How Bitcoin Miners Can Effectively Leverage Digital Assets:

An Overview

DrawBridge LENDING

DBL DIGITAL

Disclosures

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Can bitcoin miners still compete effectively?

Bitcoin mining has always been, and will continue to be, competitive. Since block 0, faster hardware and technology provides a competitive edge. Today however, smart miners are looking for additional ways to become more efficient, aside from faster technology. Increasingly, bitcoin miners are turning to professional asset management services to stay competitive. Miners have started utilizing structured financial products to leverage their digital asset inventory for cash liquidity, to unlock potential yields without having to liquidate their holdings, and utilizing derivatives for treasury management.

Is bitcoin mining still profitable in 2020?

Profitability can be measured by costs of the latest and fastest technology deployed, energy use and facilities management. Pre-halving break-even estimates in the U.S. were around $5,000 on average for cutting edge technology miners and the post-halving cost may be as high as $15,000 for miners using outdated equipment. The post-halving network hash rate and its difficulty is yet to be established, but the same amount of computing power and the costs associated with it to get ½ the amount of bitcoin is bound to depress profitability for those who do not aggressively reduce costs. Industry veterans know that with new equipment a $.055 - $.06 cent OPEX can survive another price plunge in bitcoin prices but old equipment still operating at much higher levels will ultimately be washed out. In the never-ending race for the fastest technology and the largest share of the network hash rate, miners are becoming more innovative when it comes to financing this race by leveraging their bitcoin holdings in loan or yield programs like the ones at DrawBridge Lending.

Why would a bitcoin miner need additional business capital?

As bitcoin prices fluctuate dramatically, the need for operating capital to run a competitive and profitable business increases dramatically with the need for faster and better technology. Cash flow is also critical to operate an efficient and competitive business. DrawBridge Lending has developed a lending program that assists miners to more efficiently manage operating costs by leveraging their digital assets inventory using structured loan and investment programs. With these products, miners can get necessary cash or enhanced yields while at the same time target a profitable exit price above the market.

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What type of loans does DrawBridge Lending offer bitcoin miners?

DrawBridge Lending miner loans have no margin call, are non-recourse, issued with interest rates sub 3% and tenors that range from 1 to 6 months. DrawBridge Lending can secure these loans with many types of digital assets, which are maintained in cold storage at regulated custodians.

What are the minimum and maximum loan amounts?

DrawBridge Lending has over $50,000,000 available to lend and can issue miner loans from $50,000 - $25,000,000.

What interest rates are offered to bitcoin miners?

All DrawBridge Lending miner loans are sub 3% Annual Percentage Rate (APR)

How long are DrawBridge Lending loans?

Miner loans are short-term and have tenors of 1 to 6 months but these loans can be rolled forward as many times as needed.

How can bitcoin miners benefit from a non-recourse loan?

With a non-recourse loan, in the event of default, the lender can only go after the secured asset and not the borrower personally or other borrower assets. In effect, DrawBridge Lending miner loans dispense with the need for out-of-pocket cash management – this means no margin calls and no need to re-balance a loan with more collateral or returning some of the loan proceeds if the collateral price suddenly drops!

How are loans at DBL price-protected?

DrawBridge hedges lender loan-to-value in its entirety by securing a put option at strike price that equates to the loan-to-value amount. This protects the lender against a steep drop in loan collateral value and permits DrawBridge to offer a non-recourse, no margin call loan product.

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What other opportunities at DBL are offered to bitcoin miners?

DrawBridge Lending (through its investment arm DBL Digital) can offer miners a number of institutional-quality managed investment products.

Are bitcoin miners who borrow from DrawBridge at risk of receiving a margin call?

Borrowers will NEVER have a margin call at DrawBridge.

What qualifies a bitcoin miner to be an accredited investor?

To participate in the DrawBridge Lending fiat lending program the miner-borrower has to be an Eligible Contract Participant (ECP) as defined by the Commodity Exchange Act. In short, mining businesses need to have at least $1MM in net worth.

Where would a bitcoin miner learn more about loan opportunities at DrawBridge?

Talk to a DrawBridge Lending professional about the investment opportunities available.

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