject to Section 4.3, from and after the issuance of the Series D Preferred Shares (the "Issuance Date"), each Holder shall be entitled to convert all or a portion of such Holder's Series D Preferred Shares, at any time and from time to time (any such conversion, an "Optional Conversion"), into a number of duly authorized, validly issued, fully paid and non-assessable shares of Class A Common Stock as set forth in this Article 4. From and after any such conversion, the Series D Preferred Shares so converted shall no longer be deemed to be outstanding, and all rights of the Holder with respect to such Series D Preferred Shares shall immediately terminate, except the right to receive the shares of Class A Common Stock issuable pursuant to such Optional Conversion.

(b) Notice of Optional Conversion. In order to effect an Optional Conversion, a Holder shall submit a written notice to the Corporation, duly executed by an officer of the Holder and in the form attached hereto as Annex A (the "Optional Conversion Notice"), stating that the Holder irrevocably elects to convert the number of Series D Preferred Shares specified in such Optional Conversion Notice. Upon receiving an Optional Conversion Notice, the Corporation shall issue and deliver to such Holder the number of shares of Class A Common Stock issuable upon conversion of such Series D Preferred Shares.

(c) Beneficial Ownership Limitation. The Corporation shall not effect any conversion of Series D Preferred Shares, and a Holder shall not have the right to convert any Series D Preferred Shares, to the extent that, after giving effect to the conversion set forth on the applicable Optional Conversion Notice, such Holder (together with such Holder's Affiliates, and any Persons acting as a group together with such Holder or any of such Holder's Affiliates (such Persons, "Attribution Parties")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Class A Common Stock beneficially owned by such Holder and its Affiliates and Attribution Parties shall include the number of shares of Class A Common Stock issuable upon conversion of the Series D Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Class A Common Stock which are issuable upon (i) conversion of the remaining, unconverted shares of Class A Common Stock underlying the Series D

Preferred Stock beneficially owned by such Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 4.2, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 4.2 applies, the determination of whether the Series D Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and of how many Series D Preferred Shares are convertible shall be in the sole discretion of such Holder, and the submission of an Optional Conversion Notice shall be deemed to be such Holder's determination of whether such Series D Preferred Shares may be converted (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and how many Series D Preferred Shares are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers an Optional Conversion Notice that such Optional Conversion Notice has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4.2, in determining the number of outstanding shares of Class A Common Stock, a Holder may rely on the number of outstanding shares of Class A Common Stock as stated in the most recent of the following: (i) the Corporation's most recent periodic or annual report filed with the U.S. Securities and Exchange Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice by the Corporation or the Corporation's transfer agent setting forth the number of shares of Class A Common Stock outstanding. Upon the written or oral request (which may be via email) of a Holder, the Corporation shall within one Trading Day confirm orally and in writing to such Holder the number of shares of Class A Common Stock then outstanding. In any case, the number of outstanding shares of Class A Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Series D Preferred Stock, by such Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Class A Common Stock was reported. The "Beneficial Ownership Limitation" shall be 9.99% of the number of shares of the Class A Common Stock outstanding immediately after giving effect to the issuance of shares of Class A Common Stock issuable upon conversion of Series D Preferred Shares held by the applicable Holder. The limitations contained in this paragraph shall apply to a successor holder of Series D Preferred Stock.

Section 4.3. Automatic Conversion.

(a) Automatic Conversion. Upon February 20, 2028, each then outstanding Series D Preferred Share will automatically and immediately convert (the "Automatic Conversion") into a number of duly authorized, validly issued, fully paid and non-assessable shares of Class A Common Stock or Pre-Funded Warrants as set forth in this Article 4 without any further action by the Holders. From and after the Automatic Conversion, the Series D Preferred Shares shall no longer be deemed to be outstanding, and all rights of the Holders with respect to such Series D Preferred Shares shall immediately terminate, except the right to receive the shares of Class A Common Stock or Pre-Funded Warrants, as applicable.

(b) Automatic Conversion Notice. In advance of the occurrence of the Automatic Conversion, the Corporation shall deliver to all Holders a written notice of the Automatic Conversion pursuant to this Section 4.3.

(c) Automatic Conversion Beneficial Ownership Limitation. Upon the Automatic Conversion, in lieu of issuing any shares of Class A Common Stock to a Holder that would exceed the Beneficial Ownership Limitation, the Corporation will issue, and the Holder will receive, pre-funded warrants exercisable for the number of shares of Class A Common Stock which would otherwise be issuable ("Pre-Funded Warrants"), substantially in the form attached hereto as Annex B, the exercise of which shall be subject to the Beneficial Ownership Limitation.

Section 4.4. Transfer Taxes. Issuances of shares of Class A Common Stock or Pre-Funded Warrants upon conversion of the Series D Preferred Shares shall be made without charge to the Holder for any issuance or transfer tax in respect of the issuance thereof; *provided, however*, that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of Class A Common Stock or Pre-Funded Warrants in a name other than that of the converting Holder, and no such issuance or delivery need be made unless and until the Person requesting such issuance or delivery has paid to the Corporation the amount of any such tax or has established, to the reasonable satisfaction of the Corporation, that such tax has been, or will timely be, paid.

Section 4.5. Adjustments for Subsequent Events. From and after the date of this Certificate of Designations, adjustments shall be made to the Conversion Price from time to time as follows:

(a) Adjustment Upon Stock Dividends, Certain Issuances, Subdivisions or Combinations of Common Stock. If the Corporation, at any time while Series D Preferred Shares are outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of Class A Common Stock or any other equity or equity equivalent securities payable in shares of Class A Common Stock, (ii) subdivides outstanding shares of Class A Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Class A Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Class A Common Stock any shares of capital stock of the Corporation, then in each case the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Class A Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Class A Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 4.5(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) Fundamental Transaction. If, at any time while Series D Preferred Shares are outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person (excluding a merger effected solely to change the Corporation's name), (ii) the Corporation (and all of its Subsidiaries, taken as a whole), directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any direct or indirect purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Class A Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and such offer has been accepted by the holders of 50% or more of the outstanding Class A Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Class A Common Stock or any compulsory share exchange pursuant to which the Class A Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Class A Common Stock (not including any shares of Class A Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent Optional Conversion or the Automatic Conversion, the Holder shall have the right to receive, for each share of Class A Common Stock that would have been issuable upon such Optional Conversion or the Automatic Conversion immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to the Beneficial Ownership Limitation), the number of shares of common stock of the successor or acquiring corporation, or of the Class A Common Stock if the Corporation is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Class A Common Stock into which a Holder's Series D Preferred Shares are convertible immediately prior to such Fundamental Transaction (without regard to the Beneficial Ownership Limitation).

(c) Alternate Consideration. If holders of Class A Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any Optional Conversion or the Automatic Conversion following such Fundamental Transaction. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Corporation under this Certificate of Designations and the other Transaction Documents in accordance with the provisions of this Section 4.5(c) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for the Series D Preferred Shares a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Certificate of Designations which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Class A Common Stock acquirable and receivable upon an Optional Conversion or the Automatic Conversion (without regard to the Beneficial Ownership Limitation) prior to such Fundamental Transaction, and with a conversion price which applies the Conversion Price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Class A Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of the Series D Preferred Shares immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for, the Corporation so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designations and the other Transaction Documents referring to the "Company" or the "Corporation" shall refer instead to the Successor

Entity, and the Successor Entity may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designations and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Corporation herein.

(d) Other Distributions. During such time as the Series D Preferred Shares are outstanding, if the Corporation shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Class A Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) other than any such dividend or distribution that is subject to Section 4.5(a) hereof (a "Distribution"), at any time after the issuance of the Series D Preferred Shares, then, in each such case, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such Distribution by a fraction of which the denominator shall be the closing price on the record date mentioned above, and of which the numerator shall be such closing price on such record date less the then-per-share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Class A Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Class A Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

(e) Repurchases. Unless otherwise adjusted pursuant to Section 4.5(a) through Section 4.5(f) hereof, if, at any time while Series D Preferred Shares are outstanding, the Corporation effects any Repurchases (as defined below), then, following the completion of the Repurchase, the Conversion Price shall be reduced to the price determined by multiplying the Conversion Price in effect immediately prior to the date of the Repurchase by a fraction of which the numerator shall be (i) the product of (A) the number of shares of Class A Common Stock outstanding immediately prior to the date of the Repurchase and (B) the closing price of the Class A Common Stock on the Trading Day immediately preceding the Corporation's first public disclosure of its intent to effect such Repurchases, minus (ii) the Assumed Payment Amount (as defined below), and of which the denominator shall be the product of (A) the number of shares of Class A Common Stock outstanding immediately prior to the date of the Repurchase minus the number of shares of Class A Common Stock so repurchased and (B) the closing price of the Class A Common Stock on the Trading Day immediately preceding the Corporation's first public disclosure of its intent to effect such Repurchases. For purposes of the foregoing, the "Assumed Payment Amount" with respect to any Repurchases shall mean the closing price as of the date of such Repurchases, of the aggregate consideration paid to effect such Repurchases and "Repurchases" means any transaction or series of related transactions to purchase Class A Common Stock of the Corporation for a purchase price greater than the closing price on the Trading Day immediately prior to such transactions pursuant to any tender offer or exchange offer.

(f) Exceptions to Adjustment Upon Issuance of Class A Common Stock. Notwithstanding anything herein to the contrary herein, there shall be no adjustment to the Conversion Price with respect to any Excluded Issuance.

Section 4.5. Rights Plans. If the Corporation has a rights plan in effect with respect to the Common Stock when Series D Preferred Shares are converted, upon conversion of any shares of the Series D Preferred Stock, Holders of such shares will receive, in addition to the shares of Class A Common Stock, the rights under the rights plan relating to such Common Stock, unless, prior to such date the rights have (i) become exercisable or (ii) separated from the shares of Common Stock.

Section 4.6. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Class A Common Stock for the sole purpose of issuance upon conversion of the Series D Preferred Stock and, as applicable, the exercise of the Pre-Funded Warrants as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holders, not less than such aggregate number of shares of the Class A Common Stock as shall be issuable (taking into account the adjustments and restrictions of this Article 4) upon the conversion of the then outstanding shares of Series D Preferred Stock and the exercise of the then outstanding Pre-Funded Warrants. The Corporation covenants that all shares of Class A Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

Section 4.7. No Fractional Shares of Class A Common Stock. No fractional shares of Class A Common Stock will be issued as a result of any conversion of shares of Series D Preferred Stock. In lieu of any fractional share of Class A Common Stock otherwise issuable in respect of any conversion pursuant hereto, the Corporation shall pay (concurrently with the issuance of the shares of Class A Common Stock) an amount in cash (computed to the nearest cent) equal to the same fraction of the closing price of the Class A Common Stock determined as of the second Trading Day immediately preceding the date of conversion. If more than one share of the Series D Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Class A

Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Series D Preferred Stock so surrendered.

ARTICLE 5 DEFINITIONS

Unless the context otherwise requires, when used herein the following terms shall have the meaning indicated.

"Affiliate" means any person or entity that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act of 1933, as amended. With respect to a Holder, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Holder will be deemed to be an Affiliate of such Holder.

"Business Day" means a day except a Saturday, a Sunday or other day on which commercial banks in the City of New York are authorized or required by applicable law to be closed.

"Excluded Issuances" means any issuance of (a) shares of any equity securities pursuant to an employee stock option plan, management incentive plan, restricted stock plan, stock purchase plan or stock ownership plan or similar benefit plan, similar program or similar agreement as approved by the Board of Directors and shareholders of the Corporation existing on or prior to the date hereof, (b) shares of any equity securities issuable upon exercise of any warrants or upon conversion, exercise or redemption of other securities outstanding as of the date of this Certificate of Designations which have been disclosed in the Corporation's reports filed with the Securities and Exchange Commission pursuant to the Exchange Act prior to the date of this Certificate of Designations, or (c) shares of Class A Common Stock or securities convertible into Class A Common Stock, as applicable, issued by the Corporation upon any or pursuant to any of the other Transaction Documents.

"Holder" or **"Holders"** means a holder, or all of the holders, as the case may be, of outstanding Series D Preferred Shares as they appear in the records of the Corporation.

"Person" means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

"Subsidiary" means a corporation, association, company (including limited liability company), joint-stock company, business trust or other similar entity more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Corporation or by one or more other Subsidiaries, or by the Corporation and one or more other Subsidiaries. For purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Trading Day" means a day on which the Class A Common Stock is traded for any period on the principal securities exchange or if the Class A Common Stock is not traded on a principal securities exchange, on a day that the Class A Common Stock is traded on another securities market on which the Class A Common Stock is then being traded or if the Class A Common Stock is not then traded, Trading Day shall mean a Business Day.

"Trading Market" means any of the following markets or exchanges on which the Class A Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQB, or the OTCQX (or any successors to any of the foregoing).

"Transaction Documents" means that certain Exchange Agreement by and among the Corporation and the Holders, dated as of November 13, 2023, that certain Registration Rights Agreement by and among the Corporation and the Holders, dated as of November 13, 2023, the Pre-Funded Warrants, and this Certificate of Designations.

ARTICLE 6 MISCELLANEOUS

Section 6.1. Notices. All notices or communications in respect of the Series D Preferred Shares shall be in writing, shall be effective upon delivery, and shall be delivered by (i) registered or certified mail, return receipt requested, postage prepaid, (ii) reputable nationwide overnight courier service guaranteeing next Business Day delivery, (iii) personal delivery, or (iv) email, with written confirmation of receipt.

Section 6.2. No Other Rights. The Series D Preferred Shares shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as expressly set forth herein or in the Certificate of Incorporation or as required by applicable law or regulation.

Section 6.3. Headings. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

Section 6.4. Effectiveness. This Certificate of Designations shall become effective upon filing with the Secretary of State of the State of Delaware.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designations to be duly executed and acknowledged by the undersigned, thereunto duly authorized, as of November 13, 2023.

STRONGHOLD DIGITAL MINING, INC.

By: _____
Name: Gregory A. Beard
Title: Chief Executive Officer and Chairman

ANNEX A

**STRONGHOLD DIGITAL MINING, INC.
SERIES D PREFERRED STOCK**

CONVERSION NOTICE

The undersigned hereby irrevocably elects to convert _____ shares of Series D Preferred Stock into shares of Class A Common Stock according to the conditions of the Certificate of Designations of the Series D Convertible Preferred Stock of Stronghold Digital Mining, Inc., as filed with the Secretary of State of the State of Delaware on November 13, 2023 (the "Certificate of Designations"), as of the date written below. The Corporation will pay any issuance or transfer tax on the issuance of shares of Class A Common Stock, unless the tax is due because the undersigned requests such shares of Class A Common Stock to be issued in a name other than the undersigned's name, in which case, the undersigned will pay the tax. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Certificate of Designations.

Date of Conversion: _____

Signature: _____

Name: _____

Address: _____

ANNEX B

FORM OF PRE-FUNDED WARRANT

STRONGHOLD DIGITAL MINING, INC.
CLASS A COMMON STOCK PRE-FUNDED WARRANT

THIS PRE-FUNDED WARRANT (THE "WARRANT") AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SECURITIES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW AND, IF THE COMPANY REQUESTS, AN OPINION SATISFACTORY TO THE COMPANY TO SUCH EFFECT HAS BEEN RENDERED BY COUNSEL.

Warrant Certificate No.: _____

Original Issue Date: [_____]

FOR VALUE RECEIVED, Stronghold Digital Mining, Inc., a Delaware corporation (the "**Company**"), hereby certifies that [HOLDER] or its registered assigns (the "**Holder**") is entitled to purchase from the Company [_____] duly authorized, validly issued, fully paid and nonassessable shares of Class A Common Stock, par value \$0.0001 per share, at a purchase price per share of \$0.001 (the "**Strike Price**"), all subject to the terms, conditions and adjustments set forth below in this Warrant.

This Warrant is being issued to the Holder in exchange for [_____] shares of the Company's Series D Convertible Preferred Stock, par value \$0.0001 per share (the "**Series D Preferred Stock**"), issued by the Company to the Holder on November 13, 2023.

Definitions. As used in this Warrant, the following terms have the respective meanings set forth below:

"**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"**Aggregate Strike Price**" means an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then outstanding, multiplied by (b) the Strike Price.

"**Alternate Consideration**" has the meaning set forth in Section 4(c)(ii).

"**Attribution Parties**" has the meaning set forth in Section 3(f)(i).

"**Beneficial Ownership Limitation**" has the meaning set forth in Section 3(f)(i).

"**Business Day**" means any day, except a Saturday, Sunday or legal holiday, on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

“Certificate of Designations of the Series D Preferred Stock” means the certificate of designations of the Series D Preferred Stock filed with the Secretary of State of the State of Delaware on November 13, 2023.

“Common Stock” means the Class A Common Stock, par value \$0.0001 per share, of the Company, and any capital stock into which such Common Stock shall have been converted, exchanged or reclassified following the date hereof.

“Company” has the meaning set forth in the preamble.

“Distribution” has the meaning set forth in Section 4(c)(iii).

“Exchange Agreement” means that certain Exchange Agreement by and among the Company and the Holder, dated as of November 13, 2023.

“Excluded Issuances” means any issuance of (a) shares of any equity securities pursuant to an employee stock option plan, management incentive plan, restricted stock plan, stock purchase plan or stock ownership plan or similar benefit plan, similar program or similar agreement as approved by the Board of Directors and shareholders of the Company existing on or prior to the date hereof, (b) shares of any equity securities issuable upon exercise of any warrants or upon conversion, exercise or redemption of other securities outstanding as of the date of this Warrant which have been disclosed in the Company’s reports filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (as amended, the **“Exchange Act”**) prior to the date of this Warrant, or (c) shares of Common Stock or securities convertible into Common Stock, as applicable, issued by the Company upon exercise of this Warrant or pursuant to any of the other Transaction Documents.

“Exercise Date” means, for any given exercise of this Warrant, the date on which the conditions to such exercise as set forth in Section 3(a) shall have been satisfied at or prior to 5:00 p.m., New York City, NY time, on a Business Day.

“Exercise Period” has the meaning set forth in Section 2.

“Fundamental Transaction” has the meaning set forth in Section 4(c)(ii).

“Holder” has the meaning set forth in the preamble.

“Notice of Exercise” has the meaning set forth in Section 3(a).

“Original Issue Date” means the first date hereabove written.

“Person” means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

“Registration Rights Agreement” means that certain Registration Rights Agreement by and among the Company, the Holder and the other holders party thereto, dated as of November 13, 2023.

“Series D Preferred Stock” has the meaning set forth in the Preamble.

“Strike Price” has the meaning set forth in the preamble, subject to adjustments in accordance with the terms of this Warrant. No additional consideration (other than the Strike Price per Warrant Share) shall be required to be paid by the Holder to any Person to effect any

exercise of this Warrant. The Holder shall not be entitled to the return or refund of all, or any portion, of such pre-paid aggregate exercise price under any circumstance or for any reason whatsoever, including in the event this Warrant shall not have been exercised prior to the Termination Date.

"Subsidiary" means a corporation, association, company (including limited liability company), joint-stock company, business trust or other similar entity more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Successor Entity" has the meaning set forth in Section 4(c)(ii).

"Termination Date" means the date on which this Warrant is exercised in full.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQB, or the OTCQX (or any successors to any of the foregoing).

"Transaction Documents" means the Exchange Agreement, the Certificate of Designations of the Series D Preferred Stock, the Registration Rights Agreement and this Warrant.

"Transfer Agent" has the meaning set forth in Section 3(c).

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a trading day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported on the OTCQX, OTCQB or OTC Pink Marketplace maintained by the OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the volume weighted average price of the Common Stock on the first such facility (or a similar organization or agency succeeding to its functions of reporting prices), or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company. For purposes of calculating VWAP over any multiple-day period, the number of shares of Common Stock shall be adjusted for any stock splits, stock combinations, reclassifications or similar transaction.

"Warrant" means this Warrant and all warrants issued upon division or combination of, or in substitution for, this Warrant.

"Warrant Shares" means the shares of Common Stock or other capital stock of the Company then purchasable upon exercise of this Warrant in accordance with the terms of this Warrant.

Term of Warrant. Subject to the terms and conditions hereof, at any time from the Original Issue Date through the Termination Date (the "**Exercise Period**"), the Holder of this Warrant may exercise this Warrant for all or any part of the Warrant Shares purchasable hereunder, subject to the Beneficial Ownership Limitation and subject to adjustment as provided herein.

Exercise of Warrant.

Exercise Procedure. This Warrant may be exercised from time to time on any Business Day during the Exercise Period, for all or any part of the unexercised Warrant Shares, upon: surrender of this Warrant to the Company at the address for notices in Section 10 below (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction), together with a duly completed and executed exercise notice in the form attached hereto as Exhibit A (the "**Notice of Exercise**").

RESERVED.

Delivery of Warrant Shares Upon Exercise. In accordance with and subject to Section 3(a) and Section 4 hereof, the Company shall, as promptly as practicable, and in any event within three (3) Business Days after surrender of this Warrant, instruct the transfer agent (the "**Transfer Agent**") for the Common Stock to record the issuance of the Warrant Shares purchased hereunder to the Holder in book-entry form pursuant to the Transfer Agent's regular procedures. The Warrant Shares shall be registered in the name of the Holder or, subject to compliance with Section 5 below, such other Person's name as shall be designated. This Warrant shall be deemed to have been exercised in whole or in part, and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the applicable Exercise Date.

Delivery of New Warrant. Unless the purchase rights represented by this Warrant shall have been fully exercised, the Company shall, at the time of delivery of the Warrant Shares being issued in accordance with Section 3(c) hereof, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unexercised Warrant Shares called for by this Warrant. Such new Warrant shall in all other respects be identical to this Warrant.

Reservation of Shares. During the Exercise Period, the Company shall at all times reserve and keep available out of its authorized but unissued Common Stock or other securities constituting Warrant Shares, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of Warrant Shares issuable upon the exercise of this Warrant, and the par value per Warrant Share shall at all times be less than or equal to the applicable Strike Price. The Company shall not increase the par value of any Warrant Shares receivable upon the exercise of this Warrant above the Strike Price then in effect, and shall take all such actions as may be necessary or appropriate so that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

Exercise Restriction. Notwithstanding anything herein to the contrary, the Company shall not effect the exercise of any portion of this Warrant, and the Holder shall not have the right to exercise any portion of this Warrant, and any such exercise shall be null and void and treated as if never made, to the extent, and only to the extent, that:

the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "**Attribution Parties**")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below) upon such exercise. Except as set forth in the preceding sentence,

for purposes of this Section 3(f)(i), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 3(f)(i) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. For purposes of this Section 3(f)(i), in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the U.S. Securities and Exchange Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one (1) Business Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "**Beneficial Ownership Limitation**" shall be 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The limitations contained in this paragraph shall apply to a successor holder of this Warrant; or

such issuance, when aggregated with any other Common Stock theretofore or simultaneously therewith issued (including all of the transactions as contemplated under the Transaction Documents) to or otherwise beneficially owned by the Holder and its Affiliates and any other Persons or entities whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act (including any shares held by any "group" of which the Holder is a member) would result in a "change of control" of the Company within the meaning of Nasdaq Listing Rule 5635(b) or otherwise require shareholder approval under Nasdaq Listing Rule 5635(d); except that such limitation under this Section 3(f)(ii) shall not apply in the event that the Company obtains all necessary stockholder approvals for such exchange in accordance with the Nasdaq Listing Rules. For purposes hereof, "group" has the meaning set forth in Section 13(d) of the Exchange Act and applicable regulations of the Securities and Exchange Commission, and the percentage held by the Holder shall be determined in a manner consistent with the provisions of Section 13(d) of the Exchange Act.

Mandatory Cashless Exercise; Adjustments.

RESERVED.

Cashless Exercise. Upon the exercise of this Warrant in whole or in part, the Company will settle such exercise by paying or delivering, as applicable and as provided in this Section 4(b), shares of Common Stock, together, if applicable, with cash in lieu of fractional shares, in the amounts set forth herein. This Warrant shall only be settled in shares of Common Stock, other than any cash payments in lieu of fractional shares, and shall not be settled in cash. Upon settlement of the exercise of each Warrant, the Company will deliver the following:

A number of shares of Common Stock equal to the greater of (x) zero and (y) the quotient obtained by dividing $[(VP-SP) * (WS)]$ by (VP), where:

WS = the number of Warrant Shares being exercised, subject to any adjustments as set forth in this Section 4;

VP = the 20-day VWAP as of the market close on the trading day immediately preceding the applicable Exercise Date; and

SP = the Strike Price in effect immediately after the close of business on such Exercise Date.

Additionally, if the calculation set forth in Section 4(b)(i) results in the issuance of fractional shares of Common Stock, in lieu of delivering any fractional share of Common Stock otherwise due upon exercise of any Warrant, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction based on the VP per share of Common Stock on the applicable Exercise Date as set forth in Section 4(b)(i) or round up to the next whole share.

Strike Price and Warrant Share Adjustments Each of the Strike Price and the Warrant Shares will be adjusted from time to time as follows:

Adjustment Upon Stock Dividends, Certain Issuances, Subdivisions or Combinations of Common Stock If the Company, at any time while this Warrant is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock, (B) subdivides outstanding shares of Common Stock into a larger number of shares, (C) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Strike Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of Warrant Shares shall be proportionately adjusted such that the Aggregate Strike Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 4(c)(i) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

Fundamental Transaction. If, at any time while this Warrant is outstanding, (A) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person (excluding a merger effected solely to change the Company's name), (B) the Company (and all of its Subsidiaries, taken as a whole), directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (C) any direct or indirect purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and such offer has been accepted by the holders of 50% or more of the outstanding Common Stock, (D) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (E) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business

combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to such stock or share purchase agreement or other business combination) (each a **"Fundamental Transaction"**), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 3(f)(i) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the **"Alternate Consideration"**) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 3(f)(i) on the exercise of this Warrant).

For purposes of any such exercise, the determination of the Strike Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Strike Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the **"Successor Entity"**) to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 4(c)(ii) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for, the Company so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity, and the Successor Entity may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

Other Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other

similar transaction) other than any such dividend or distribution that is subject to Section 4(c)(i) hereof (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Strike Price shall be adjusted by multiplying the Strike Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such Distribution by a fraction of which the denominator shall be the closing price on the record date mentioned above, and of which the numerator shall be such closing price on such record date less the then-per-share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors of the Company in good faith, and the number of Warrant Shares shall be proportionately adjusted such that the Aggregate Strike Price of this Warrant shall remain unchanged. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

Repurchases. Unless otherwise adjusted pursuant to Section 4(c)(i) through (vi) hereof, if, at any time while this Warrant is outstanding, the Company effects any Repurchases, then, following the completion of the Repurchase, the Strike Price shall be reduced to the price determined by multiplying the Strike Price in effect immediately prior to the date of the Repurchase by a fraction of which the numerator shall be (a) the product of (1) the number of shares of Common Stock outstanding immediately prior to the date of the Repurchase and (2) the closing price of the Common Stock on the trading day immediately preceding the Company's first public disclosure of its intent to effect such Repurchases, minus (b) the Assumed Payment Amount (as defined below), and of which the denominator shall be the product of (X) the number of shares of Common Stock outstanding immediately prior to the date of the Repurchase minus the number of shares of Common Stock so repurchased and (Y) the closing price of the Common Stock on the trading day immediately preceding the Company's first public disclosure of its intent to effect such Repurchases. In such event, the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by multiplying such number of Warrant Shares by the quotient of (A) the Strike Price in effect immediately prior to the date of the Repurchases divided by (B) the new Strike Price determined in accordance with the immediately preceding sentence. For purposes of the foregoing, the "Assumed Payment Amount" with respect to any Repurchases shall mean the closing price as of the date of such Repurchases, of the aggregate consideration paid to effect such Repurchases and "Repurchases" means any transaction or series of related transactions to purchase Common Stock of the Company for a purchase price greater than the closing price on the trading day immediately prior to such transactions pursuant to any tender offer or exchange offer.

Exceptions to Adjustment Upon Issuance of Common Stock Notwithstanding anything herein to the contrary herein, there shall be no adjustment to the number of Warrant Shares issuable upon exercise of this Warrant or the Strike Price with respect to any Excluded Issuance.

Notices. Whenever the Strike Price or the Warrant Shares are adjusted pursuant to any provision of this Section 4, the Company shall send to the Holder a notice setting forth the adjusted Strike Price or Warrant Shares and a brief statement of the facts requiring such adjustment. In the event the Company shall consummate any Fundamental Transaction then, unless the Company has made a filing with the Securities and Exchange Commission, including pursuant to a Current Report on Form 8-K, which filing discloses such Fundamental Transaction, the Company shall give to each Holder a written notice of such Fundamental Transaction.

Transfer of Warrant. Subject to the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights hereunder are transferable, in whole or in part, by

the Holder without charge to the Holder, upon surrender of this Warrant to the Company at the address for notices in Section 10 below (email being sufficient) with a properly completed and duly executed assignment in the form set forth on Exhibit B and any other documentation as may be reasonably requested from the Company. Upon such compliance, surrender and delivery, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly be cancelled.

Holder Not Deemed a Stockholder; Limitations on Liability. Other than as set forth herein, prior to the issuance to the Holder of the Warrant Shares to which the Holder is then entitled to receive upon the due exercise of this Warrant, the Holder shall not be entitled to vote or be deemed the holder of shares of capital stock of the Company for any purpose (other than for tax purposes), nor shall anything contained in this Warrant be construed to confer upon the Holder, as such, any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise) or receive notice of meetings. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

Replacement on Loss; Division and Combination.

Replacement of Warrant on Loss. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and upon delivery of an indemnity reasonably satisfactory to it (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity) and, in case of mutilation, upon surrender of such Warrant for cancellation to the Company, the Company at its own expense shall execute and deliver to the Holder, in lieu hereof, a new Warrant of like tenor and exercisable for an equivalent number of Warrant Shares as the Warrant so lost, stolen, mutilated or destroyed; provided, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

Division and Combination of Warrant. Subject to compliance with the applicable provisions of this Warrant as to any transfer or other assignment which may be involved in such division or combination, this Warrant may be divided or, following any such division of this Warrant, subsequently combined with other Warrants, upon the surrender of this Warrant or Warrants to the Company at its then principal executive offices, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the respective Holders or their agents or attorneys, along with any other documentation that the Company may reasonably request. Subject to compliance with the applicable provisions of this Warrant as to any transfer or assignment which may be involved in such division or combination, the Company shall at its own expense execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants so surrendered in accordance with such notice. Such new Warrant or Warrants shall be of like tenor to the surrendered Warrant or Warrants and shall be exercisable in the aggregate for an equivalent number of Warrant Shares as the Warrant or Warrants so surrendered in accordance with such notice.

Compliance with the Act.

Restrictive Legend. The Holder, by acceptance of this Warrant, agrees to comply in all respects with the provisions of this Section 8 and the restrictive legend requirements set forth on the face of this Warrant and further agrees that such Holder shall not

offer, sell or otherwise dispose of this Warrant or any Warrant Shares to be issued upon exercise hereof except under circumstances that will not result in a violation of the Act. This Warrant and all Warrant Shares issued upon exercise of this Warrant (unless registered under the Act) shall be stamped or imprinted with a legend in substantially the following form:

"THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SECURITIES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW AND, IF THE COMPANY REQUESTS, AN OPINION SATISFACTORY TO THE COMPANY TO SUCH EFFECT HAS BEEN RENDERED BY COUNSEL."

Removal of Restrictive Legend. The Company agrees, upon request of the Holder or permitted assignee, to take all steps reasonably necessary to promptly effect the removal of any restrictive legend from the certificates representing Warrant Shares or the book-entry account of such Warrant Shares, and the Company shall bear all costs associated therewith, regardless of whether the request is made in connection with a sale or otherwise, so long as the Holder, its permitted assigns or its broker provides to the Company a certification as to the length of time such Warrant Shares have been held and a certification that the Holder is not an affiliate of the Company. The Company shall cooperate with the Holder to effect the removal of the legend at any time such legend is no longer appropriate.

Warrant Register. The Company shall keep and properly maintain at its principal executive offices books for the registration of this Warrant and any transfers thereof. The Company may deem and treat the Person in whose name this Warrant is registered on such register as the Holder thereof for all purposes, and the Company shall not be affected by any notice to the contrary, except any assignment, division, combination or other transfer of this Warrant effected in accordance with the provisions of this Warrant.

Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission); or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10).

If to the Company: Stronghold Digital Mining, Inc.
595 Madison Avenue, 28th Floor
New York, NY 10022
Attention: Matthew Usdin

with a copy to: Vinson & Elkins LLP
901 East Byrd Street, Suite 1500
Richmond, VA 23219
Attention: Daniel M. LeBey

If to the Holder: To such Holder at the address of such Holder as listed in the stock record books of the Company.

Cumulative Remedies. Except to the extent expressly provided to the contrary, the rights and remedies provided in this Warrant are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

Entire Agreement. This Warrant, together with the Transaction Documents, constitutes the sole and entire agreement of the parties with respect to this Warrant and the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Warrant and any of the Transaction Documents, the statements in the body of this Warrant shall control.

Equitable Relief. Each of the Company and the Holder acknowledges that a breach or threatened breach by such party of any of its obligations under this Warrant would give rise to irreparable harm to the other party hereto for which monetary damages would not be an adequate remedy and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, the other party hereto shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction.

Successors and Assigns. This Warrant and the rights evidenced hereby shall be binding upon and shall inure to the benefit of the parties hereto and the successors of the Company and the successors and permitted assigns of the Holder. Such successors and/or permitted assigns of the Holder shall be deemed to be a Holder for all purposes hereunder.

No Third-Party Beneficiaries. This Warrant is for the sole benefit of the Company and the Holder and their respective successors and, in the case of the Holder, permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Warrant.

Headings. The headings in this Warrant are for reference only and shall not affect the interpretation of this Warrant.

Amendment and Modification; Waiver. Except as otherwise provided herein, this Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

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

Governing Law. This Warrant shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware.

Submission to Jurisdiction. Any legal suit, action or proceeding arising out of or based upon this Warrant or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the Chancery Court of the State of Delaware in each case located in the city of Wilmington, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by certified or registered mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Waiver of Jury Trial. Each party acknowledges and agrees that any controversy which may arise under this Warrant is likely to involve complicated and difficult issues and, therefore, each party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Warrant or the transactions contemplated hereby.

Counterparts. This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant.

No Strict Construction. This Warrant shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has duly executed this Warrant as of the Original Issue Date.

STRONGHOLD DIGITAL MINING, INC.

By:
Name:
Title:

Signature Page to Warrant Agreement

ACKNOWLEDGED AND AGREED:

[HOLDER]

By:
Name:
Title:

Signature Page to Warrant Agreement

EXHIBIT A

NOTICE OF EXERCISE

To: STRONGHOLD DIGITAL MINING, INC.

Reference is made to that certain Class A Common Stock Pre-Funded Warrant (the "**Warrant**") issued by Stronghold Digital Mining, Inc. (the "**Company**") on [DATE]. Capitalized terms used but not otherwise defined herein shall have the respective meanings given thereto in the Warrant.

The undersigned Holder of the Warrant hereby elects to exercise the Warrant for _____ number of Warrant Shares, subject to tender of Warrant Shares pursuant to the cashless exercise provisions of Section 4 of the Warrant.

The undersigned Holder hereby instructs the Company to issue the applicable net number of shares of Common Stock issuable upon exercise of the Warrant pursuant to the cashless exercise provisions of Section 4 of the Warrant, in the name of the undersigned Holder. The Holder's calculation of such net number shall be provided to the Company upon request.

The undersigned Holder hereby represents and warrants to the Company that, as of the date hereof:

Experience; Accredited Investor Status. The Holder (i) is an accredited investor as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act, is capable of evaluating the merits and risks of its investment in the Company, (iii) has the capacity to protect its own interests, and (iv) has the financial ability to bear the economic risk of its investment in the Company.

Company Information. The Holder has been provided access to all information, including through the Company's publicly available documents and filings, regarding the business and financial condition of the Company, its expected plans for future business activities, material contracts, intellectual property, and the merits and risks of its purchase of the Warrant Shares, which it has requested or otherwise needs to evaluate an investment in the Warrant Shares. It has had an opportunity to discuss the Company's business, management and financial affairs with directors, officers and management of the Company and has had the opportunity to review the Company's operations and facilities. It has also had the opportunity to ask questions of, and receive answers from, the Company and its management regarding the terms and conditions of this investment and all such questions have been answered to its satisfaction.

Investment. The Holder has not been formed solely for the purpose of making this investment and is acquiring the Warrant Shares for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution of any part thereof. It understands that the Warrant Shares have not been registered under the Securities Act or applicable state and other securities laws and are being issued by reason of a specific exemption from the registration provisions of the Securities Act and applicable state and other securities laws, the availability of which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations as expressed herein.

Transfer Restrictions. The Holder acknowledges and understands that (i) transfers of the Warrant Shares are subject to transfer restrictions under the federal securities laws and (ii) it may have to bear the economic risk of this investment for an indefinite period of time unless the Warrant Shares are subsequently registered under the Securities Act and

applicable state and other securities laws or unless an exemption from such registration is available.

Name of Registered Owner: _____
Signature of Authorized Signatory of Registered Owner: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____
Date: _____

EXHIBIT B

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name:

(Please Print)

Address:

(Please Print)

Dated:

Holder's Signature:

Holder's Address:

Exhibit B

Registration Rights Agreement

Exhibit B

Exhibit B

4868-8076-0970v.10

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this "**Agreement**") is made and entered into as of November 13, 2023, by and between Stronghold Digital Mining, Inc., a Delaware corporation (the "**Company**") and Adage Capital Partners, LP (the "**Investor**").

WHEREAS, pursuant to that Exchange Agreement, dated as of November 13, 2023, by and between the Company and the Investor, the Company will issue to the Investor an aggregate of 15,582 shares (the "**Investor Shares**") of the Company's Series D Convertible Preferred Stock, par value \$0.0001 per share (the "**Series D Preferred Stock**").

WHEREAS, in accordance with the terms of the Exchange Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "**Securities Act**"), and applicable state securities laws, with respect to the shares of Class A common stock of the Company, par value \$0.0001 per share ("**Common Stock**"), that may be received upon conversion of the Investor Shares or upon the exercise of pre-funded warrants that may be issued in lieu of Common Stock (the "**Pre-Funded Warrants**") in accordance with their terms (the "**Shares**").

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

1. **Definitions.** As used in this Agreement, the following terms have the respective meanings set forth in this Section 1 and other terms are defined throughout this Agreement:

"**Business Day**" means a day other than Saturday, Sunday or any other day which commercial banks in New York, New York are authorized or required by law to close.

"**Commission**" means the United States Securities and Exchange Commission.

"**Effective Date**" means, as to a Registration Statement, the date on which such Registration Statement is first declared effective by the Commission.

"**Effectiveness Date**" means, with respect to the Resale Registration Statement required to be filed hereunder, the 60th calendar day following the date hereof (or, in the event of a review by the Commission, the 90th calendar day following the date hereof) and with respect to any additional Registration Statements which may be required pursuant to Section 2(b) or Section 3(b), the 30th calendar day following the date on which an additional Registration Statement is required to be filed hereunder (or, in the event of a review by the Commission, the 60th calendar day following the date such additional Registration Statement is required to be filed hereunder); provided, however, that in the event the Company is notified by the Commission that one or more of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the fifth Trading Day following the date on which the Company is so notified if such date precedes the dates otherwise required above, provided, further, if such Effectiveness Date falls on a day that is not a Trading Day, then the Effectiveness Date shall be the next succeeding Trading Day.

"**Effectiveness Period**" means, as to any Registration Statement required to be filed pursuant to this Agreement, the period commencing on the Effective Date of such Registration Statement and ending on the date that all of the Registrable Securities covered by

such Registration Statement have been publicly sold by the Holders of the Registrable Securities included therein.

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

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Holder” or **“Holders”** means the holder or holders, as the case may be, from time to time of Registrable Securities (and securities convertible into or exchangeable for Registrable Securities) and, if other than the Investor, a Person to whom the rights hereunder have been properly assigned pursuant to Section 8 hereof.

“New York Courts” means the state and federal courts sitting in the City of New York, Borough of Manhattan.

“Person” means any individual or entity, including any corporation, limited liability company, partnership (general or limited), joint venture, association, joint stock company, trust, incorporated organization, or governmental entity.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“Registrable Securities” means: (i) the Shares, whether issued or issuable or held as of the date hereof or subsequently acquired (assuming on such date any convertible or exercisable securities are exercised in full without regard to any exercise limitations therein); and (ii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event, or any price adjustment as a result of such stock splits, reverse stock splits or similar events with respect to any of the securities referenced in clause (i) above.

“Registration Statement” means any registration statement of the Company filed or confidentially submitted with the Commission under the Securities Act that covers the resale of Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Rule 415” means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Selling Holder Questionnaire” means the selling security holder notice and questionnaire attached as Annex B hereto.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQB, or the OTCQX (or any successors to any of the foregoing).

2. Registration.

(a) Within fifteen (15) Business Days following the date hereof, the Company shall prepare and file or confidentially submit with the Commission a Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 (a **“Resale Shelf Registration Statement”**). The Resale Shelf Registration Statement shall be filed on Form S-3, unless the Company is not eligible to file a Form S-3, then it shall be filed on Form S-1 (or on such other form appropriate for such purpose) and contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a “Plan of Distribution” in substantially the form attached hereto as Annex A. The Company shall cause the Resale Shelf Registration Statement to be declared effective under the Securities Act as soon as reasonably practicable, but in any event no later than the applicable Effectiveness Date, and shall use its reasonable best efforts to keep each such Resale Shelf Registration Statement continuously effective during its entire Effectiveness Period. By 9:30 a.m. (New York City time) on the Business Day immediately following the Effective Date of the Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 the final Prospectus to be used in connection with sales pursuant to such Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule) in accordance with the requirements of Rule 424.

(b) If the Resale Shelf Registration Statement is not initially filed on Form S-3, then following any date on which the Company becomes eligible to use a registration statement on Form S-3 to (and provided it is not subject to any other restrictions imposed by the Commission from filing or otherwise using a registration statement on Form S-3) register Registrable Securities for resale, the Company shall file a Registration Statement on Form S-3 covering all securities that are then deemed Registrable Securities (or a post-effective amendment on Form S-3 to the then effective Registration Statement) for an offering to be made on a continuous basis pursuant to Rule 415 (an **“S-3 Resale Shelf Registration Statement”**) and shall cause such S-3 Resale Shelf Registration Statement to be filed as soon as commercially reasonable and declared effective under the Securities Act as soon as reasonably possible thereafter, but in any event no later than the applicable Effectiveness Date. Such S-3 Resale Shelf Registration Statement shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such S-3 Resale Shelf Registration Statement,

other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a "Plan of Distribution" in substantially the form attached hereto as Annex A. The Company shall use its commercially reasonable efforts to keep such S-3 Resale Shelf Registration Statement continuously effective under the Securities Act during the entire Effectiveness Period. By 9:30 a.m. (New York City time) on the Business Day immediately following the Effective Date of such S-3 Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 the final Prospectus to be used in connection with sales pursuant to such S-3 Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule) in accordance with the requirements of Rule 424.

(c) Each Holder agrees to furnish to the Company a completed Selling Holder Questionnaire in the form attached to this Agreement as Annex B. The Company shall not be required to include the Registrable Securities of a Holder in any Registration Statement if such Holder fails to furnish to the Company a fully completed Selling Holder Questionnaire at least two Business Days prior to the filing of the Resale Shelf Registration Statement or S-3 Resale Shelf Registration Statement (subject to the requirements set forth in Section 3(a)).

(d) The Company shall promptly notify the Holders via e-mail (to the extent a Holder has provided the Company with a valid and working email address) of the effectiveness of a Registration Statement on the same Trading Day that the Company confirms effectiveness with the Commission, which shall be the date of effectiveness of such Registration Statement.

3. Registration Procedures. In connection with the Company's registration obligations hereunder:

(a) If requested by the Holder and, if necessary, such Holder has delivered an Opt-In Election (as defined below) on a timely basis, not less than one (1) Trading Day prior to the filing of each Registration Statement and not less than one (1) Trading Day prior to the filing of any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities (that have requested the foregoing and, if necessary, have timely delivered an Opt-In Election) shall reasonably object in good faith, provided that, the Company is notified of such objection in writing no later than two (2) Trading Days after the Holders have been so furnished copies of a Registration Statement or one (1) Trading Day after the Holders have been so furnished copies of any related Prospectus or amendments or supplements thereto. Notwithstanding the foregoing, the Company shall provide a copy of the "Selling Stockholder" and "Plan of Distribution" section (or any amendments or supplements thereto) at least three (3) Trading Days prior to filing (which shall not contain any material non-public information) and shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which the "Selling Stockholder" or "Plan of Distribution" section thereof differs from

the disclosure received from a Holder in its Selling Holder Questionnaire (as amended or supplemented) or ~~Annex A~~ unless consented to in writing by such Holder. The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which it (i) characterizes any Holder as an underwriter, unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire, (ii) excludes a particular Holder due to such Holder refusing to be named as an underwriter, or (iii) reduces the number of Registrable Securities being registered on behalf of a Holder without such Holder's express written authorization. The Company shall also ensure that each Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading.

(b) The Company shall (i) prepare and file with the Commission such amendments, including post-effective amendments, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to each Registration Statement or any amendment thereto, and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the Registration Statement(s) and the disposition of all Registrable Securities covered by each Registration Statement.

(c) The Company shall notify the Holders as promptly as reasonably possible (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; and (B) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (iv) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Company shall use its commercially reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction

and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify the Holders of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(e) The Company shall promptly deliver to the Holders, without charge, as many copies of each Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as the Holders may reasonably request. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(f) Prior to any public offering of Registrable Securities, the Company shall (i) register or qualify such Registrable Securities for offer and sale under the securities or Blue Sky laws of all jurisdictions within the United States as any Holder may request, (ii) keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and (iii) do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statements; provided, however, in connection with any such registration or qualification, the Company shall not be required to (A) qualify to do business in any jurisdiction where the Company would not otherwise be required to qualify, (B) subject itself to general taxation in any such jurisdiction, (C) file a general consent to service of process in any jurisdiction, or (D) make any change to the Company's articles of incorporation or bylaws.

(g) The Company shall cooperate with the Holders who hold Registrable Securities being offered and, to the extent applicable, facilitate the timely preparation and delivery of certificates or book-entry securities (not bearing any restrictive legend to the extent permitted by the federal securities laws) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates or book-entry securities to be in such denominations or amounts, as the case may be, as the Holders may reasonably request and registered in such names as the Holders may request.

(h) As promptly as reasonably possible upon the occurrence of any event contemplated by Section 3(c)(iv), the Company shall prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) For so long as the Registrable Securities that have been registered under a Registration Statement remain Registrable Securities, the Company shall notify the Holders thereof in writing of the happening of any event, as promptly as reasonably practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information unless a Holder has made an Opt-In Election), and shall as promptly as reasonably practicable prepare a supplement or

amendment to such Registration Statement to correct such untrue statement or omission. The Company shall also notify the Holders of Registrable Securities that have been registered under a Registration Statement in writing as promptly as reasonably possible when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when the Registration Statement or any post-effective amendment relating to such Registrable Securities has become effective.

(j) If any Holder is required under applicable securities laws to be described in the Registration Statement as an underwriter, at the reasonable request of such Holder or in connection with an underwritten offering at the request of the underwriters, the Company shall furnish to such Holder and underwriters, as applicable, on the date of the effectiveness of the Registration Statement and thereafter from time to time on such dates as a Holder and underwriters may reasonably request, as applicable: (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Holders and underwriters, as applicable, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance reasonably acceptable to such counsel and as is customarily given in an underwritten public offering, addressed to the Holders and underwriters, as applicable.

(k) Other than the information regarding a Holder provided by such Holder to the Company for inclusion in a Registration Statement, the Company shall hold in confidence and not make any disclosure of information concerning a Holder provided to the Company unless: (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning a Holder is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Holder and allow such Holder, at the Holder's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(l) The Company shall use its commercially reasonable efforts to cause all of the Registrable Securities covered by a Registration Statement to be listed on each Trading Market on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such Trading Market. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(l).

(m) If requested by a Holder and to the extent legally required for the Holder to offer and sell Registrable Securities or required by any underwriters, the Company shall as soon as practicable: (i) incorporate in a prospectus supplement or post-effective amendment such information as a Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor

and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement if reasonably requested by a Holder holding any Registrable Securities.

(n) The Company shall enter into customary agreements and take such other actions as are reasonably requested by the Holders or the underwriters, if any, in order to expedite or facilitate the disposition of such Registrable Securities and entry of such Registrable Securities in book-entry form with The Depository Trust Company.

(o) The Company shall use its reasonable best efforts to take all other steps reasonably necessary to effect the registration of the Registrable Securities contemplated hereby and to assist the Holders in completing the offer and sale thereof.

4. Notice Opt-In and Opt-Out. Notwithstanding anything to the contrary in this Agreement, until a Holder makes an affirmative written election (which may be done by so indicating on the applicable signature page hereto), the Company shall not deliver any notice or any information to such Holder that would reasonably be expected to constitute material non-public information ("**MNPI**"), including any applicable registration notices, or any other information under this Agreement. Upon receipt of a written election to receive such notices or information (an "**Opt-In Election**") the Company shall provide to the Holder all applicable notices or information pursuant to this Agreement from the date of such Opt-In Election. At any time following a Holder making an Opt-In Election, such Holder may also make a written election to no longer receive any such notices or information (an "**Opt-Out Election**"), which election shall cancel any previous Opt-In Election, and, following receipt of such Opt-Out Election, the Company shall not deliver any such notice or information to such Holder from the date of such Opt-Out Election. An Opt-Out Election may state a date on which it expires or, if no such date is specified, shall remain in effect indefinitely. A Holder who previously has given the Company an Opt-In Election or Opt-Out Election may revoke such election at any time, and there shall be no limit on the ability of a Holder to issue and revoke subsequent Opt-In Elections and Opt-Out Elections. Notwithstanding the foregoing, to the extent the Company reasonably and in good faith determines that it is necessary to disclose MNPI to a Holder in order to comply with its obligations hereunder (a "**Necessary Disclosure**"), the Company shall inform counsel to such Holder to the extent such counsel has been identified in writing to the Company in advance of such determination without disclosing the applicable MNPI, and the Company and such counsel on behalf of the applicable Holder shall endeavor to agree upon a process for making such Necessary Disclosure to the applicable Holder or its representatives that is mutually acceptable to such Holder and the Company (an "**Agreed Disclosure Process**"). Thereafter, the Company shall be permitted to make such Necessary Disclosure in accordance with the Agreed Disclosure Process.

5. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company. Such fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock or other Registrable

Securities are then listed or quoted for trading, (B) with respect to filings with FINRA, and (C) in compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by a Holder), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, and (v) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In no event shall the Company be responsible for any broker or similar commissions or fees incurred by any Holder, except to the extent provided for in this Agreement or the Exchange Agreement referred to herein, including any legal fees or other cost, of the Holders incurred in connection with this Agreement.

6. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, investment advisors, partners, members and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of prospectus or in any amendment or supplement thereto. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon any untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent that, such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein (so long as such information was not derived from false

information provided by the Company), or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of prospectus or in any amendment or supplement thereto. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "**Indemnified Party**"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party); provided, that, the Indemnifying Party shall pay for no more than two separate sets of counsel for all Indemnified Parties and such legal counsel shall be selected by the Holders who are named as parties in the same Proceeding. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section 6) shall be paid to the Indemnified Party, as incurred, within ten Business Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified

Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Section 6(a) or 6(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 6(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section 6(d) was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 6(d), (i) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section 6(d) are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

7. Reports Under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 or any other similar rule or regulation of the SEC that may at any time permit the Holders to sell Registrable Securities of the Company to the public without registration, the Company agrees, for so long as Registrable Securities are outstanding and held by the Holders, to use its commercially reasonable efforts to:

- (a) make and keep public information available, as those terms are understood, defined and required in Rule 144;
- (b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the

Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Holder so long as such Holder owns Registrable Securities, promptly upon request, such information as may be reasonably and customarily requested to permit the Holders to sell such securities pursuant to Rule 144 without registration.

8. Assignment of Registration Rights. Except as provided below, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assignable by a Holder without the prior written consent of the Company. Further, the rights under this Agreement may be assignable by the Investor to any permitted transferee of all or any portion of the Investor's Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights and such transferee agrees to be bound by the terms of this Agreement, and a copy of such agreement is furnished to the Company within five (5) Business Days after such assignment; (ii) the Company is, within five (5) Business Days after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act or applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; and (v) such transfer shall have been made in accordance with the applicable requirements of the Second Amended and Restated Certificate of Incorporation of the Company.

9. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or a Holder of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(c) Discontinued Disposition. Each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c)(ii), (iii) or (iv), such Holder will forthwith discontinue disposition of Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph. Notwithstanding the

foregoing, this paragraph shall not be construed in any way to restrict any Holder from disposition of Registrable Securities not pursuant to the Registration Statement in compliance with applicable laws, including under any exemption from registration under the Securities Act.

(d) Amendments and Waivers. Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Holders. Any amendment or waiver effected in accordance with this Section 8(d) shall be binding upon each Investor or other Holder and the Company. No such amendment shall be effective to the extent that it applies to less than all of the Holders. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of certain Holders and that does not directly or indirectly affect the rights of other Holders may be given by the Holders to which such waiver or consent relates.

(e) Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered to the Company if delivered to: Stronghold Digital Mining, Inc., 595 Madison Avenue, 29th Floor, New York, New York 10022, Attention: Chief Executive Officer, with a copy (which shall not constitute notice) to the Company's counsel at Vinson & Elkins L.L.P., 1114 Avenue of the Americas, 32nd Floor, New York, New York 10036, Attention: Daniel M. LeBey and Shelley A. Barber, and if to the Holder, to the address indicated on the signature page of this Agreement, or such other address as the Holder shall provide to the Company.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder. Each Holder may assign their respective rights hereunder in the manner as permitted under the Second Amended and Restated Certificate of Incorporation of the Company.

(g) Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile or email transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile or email signature were the original thereof.

(h) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, employees or agents) will be commenced in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or

in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of this Agreement, then the prevailing party in such Proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

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

(j) The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all stock or other securities of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise), which may be issued in respect of, in exchange for or in substitution of, the Registrable Securities, and shall be appropriately adjusted for combinations, stock splits, recapitalizations, pro rata distributions of stock and the like occurring after the date of this Agreement.

(k) The Company shall not merge, consolidate or combine with any other Person, or reorganize or convert into another entity or form of entity, or sell all or substantially all of its assets (on a consolidated basis or otherwise), or engage in any similar transaction unless the agreement, plan of conversion and/or other governing instrument providing for such merger, consolidation or combination, or reorganization, conversion, sale or similar transaction, expressly provides for the continuation of the rights specified in this Agreement with respect to the Registrable Securities or other equity securities issued pursuant to such merger, consolidation or combination or reorganization, conversion, sale or similar transaction, to the extent there are any Registrable Securities (or other securities issued in exchange for Registrable Securities in such merger, consolidation or combination or reorganization, conversion, sale or similar transaction) are outstanding.

(l) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(m) Entire Agreement. This Agreement and the instruments referenced herein and therein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

(n) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(o) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

COMPANY:

STRONGHOLD DIGITAL MINING, INC.

By:

Name: Gregory A. Beard

Title: Chief Executive Officer and Chairman

INVESTOR:

ADAGE CAPITAL PARTNERS, LP

By: Adage Capital Partners, GP, LLC, its General Partner

By: Adage Capital Advisors, LLC, its Managing Member

By: ____

Name:

Title:

ADDRESS FOR NOTICE

Adage Capital Partners, LP

Attn: Dan Lehan

200 Clarendon St., Ste. 52

Boston, MA 02116

Email: *****@*****.com

DELIVERY INSTRUCTIONS

(if different from above)

c/o:

Street:

City/State/Zip:

Attention:

Tel:

Annex A

Plan of Distribution

We are registering [____], which were issued or are issuable to the selling security holders to permit the selling security holders and its pledgees, transferees or other successors-in-interest that receive its securities after the date of this prospectus to resell or otherwise dispose of the securities in the manner contemplated in this section. We will not receive any of the proceeds from the sale of securities in this offering. We will bear all fees and expenses incident to our obligation to register the securities. In connection with this transaction, we entered into a registration rights agreement with the selling security holders, which included registration rights pursuant to which we agreed to file with the SEC a registration statement covering the resale of such securities from time to time. We are registering the securities issued or issuable pursuant to the exchange agreement in accordance with the registration rights agreement entered into in connection therewith in order to permit the selling security holders to offer securities for resale from time to time.

The selling security holders (or their underwriters, if applicable) and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell, transfer or otherwise dispose of any or all of its securities on any stock exchange, market or trading facility on which the securities are traded or quoted or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale or at negotiated prices. The selling security holders may use any one or more of the following methods when disposing of the securities:

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale (including through underwritten offerings);
- in the over-the-counter market;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- through market makers, brokers, dealers or underwriters that may act solely as agents or as principals;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- delivery of securities in settlement of short sales;
- through the writing or settlement of options or other hedging transactions entered into after the effective date of the registration statement of which this prospectus is a part, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling security holders to sell a specified number of securities at a stipulated price per security;
- a combination of any such methods of disposition; and
- any other method permitted pursuant to applicable law.

The selling security holders may elect to make a pro rata in-kind distribution of the securities to its security holders pursuant to the registration statement of which this prospectus is a part by delivering a prospectus. To the extent that such security holders are not affiliates of

ours, such security holders would thereby receive freely tradeable securities pursuant to the distribution through a registration statement.

The selling security holders may also sell securities under Rule 144 under the Securities Act or other exemption from registration under the Securities Act, rather than under this prospectus, provided that they meet the criteria and conform to the requirements of that rule.

Broker-dealers engaged by the selling security holders may arrange for other broker-dealers to participate in sales. Broker-dealers, underwriters and other agents may receive commissions or discounts from the selling security holders (or, if any broker-dealer acts as agent for the purchaser of securities, from the purchaser) in amounts to be negotiated. The selling security holders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved but any such discounts or commissions might be in excess of those customary in the types of transactions involved.

If the selling security holders sell securities in an underwritten offering, the underwriters may acquire the securities for their own account and resell the securities from time to time in one or more transactions. The selling security holders may also authorize underwriters acting as their agents to offer and sell the securities on a continuous at-the-market basis. In any such event described above in this paragraph, we will set forth in a supplement to this prospectus the names of the underwriters and the terms of the transactions, including any underwriting discounts, concessions or commissions and other items constituting compensation of the underwriters and broker-dealers. The underwriters from time to time may change any public offering price and any discounts, concessions or commissions allowed or reallocated or paid to broker-dealers. Unless otherwise set forth in a supplement, the obligations of the underwriters to purchase the securities will be subject to certain conditions, and the underwriters will be obligated to purchase all of the securities specified in the supplement if they purchase any of the securities.

The selling security holders may, from time to time, pledge or grant a security interest in some or all of the securities and the pledgee or other secured party, transferee or other successor in interest may sell securities from time to time under this prospectus, or under a supplement or amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling security holders to include the pledgee, secured party, transferee or other successors in interest as selling security holders under this prospectus. The selling security holders also may transfer the securities in other circumstances in which case the transferees, pledgees or other successors-in-interest may be the selling beneficial owners for purposes of this prospectus and may sell such securities from time to time under this prospectus after an amendment or supplement has been filed under Rule 424(b)(3) under, or another applicable provision of, the Securities Act, amending, if necessary, the list of selling security holders to include the transferees, pledgees or other successors-in-interest as a selling security holder under this prospectus.

Upon being notified in writing by the selling security holders that any material arrangement has been entered into with a broker-dealer for the sale of securities through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus, if required, pursuant to Rule 424(b) under the Securities Act will be filed, disclosing (i) the name of each such selling security holder and of the participating broker-dealer(s), (ii) the number and kind of securities involved, (iii) the price at which such securities were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, if applicable, and (vi) other facts material to the transaction or required to be disclosed by applicable laws, rules and regulations.

The selling security holders also may transfer the securities in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of the securities, the selling security holders may enter into hedging transactions after the effective date of the registration statement of which this prospectus is a part with broker-dealers, other financial institutions and other third parties, which may in turn engage in short sales in the course of hedging the positions they assume. The selling security holders may also sell securities short after the effective date of the registration statement of which this prospectus is a part and deliver these securities to close out its short positions, or loan or pledge the securities to broker-dealers or other third parties that in turn may sell these securities. The selling security holders may also enter into option or other transactions after the effective date of the registration statement of which this prospectus is a part with broker-dealers, other financial institutions and other third parties or create one or more derivative securities which require the delivery to such broker-dealer, other financial institution and other third parties of securities offered by this prospectus, which securities such broker-dealer or other financial institution or third party may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction if required), including in short sale transactions. Third parties may use securities pledged by the selling security holders or borrowed from the selling security holders or others to settle sales or to close out any related open borrowings of securities, and may use securities received from the selling security holders in settlement of those derivatives to close out any related open borrowings of securities.

The selling security holders and any broker-dealers or agents that are involved in selling the securities may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

If a prospectus supplement so indicates, the underwriters engaged in an offering of these securities may engage in transactions that stabilize, maintain or otherwise affect the market price of these securities at levels above those that might otherwise prevail in the open market. Specifically, the underwriters may over-allot in connection with the offering creating a short position in these securities for their own account. For the purposes of covering a syndicate short position or pegging, fixing or maintaining the price of these securities, the underwriters may place bids for these securities or effect purchases of these securities in the open market. A syndicate short position may also be covered by exercise of an over-allotment option, if one is granted to the underwriters. Finally, the underwriters may impose a penalty bid on certain underwriters and dealers. This means that the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. The underwriters will not be required to engage in any of these activities and any such activities, if commenced, may be discontinued at any time.

Any of the selling security holders' underwriters or agents or any of either of their affiliates may be customers of, engage in transactions with and perform services for us, and/or one or more of the selling security holders' or their affiliates in the ordinary course of business.

There can be no assurance that any selling security holders will sell any or all of the securities registered pursuant to the registration statement, of which this prospectus forms a part.

The aggregate proceeds to the selling security holders from the sale of securities offered by them will be the purchase price of the securities less discounts or commissions, if any. The selling security holders reserve the right to accept and, together with its agents from time to time,

to reject, in whole or in part, any proposed purchase to be made directly or through agents. We will not receive any of the proceeds from this offering.

We are required to pay all fees and expenses incident to the registration of the securities, other than any underwriting fees, discounts and selling commissions, stock transfer taxes and fees and disbursements of counsel. We have agreed to indemnify the selling security holders, the officers, directors, agents, investment advisors, partners, members and employees of each of them, each person who controls and such holder, and the officers, directors, agents and employees of each such controlling person, in certain circumstances against certain losses, claims, damages or liabilities to which they may become subject, including certain liabilities under the Securities Act.

Additional information related to the selling security holders and the plan of distribution may be provided in one or more prospectus supplements.

Annex B
STRONGHOLD DIGITAL MINING, INC.

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of Registrable Securities understands that Stronghold Digital Mining, Inc., a Delaware corporation (the "Company"), has filed or intends to file with the Securities and Exchange Commission (the "Commission") a Registration Statement (the "Registration Statement") for the registration and resale of certain shares (the "Registrable Securities") of Class A common stock of the Company, par value \$0.0001 per share (the "Class A Common Stock") that certain holders may hold.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

• **Name.**

Full Legal Name of Selling Securityholder:

Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities Listed in Item 3 below are held:

Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire) and describe the relationship by which they exercise such powers (e.g., director(s), general partner(s), managing member(s), etc.). If voting and dispositive powers are divided among such listed persons, please so indicate:

• **Address for Notices to Selling Securityholder:**

Telephone: _____

Address¹: _____

E-Mail: _____

Contact Person: _____

• **Beneficial Ownership of Registrable Securities:**

Type and number of Registrable Securities beneficially owned:

¹ Note that only this in this Section 2 will be made public in the Registration Statement.

Number of Registrable Securities to be included in the Registration Statement by the undersigned:

• **Broker-Dealer Status:**

Are you a broker-dealer?

Yes ☐ No ☐

Note: If yes, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

If "Yes", please identify the registered broker-dealer(s), describe the nature of the affiliation(s):

If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

• **Beneficial Ownership of Other Securities of the Company Owned by the Selling Securityholder.**

Except as set forth below in this Item 5, the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item 3.

Type and Amount of Other Securities beneficially owned by the Selling Securityholder:

- **Relationships with the Company:**

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% or more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

- The Company has advised each Selling Stockholder that it is the view of the Commission that it may not use shares registered on the Registration Statement to cover short sales of Common Stock made prior to the date on which the Registration Statement is declared effective by the Commission, in accordance with 1997 Securities and Exchange Commission Manual of Publicly Available Telephone Interpretations Section A.65. If a Selling Securityholder uses the prospectus for any sale of the Common Stock, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Securityholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Securityholders in connection with resales of their respective shares under the Registration Statement.
-

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and prior to the Effective Date for the Registration Statement, and to promptly provide any other information requested by the Company to the extent required in order to comply with the form requirements of the Registration Statement.

Certain legal consequences arise from being named as a Selling Securityholder in the Registration Statement and related prospectus. Accordingly, the undersigned is advised to consult their own securities law counsel regarding the consequence of being named or not being named as a Selling Securityholder in the Registration Statement and the related prospectus.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 6 and the inclusion of such information in the Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus. The undersigned hereby elects to include the Registrable Securities owned by it and listed above in Item 3 (unless otherwise specified in Item 3) in the Registration Statement.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____ Beneficial Owner: _____

By: _____

Name: _____

Title: _____

PLEASE EMAIL A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE TO:

Exhibit C

Form 10-Q Disclosure

Series D Exchange Transaction

On November 13, 2023, the Company consummated the Series D Exchange Transaction pursuant to the Series D Exchange Agreement with the Holder, whereby the Company issued to the Holder 15,582 shares of Series D Preferred Stock in exchange for 15,582 shares of Series C Preferred Stock held by the Holder, which represented all of the shares of Series C Preferred Stock held by the Holder. The Series D Preferred Stock contains substantially similar terms as the Series C Preferred Stock except with respect to a higher conversion price. The Series D Exchange Agreement contains representations, warranties, covenants, releases, and indemnities customary for transactions of this type, as well as certain trading volume restrictions. The Series D Exchange Transaction is expected to result in accretion of approximately 6.5% for the Company's stockholders.

On November 13, 2023, in connection with the consummation of the Series D Exchange Transaction, the Company entered into a Registration Rights Agreement with the Holder (the "Series D Registration Rights Agreement") whereby it agreed to, among other things, (i) within fifteen business days of the closing of the Series D Exchange Transaction, file a resale registration statement (the "Series D Resale Registration Statement") with the SEC covering all shares of Class A common stock issuable upon conversion of the Series D Preferred Stock or upon exercise of the pre-funded warrants that may be issued in lieu of Class A common stock upon conversion of the Series D Preferred Stock (the "Series D Pre-Funded Warrants"), and (ii) to cause the Series D Resale Registration Statement to become effective within the timeframes specified in the Series D Registration Rights Agreement.

The rights and preferences of the Series D Preferred Stock are designated in a certificate of designation filed by the Company with the Secretary of State of the State of Delaware on November 13, 2023, in connection with the closing of the Series D Exchange Transaction, to designate 15,582 shares of the Company's authorized preferred stock as the Series D Preferred Stock, with the powers, designations, preferences and other rights as set forth therein (the "Certificate of Designation"), which became effective upon filing.

Under the terms of the Certificate of Designation, the Series D Preferred Stock has a stated value of \$1,000 per share and is convertible at a holder's option into shares of Class A common stock at a conversion price of \$5.38145 per share (the "Conversion Price"). A holder will not have the right to convert any shares of Series D Preferred Stock, and the Company will not effect such conversion, to the extent that such conversion would cause a holder, together with its affiliates and any person acting as a group with such holder or any of such holder's affiliates, to

beneficially own more than 9.99% of the then issued and outstanding shares of Class A common stock (the "Beneficial Ownership Limitation"). On February 20, 2028, any shares of Series D Preferred Stock that are then outstanding will automatically convert at the Conversion Price into shares of Class A common stock or, to the extent such conversion would cause a holder to exceed the Beneficial Ownership Limitation, into Series D Pre-Funded Warrants, the form of which is attached as Annex B to the Certificate of Designation. The exercise of the Series D Pre-Funded Warrants is subject to the Beneficial Ownership Limitation.

The Series D Preferred Stock ranks senior to the Class A common stock and the Class V common stock with respect to the payment of dividends and rights upon the voluntary or involuntary liquidation, dissolution or winding up of the Company, and on parity with the Series C Preferred Stock. Holders of Series D Preferred Stock generally have no voting rights, except as required by the Delaware General Corporation Law, the Company's amended and restated certificate of incorporation, and in certain other circumstances specified under the Certificate of Designation. The Series D Preferred Stock is not entitled to receive dividends, does not have preemptive or subscription rights, and has no redemption or sinking fund provisions or rights.

The issuance of the shares of Series D Preferred Stock under the Series D Exchange Agreement was made in reliance on the exemption from registration pursuant to Section 3(a)(9) of the Securities Act, and to an investor that qualifies as an "accredited investor" (as such term is defined in Rule 501(a) of the Securities Act).

The foregoing description is not intended to be complete and is qualified in its entirety by reference to the full text of the Certificate of Designation, Series D Exchange Agreement and the Series D Registration Rights Agreement, which have been filed with the Quarterly Report on Form 10-Q as Exhibit 3.5, Exhibit 10.2 and Exhibit 10.3, respectively.

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this “**Agreement**”) is made and entered into as of November 13, 2023, by and between Stronghold Digital Mining, Inc., a Delaware corporation (the “**Company**”) and Adage Capital Partners, LP (the “**Investor**”).

WHEREAS, pursuant to that Exchange Agreement, dated as of November 13, 2023, by and between the Company and the Investor, the Company will issue to the Investor an aggregate of 15,582 shares (the “**Investor Shares**”) of the Company’s Series D Convertible Preferred Stock, par value \$0.0001 per share (the “**Series D Preferred Stock**”).

WHEREAS, in accordance with the terms of the Exchange Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the “**Securities Act**”), and applicable state securities laws, with respect to the shares of Class A common stock of the Company, par value \$0.0001 per share (“**Common Stock**”), that may be received upon conversion of the Investor Shares or upon the exercise of pre-funded warrants that may be issued in lieu of Common Stock (the “**Pre-Funded Warrants**”) in accordance with their terms (the “**Shares**”).

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

1. **Definitions.** As used in this Agreement, the following terms have the respective meanings set forth in this Section 1 and other terms are defined throughout this Agreement:

“**Business Day**” means a day other than Saturday, Sunday or any other day which commercial banks in New York, New York are authorized or required by law to close.

“**Commission**” means the United States Securities and Exchange Commission.

“**Effective Date**” means, as to a Registration Statement, the date on which such Registration Statement is first declared effective by the Commission.

“**Effectiveness Date**” means, with respect to the Resale Registration Statement required to be filed hereunder, the 60th calendar day following the date hereof (or, in the event of a review by the Commission, the 90th calendar day following the date hereof) and with respect to any additional Registration Statements which may be required pursuant to Section 2(b) or Section 3(b), the 30th calendar day following the date on which an additional Registration Statement is required to be filed hereunder (or, in the event of a review by the Commission, the 60th calendar day following the date such additional Registration Statement is required to be filed hereunder); provided, however, that in the event the Company is notified by the Commission that one or more of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the fifth Trading Day following the date on which the Company is so notified if such date precedes the dates otherwise required above, provided, further, if such Effectiveness Date falls on a day that is not a Trading Day, then the Effectiveness Date shall be the next succeeding Trading Day.

“**Effectiveness Period**” means, as to any Registration Statement required to be filed pursuant to this Agreement, the period commencing on the Effective Date of such Registration Statement and ending on the date that all of the Registrable Securities covered by such Registration Statement have been publicly sold by the Holders of the Registrable Securities included therein.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Holder” or **“Holders”** means the holder or holders, as the case may be, from time to time of Registrable Securities (and securities convertible into or exchangeable for Registrable Securities) and, if other than the Investor, a Person to whom the rights hereunder have been properly assigned pursuant to Section 8 hereof.

“New York Courts” means the state and federal courts sitting in the City of New York, Borough of Manhattan.

“Person” means any individual or entity, including any corporation, limited liability company, partnership (general or limited), joint venture, association, joint stock company, trust, incorporated organization, or governmental entity.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“Registrable Securities” means: (i) the Shares, whether issued or issuable or held as of the date hereof or subsequently acquired (assuming on such date any convertible or exercisable securities are exercised in full without regard to any exercise limitations therein); and (ii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event, or any price adjustment as a result of such stock splits, reverse stock splits or similar events with respect to any of the securities referenced in clause (i) above.

“Registration Statement” means any registration statement of the Company filed or confidentially submitted with the Commission under the Securities Act that covers the resale of Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Rule 415” means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“Selling Holder Questionnaire” means the selling security holder notice and questionnaire attached as Annex B hereto.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQB, or the OTCQX (or any successors to any of the foregoing).

2. Registration.

- a. Within fifteen (15) Business Days following the date hereof, the Company shall prepare and file or confidentially submit with the Commission a Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 (a **"Resale Shelf Registration Statement"**). The Resale Shelf Registration Statement shall be filed on Form S-3, unless the Company is not eligible to file a Form S-3, then it shall be filed on Form S-1 (or on such other form appropriate for such purpose) and contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a "Plan of Distribution" in substantially the form attached hereto as Annex A. The Company shall cause the Resale Shelf Registration Statement to be declared effective under the Securities Act as soon as reasonably practicable, but in any event no later than the applicable Effectiveness Date, and shall use its reasonable best efforts to keep each such Resale Shelf Registration Statement continuously effective during its entire Effectiveness Period. By 9:30 a.m. (New York City time) on the Business Day immediately following the Effective Date of the Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 the final Prospectus to be used in connection with sales pursuant to such Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule) in accordance with the requirements of Rule 424.
 - b. If the Resale Shelf Registration Statement is not initially filed on Form S-3, then following any date on which the Company becomes eligible to use a registration statement on Form S-3 to (and provided it is not subject to any other restrictions imposed by the Commission from filing or otherwise using a registration statement on Form S-3) register Registrable Securities for resale, the Company shall file a Registration Statement on Form S-3 covering all securities that are then deemed Registrable Securities (or a post-effective amendment on Form S-3 to the then effective Registration Statement) for an offering to be made on a continuous basis pursuant to Rule 415 (an **"S-3 Resale Shelf Registration Statement"**) and shall cause such S-3 Resale Shelf Registration Statement to be filed as soon as commercially reasonable and declared effective under the Securities Act as soon as reasonably possible thereafter, but in any event no later than the applicable Effectiveness Date. Such S-3 Resale Shelf Registration Statement shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such S-3 Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a "Plan of Distribution" in substantially the form attached hereto as Annex A. The Company shall use its commercially reasonable efforts to keep such S-3 Resale Shelf Registration Statement continuously effective under the Securities Act during the entire Effectiveness Period. By 9:30 a.m. (New York City time) on the Business Day immediately following the Effective Date of such S-3 Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 the final Prospectus to be used in connection with sales pursuant to such S-3 Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule) in accordance with the requirements of Rule 424.
 - c. Each Holder agrees to furnish to the Company a completed Selling Holder Questionnaire in the form attached to this Agreement as Annex B. The Company shall not be required to include the Registrable
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Securities of a Holder in any Registration Statement if such Holder fails to furnish to the Company a fully completed Selling Holder Questionnaire at least two Business Days prior to the filing of the Resale Shelf Registration Statement or S-3 Resale Shelf Registration Statement (subject to the requirements set forth in Section 3(a)).

- d. The Company shall promptly notify the Holders via e-mail (to the extent a Holder has provided the Company with a valid and working email address) of the effectiveness of a Registration Statement on the same Trading Day that the Company confirms effectiveness with the Commission, which shall be the date of effectiveness of such Registration Statement.

3. Registration Procedures. In connection with the Company's registration obligations hereunder:

(a) If requested by the Holder and, if necessary, such Holder has delivered an Opt-In Election (as defined below) on a timely basis, not less than one (1) Trading Day prior to the filing of each Registration Statement and not less than one (1) Trading Day prior to the filing of any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities (that have requested the foregoing and, if necessary, have timely delivered an Opt-In Election) shall reasonably object in good faith, provided that, the Company is notified of such objection in writing no later than two (2) Trading Days after the Holders have been so furnished copies of a Registration Statement or one (1) Trading Day after the Holders have been so furnished copies of any related Prospectus or amendments or supplements thereto. Notwithstanding the foregoing, the Company shall provide a copy of the "Selling Stockholder" and "Plan of Distribution" section (or any amendments or supplements thereto) at least three (3) Trading Days prior to filing (which shall not contain any material non-public information) and shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which the "Selling Stockholder" or "Plan of Distribution" section thereof differs from the disclosure received from a Holder in its Selling Holder Questionnaire (as amended or supplemented) or Annex A unless consented to in writing by such Holder. The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which it (i) characterizes any Holder as an underwriter, unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire, (ii) excludes a particular Holder due to such Holder refusing to be named as an underwriter, or (iii) reduces the number of Registrable Securities being registered on behalf of a Holder without such Holder's express written authorization. The Company shall also ensure that each Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading.

(b) The Company shall (i) prepare and file with the Commission such amendments, including post-effective amendments, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to each Registration Statement or any amendment thereto, and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the Registration Statement(s) and the disposition of all Registrable Securities covered by each Registration Statement.

(c) The Company shall notify the Holders as promptly as reasonably possible (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; and (B) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (iv) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Company shall use its commercially reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify the Holders of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(e) The Company shall promptly deliver to the Holders, without charge, as many copies of each Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as the Holders may reasonably request. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(f) Prior to any public offering of Registrable Securities, the Company shall (i) register or qualify such Registrable Securities for offer and sale under the securities or Blue Sky laws of all jurisdictions within the United States as any Holder may request, (ii) keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and (iii) do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statements; provided, however, in connection with any such registration or qualification, the Company shall not be required to (A) qualify to do business in any jurisdiction where the Company would not otherwise be required to qualify, (B) subject itself to general taxation in any such jurisdiction, (C) file a general consent to service of process in any jurisdiction, or (D) make any change to the Company's articles of incorporation or bylaws.

(g) The Company shall cooperate with the Holders who hold Registrable Securities being offered and, to the extent applicable, facilitate the timely preparation and delivery of certificates or book-entry securities (not bearing any restrictive legend to the extent permitted by the federal securities laws) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates or book-entry securities to be in such denominations or amounts, as the case may be, as the Holders may reasonably request and registered in such names as the Holders may request.

(h) As promptly as reasonably possible upon the occurrence of any event contemplated by Section 3(c)(iv), the Company shall prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a

material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) For so long as the Registrable Securities that have been registered under a Registration Statement remain Registrable Securities, the Company shall notify the Holders thereof in writing of the happening of any event, as promptly as reasonably practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information unless a Holder has made an Opt-In Election), and shall as promptly as reasonably practicable prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission. The Company shall also notify the Holders of Registrable Securities that have been registered under a Registration Statement in writing as promptly as reasonably possible when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when the Registration Statement or any post-effective amendment relating to such Registrable Securities has become effective.

(j) If any Holder is required under applicable securities laws to be described in the Registration Statement as an underwriter, at the reasonable request of such Holder or in connection with an underwritten offering at the request of the underwriters, the Company shall furnish to such Holder and underwriters, as applicable, on the date of the effectiveness of the Registration Statement and thereafter from time to time on such dates as a Holder and underwriters may reasonably request, as applicable: (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Holders and underwriters, as applicable, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance reasonably acceptable to such counsel and as is customarily given in an underwritten public offering, addressed to the Holders and underwriters, as applicable.

(k) Other than the information regarding a Holder provided by such Holder to the Company for inclusion in a Registration Statement, the Company shall hold in confidence and not make any disclosure of information concerning a Holder provided to the Company unless: (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning a Holder is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Holder and allow such Holder, at the Holder's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(l) The Company shall use its commercially reasonable efforts to cause all of the Registrable Securities covered by a Registration Statement to be listed on each Trading Market on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such Trading Market. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(l).

(m) If requested by a Holder and to the extent legally required for the Holder to offer and sell Registrable Securities or required by any underwriters, the Company shall as soon as practicable: (i) incorporate in a prospectus supplement or post-effective amendment such information as a Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in

such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement if reasonably requested by a Holder holding any Registrable Securities.

(n) The Company shall enter into customary agreements and take such other actions as are reasonably requested by the Holders or the underwriters, if any, in order to expedite or facilitate the disposition of such Registrable Securities and entry of such Registrable Securities in book-entry form with The Depository Trust Company.

(o) The Company shall use its reasonable best efforts to take all other steps reasonably necessary to effect the registration of the Registrable Securities contemplated hereby and to assist the Holders in completing the offer and sale thereof.

4. Notice Opt-In and Opt-Out. Notwithstanding anything to the contrary in this Agreement, until a Holder makes an affirmative written election (which may be done by so indicating on the applicable signature page hereto), the Company shall not deliver any notice or any information to such Holder that would reasonably be expected to constitute material non-public information ("**MNPI**"), including any applicable registration notices, or any other information under this Agreement. Upon receipt of a written election to receive such notices or information (an "**Opt-In Election**") the Company shall provide to the Holder all applicable notices or information pursuant to this Agreement from the date of such Opt-In Election. At any time following a Holder making an Opt-In Election, such Holder may also make a written election to no longer receive any such notices or information (an "**Opt-Out Election**"), which election shall cancel any previous Opt-In Election, and, following receipt of such Opt-Out Election, the Company shall not deliver any such notice or information to such Holder from the date of such Opt-Out Election. An Opt-Out Election may state a date on which it expires or, if no such date is specified, shall remain in effect indefinitely. A Holder who previously has given the Company an Opt-In Election or Opt-Out Election may revoke such election at any time, and there shall be no limit on the ability of a Holder to issue and revoke subsequent Opt-In Elections and Opt-Out Elections. Notwithstanding the foregoing, to the extent the Company reasonably and in good faith determines that it is necessary to disclose MNPI to a Holder in order to comply with its obligations hereunder (a "**Necessary Disclosure**"), the Company shall inform counsel to such Holder to the extent such counsel has been identified in writing to the Company in advance of such determination without disclosing the applicable MNPI, and the Company and such counsel on behalf of the applicable Holder shall endeavor to agree upon a process for making such Necessary Disclosure to the applicable Holder or its representatives that is mutually acceptable to such Holder and the Company (an "**Agreed Disclosure Process**"). Thereafter, the Company shall be permitted to make such Necessary Disclosure in accordance with the Agreed Disclosure Process.

5. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company. Such fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock or other Registrable Securities are then listed or quoted for trading, (B) with respect to filings with FINRA, and (C) in compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by a Holder), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, and (v) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In no event shall the Company be responsible for any broker or similar commissions or fees incurred by any Holder, except to the extent provided for in this Agreement or the Exchange Agreement referred to herein, including any legal fees or other cost, of the Holders incurred in connection with this Agreement.

6. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, investment advisors,

partners, members and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of prospectus or in any amendment or supplement thereto. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon any untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent that, such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein (so long as such information was not derived from false information provided by the Company), or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of prospectus or in any amendment or supplement thereto. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "**Indemnified Party**"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same

counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party); provided, that, the Indemnifying Party shall pay for no more than two separate sets of counsel for all Indemnified Parties and such legal counsel shall be selected by the Holders who are named as parties in the same Proceeding. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section 6) shall be paid to the Indemnified Party, as incurred, within ten Business Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Section 6(a) or 6(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 6(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section 6(d) was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 6(d), (i) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section 6(d) are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

7. Indemnification. With a view to making available to the Holders the benefits of Rule 144 or any other similar rule or regulation of the SEC that may at any time permit the Holders to sell Registrable Securities of

the Company to the public without registration, the Company agrees, for so long as Registrable Securities are outstanding and held by the Holders, to use its commercially reasonable efforts to:

- a. make and keep public information available, as those terms are understood, defined and required in Rule 144;
- b. file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and
- c. furnish to each Holder so long as such Holder owns Registrable Securities, promptly upon request, such information as may be reasonably and customarily requested to permit the Holders to sell such securities pursuant to Rule 144 without registration.

8. Assignment of Registration Rights. Except as provided below, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assignable by a Holder without the prior written consent of the Company. Further, the rights under this Agreement may be assignable by the Investor to any permitted transferee of all or any portion of the Investor's Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights and such transferee agrees to be bound by the terms of this Agreement, and a copy of such agreement is furnished to the Company within five (5) Business Days after such assignment; (ii) the Company is, within five (5) Business Days after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act or applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; and (v) such transfer shall have been made in accordance with the applicable requirements of the Second Amended and Restated Certificate of Incorporation of the Company.

9. Miscellaneous.

- a. Remedies. In the event of a breach by the Company or a Holder of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.
 - b. Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.
 - c. Discontinued Disposition. Each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c)(ii), (iii) or (iv), such Holder will forthwith discontinue disposition of Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide
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appropriate stop orders to enforce the provisions of this paragraph. Notwithstanding the foregoing, this paragraph shall not be construed in any way to restrict any Holder from disposition of Registrable Securities not pursuant to the Registration Statement in compliance with applicable laws, including under any exemption from registration under the Securities Act.

- d. Amendments and Waivers. Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Holders. Any amendment or waiver effected in accordance with this Section 8(d) shall be binding upon each Investor or other Holder and the Company. No such amendment shall be effective to the extent that it applies to less than all of the Holders. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of certain Holders and that does not directly or indirectly affect the rights of other Holders may be given by the Holders to which such waiver or consent relates.
 - e. Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered to the Company if delivered to: Stronghold Digital Mining, Inc., 595 Madison Avenue, 29th Floor, New York, New York 10022, Attention: Chief Executive Officer, with a copy (which shall not constitute notice) to the Company's counsel at Vinson & Elkins L.L.P., 1114 Avenue of the Americas, 32nd Floor, New York, New York 10036, Attention: Daniel M. LeBey and Shelley A. Barber, and if to the Holder, to the address indicated on the signature page of this Agreement, or such other address as the Holder shall provide to the Company.
 - f. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder. Each Holder may assign their respective rights hereunder in the manner as permitted under the Second Amended and Restated Certificate of Incorporation of the Company.
 - g. Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile or email transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile or email signature were the original thereof.
 - h. Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, employees or agents) will be commenced in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees
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that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of this Agreement, then the prevailing party in such Proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

- i. Causes of Action. All claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement, may be made only against the entities that are expressly identified as parties hereto. No person who is not a named party to this Agreement, including any director, officer, employee, member, partner (general or limited), securityholder, affiliate, agent, attorney or representative of any named party to this Agreement ("**Non-Party Affiliates**"), shall have any liability (whether in contract or in tort, in law or in equity, or based upon any theory that seeks to impose liability of an entity party against its owners or affiliates) for any obligations arising under, in connection with or related to this Agreement or for any claim based on, in respect of, or by reason of this Agreement or its negotiation or execution; and each party waives and releases all such claims and obligations against any such Non-Party Affiliates. Non-Party Affiliates are expressly intended as third party beneficiaries of this provision of this Agreement.
 - j. The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all stock or other securities of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise), which may be issued in respect of, in exchange for or in substitution of, the Registrable Securities, and shall be appropriately adjusted for combinations, stock splits, recapitalizations, pro rata distributions of stock and the like occurring after the date of this Agreement.
 - k. The Company shall not merge, consolidate or combine with any other Person, or reorganize or convert into another entity or form of entity, or sell all or substantially all of its assets (on a consolidated basis or otherwise), or engage in any similar transaction unless the agreement, plan of conversion and/or other governing instrument providing for such merger, consolidation or combination, or reorganization, conversion, sale or similar transaction, expressly provides for the continuation of the rights specified in this Agreement with respect to the Registrable Securities or other equity securities issued pursuant to such merger, consolidation or combination or reorganization, conversion, sale or similar transaction, to the extent there are any Registrable Securities (or other securities issued in exchange for Registrable Securities in such merger, consolidation or combination or reorganization, conversion, sale or similar transaction) are outstanding.
 - l. Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.
 - m. Entire Agreement. This Agreement and the instruments referenced herein and therein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.
 - n. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ
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an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

- o. Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

COMPANY:

STRONGHOLD DIGITAL MINING, INC.

By: /s/ Gregory A. Beard

Name: Gregory A. Beard Title:

Chief Executive Officer and Chairman

INVESTOR:

ADAGE CAPITAL PARTNERS, LP

By: Adage Capital Partners, GP, LLC, its General Partner

By: Adage Capital Advisors, LLC, its Managing Member

By: /s/ Daniel J. Lehan

Name: Daniel J. Lehan

Title: Chief Operating Officer / Chief
Compliance Officer

ADDRESS FOR NOTICE

Adage Capital Partners, LP Attn: Dan Lehan
200 Clarendon St., Ste. 52
Boston, MA 02116
Email: *****@*****.com

DELIVERY INSTRUCTIONS (if different from above)

c/o:

Street: _____

City/State/Zip: _____

Attention: _____

Tel: _____

Annex A

Plan of Distribution

We are registering [_____], which were issued or are issuable to the selling security holders to permit the selling security holders and its pledgees, transferees or other successors-in-interest that receive its securities after the date of this prospectus to resell or otherwise dispose of the securities in the manner contemplated in this section. We will not receive any of the proceeds from the sale of securities in this offering. We will bear all fees and expenses incident to our obligation to register the securities. In connection with this transaction, we entered into a registration rights agreement with the selling security holders, which included registration rights pursuant to which we agreed to file with the SEC a registration statement covering the resale of such securities from time to time. We are registering the securities issued or issuable pursuant to the exchange agreement in accordance with the registration rights agreement entered into in connection therewith in order to permit the selling security holders to offer securities for resale from time to time.

The selling security holders (or their underwriters, if applicable) and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell, transfer or otherwise dispose of any or all of its securities on any stock exchange, market or trading facility on which the securities are traded or quoted or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale or at negotiated prices. The selling security holders may use any one or more of the following methods when disposing of the securities:

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale (including through underwritten offerings);
 - in the over-the-counter market;
 - ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
 - block trades in which the broker-dealer will attempt to sell securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
 - through market makers, brokers, dealers or underwriters that may act solely as agents or as principals;
 - purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
 - an exchange distribution in accordance with the rules of the applicable exchange;
 - privately negotiated transactions;
 - delivery of securities in settlement of short sales;
 - through the writing or settlement of options or other hedging transactions entered into after the effective date of the registration statement of which this prospectus is a part, whether through an options exchange or otherwise;
 - broker-dealers may agree with the selling security holders to sell a specified number of securities at a stipulated price per security;
 - a combination of any such methods of disposition; and
 - any other method permitted pursuant to applicable law.
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The selling security holders may elect to make a pro rata in-kind distribution of the securities to its security holders pursuant to the registration statement of which this prospectus is a part by delivering a prospectus. To the extent that such security holders are not affiliates of ours, such security holders would thereby receive freely tradeable securities pursuant to the distribution through a registration statement.

The selling security holders may also sell securities under Rule 144 under the Securities Act or other exemption from registration under the Securities Act, rather than under this prospectus, provided that they meet the criteria and conform to the requirements of that rule.

Broker-dealers engaged by the selling security holders may arrange for other broker-dealers to participate in sales. Broker-dealers, underwriters and other agents may receive commissions or discounts from the selling security holders (or, if any broker-dealer acts as agent for the purchaser of securities, from the purchaser) in amounts to be negotiated. The selling security holders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved but any such discounts or commissions might be in excess of those customary in the types of transactions involved.

If the selling security holders sell securities in an underwritten offering, the underwriters may acquire the securities for their own account and resell the securities from time to time in one or more transactions. The selling security holders may also authorize underwriters acting as their agents to offer and sell the securities on a continuous at-the-market basis. In any such event described above in this paragraph, we will set forth in a supplement to this prospectus the names of the underwriters and the terms of the transactions, including any underwriting discounts, concessions or commissions and other items constituting compensation of the underwriters and broker-dealers. The underwriters from time to time may change any public offering price and any discounts, concessions or commissions allowed or reallocated or paid to broker-dealers. Unless otherwise set forth in a supplement, the obligations of the underwriters to purchase the securities will be subject to certain conditions, and the underwriters will be obligated to purchase all of the securities specified in the supplement if they purchase any of the securities.

The selling security holders may, from time to time, pledge or grant a security interest in some or all of the securities and the pledgee or other secured party, transferee or other successor in interest may sell securities from time to time under this prospectus, or under a supplement or amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling security holders to include the pledgee, secured party, transferee or other successors in interest as selling security holders under this prospectus. The selling security holders also may transfer the securities in other circumstances in which case the transferees, pledgees or other successors-in-interest may be the selling beneficial owners for purposes of this prospectus and may sell such securities from time to time under this prospectus after an amendment or supplement has been filed under Rule 424(b)(3) under, or another applicable provision of, the Securities Act, amending, if necessary, the list of selling security holders to include the transferees, pledgees or other successors-in-interest as a selling security holder under this prospectus.

Upon being notified in writing by the selling security holders that any material arrangement has been entered into with a broker-dealer for the sale of securities through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus, if required, pursuant to Rule 424(b) under the Securities Act will be filed, disclosing (i) the name of each such selling security holder and of the participating broker-dealer(s), (ii) the number and kind of securities involved, (iii) the price at which such securities were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, if applicable, and (vi) other facts material to the transaction or required to be disclosed by applicable laws, rules and regulations.

The selling security holders also may transfer the securities in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of the securities, the selling security holders may enter into hedging transactions after the effective date of the registration statement of which this prospectus is a part with broker-dealers, other financial institutions and other third parties, which may in turn engage in short sales in the course of hedging the positions they assume. The selling security holders may also sell securities short after the effective date of the registration statement of which this prospectus is a part and deliver these securities to close out its short

positions, or loan or pledge the securities to broker-dealers or other third parties that in turn may sell these securities. The selling security holders may also enter into option or other transactions after the effective date of the registration statement of which this prospectus is a part with broker-dealers, other financial institutions and other third parties or create one or more derivative securities which require the delivery to such broker-dealer, other financial institution and other third parties of securities offered by this prospectus, which securities such broker-dealer or other financial institution or third party may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction if required), including in short sale transactions. Third parties may use securities pledged by the selling security holders or borrowed from the selling security holders or others to settle sales or to close out any related open borrowings of securities, and may use securities received from the selling security holders in settlement of those derivatives to close out any related open borrowings of securities.

The selling security holders and any broker-dealers or agents that are involved in selling the securities may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

If a prospectus supplement so indicates, the underwriters engaged in an offering of these securities may engage in transactions that stabilize, maintain or otherwise affect the market price of these securities at levels above those that might otherwise prevail in the open market. Specifically, the underwriters may over-allot in connection with the offering creating a short position in these securities for their own account. For the purposes of covering a syndicate short position or pegging, fixing or maintaining the price of these securities, the underwriters may place bids for these securities or effect purchases of these securities in the open market. A syndicate short position may also be covered by exercise of an over-allotment option, if one is granted to the underwriters. Finally, the underwriters may impose a penalty bid on certain underwriters and dealers. This means that the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. The underwriters will not be required to engage in any of these activities and any such activities, if commenced, may be discontinued at any time.

Any of the selling security holders' underwriters or agents or any of either of their affiliates may be customers of, engage in transactions with and perform services for us, and/or one or more of the selling security holders' or their affiliates in the ordinary course of business.

There can be no assurance that any selling security holders will sell any or all of the securities registered pursuant to the registration statement, of which this prospectus forms a part.

The aggregate proceeds to the selling security holders from the sale of securities offered by them will be the purchase price of the securities less discounts or commissions, if any. The selling security holders reserve the right to accept and, together with its agents from time to time, to reject, in whole or in part, any proposed purchase to be made directly or through agents. We will not receive any of the proceeds from this offering.

We are required to pay all fees and expenses incident to the registration of the securities, other than any underwriting fees, discounts and selling commissions, stock transfer taxes and fees and disbursements of counsel. We have agreed to indemnify the selling security holders, the officers, directors, agents, investment advisors, partners, members and employees of each of them, each person who controls and such holder, and the officers, directors, agents and employees of each such controlling person, in certain circumstances against certain losses, claims, damages or liabilities to which they may become subject, including certain liabilities under the Securities Act.

Additional information related to the selling security holders and the plan of distribution may be provided in one or more prospectus supplements.

Annex B

STRONGHOLD DIGITAL MINING, INC.

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of Registrable Securities understands that Stronghold Digital Mining, Inc., a Delaware corporation (the "Company"), has filed or intends to file with the Securities and Exchange Commission (the "Commission") a Registration Statement (the "Registration Statement") for the registration and resale of certain shares (the "Registrable Securities") of Class A common stock of the Company, par value \$0.0001 per share (the "Class A Common Stock") that certain holders may hold.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

- a. Full Legal Name of Selling Securityholder:

- b. Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities Listed in Item 3 below are held:

- c. Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire) and describe the relationship by which they exercise such powers (e.g., director(s), general partner(s), managing member(s), etc.). If voting and dispositive powers are divided among such listed persons, please so indicate:

2. Address for Notices to Selling Securityholder:

Telephone: _____

Address^[1]: _____

E-Mail: _____

Contact Person: _____

3. Beneficial Ownership of Registrable Securities:

- a. Type and number of Registrable Securities beneficially owned:

b. Number of Registrable Securities to be included in the Registration Statement by the undersigned:

4. Broker-Dealer Status:

a. Are you a broker-dealer?

Yes No

Note: If yes, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

b. Are you an affiliate of a broker-dealer?

Yes No

If "Yes", please identify the registered broker-dealer(s), describe the nature of the affiliation(s):

c. If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes No

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

5. Beneficial Ownership of Other Securities of the Company Owned by the Selling Securityholder.

Except as set forth below in this Item 5, the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item 3.

Type and Amount of Other Securities beneficially owned by the Selling Securityholder:

6. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% or more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

- 7 . The Company has advised each Selling Stockholder that it is the view of the Commission that it may not use shares registered on the Registration Statement to cover short sales of Common Stock made prior to the date on which the Registration Statement is declared effective by the Commission, in accordance with 1997 Securities and Exchange Commission Manual of Publicly Available Telephone Interpretations Section A.65. If a Selling Securityholder uses the prospectus for any sale of the Common Stock, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Securityholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Securityholders in connection with resales of their respective shares under the Registration Statement.

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and prior to the Effective Date for the Registration Statement, and to promptly provide any other information requested by the Company to the extent required in order to comply with the form requirements of the Registration Statement.

Certain legal consequences arise from being named as a Selling Securityholder in the Registration Statement and related prospectus. Accordingly, the undersigned is advised to consult their own securities law counsel regarding the consequence of being named or not being named as a Selling Securityholder in the Registration Statement and the related prospectus.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 6 and the inclusion of such information in the Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus. The undersigned hereby elects to include the Registrable Securities owned by it and listed above in Item 3 (unless otherwise specified in Item 3) in the Registration Statement.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: Beneficial Owner:

By:

Name:

Title:

PLEASE EMAIL A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE TO:

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULE 13A-14(a) OR RULE 15D-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory A. Beard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Stronghold Digital Mining, Inc. (the "registrant") for the quarter ended September 30, 2023;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) 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)) 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 during the period in which this 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; and
 - 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 14, 2023

By: /s/ Gregory A. Beard

Gregory A. Beard

Chairman and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULE 13A-14(a) OR RULE 15D-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew J. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Stronghold Digital Mining, Inc. (the "registrant") for the quarter ended September 30, 2023;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) 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)) 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 during the period in which this 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; and
 - 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 14, 2023

By: /s/ Matthew J. Smith
Matthew J. Smith
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report on Form 10-Q of Stronghold Digital Mining, Inc. (the "Company") for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory A. Beard, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 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, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2023

By: /s/ Gregory A. Beard

Gregory A. Beard

Chairman and Chief Executive Officer

(Principal Executive Officer)

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

In connection with the Quarterly Report on Form 10-Q of Stronghold Digital Mining, Inc. (the "Company") for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew J. Smith, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 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, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2023

By: /s/ Matthew J. Smith
Matthew J. Smith
Chief Financial Officer
(Principal Financial Officer)