

January 3, 2023



TeraWulf Issues an Open Letter from Chairman and CEO

EASTON, Md.--(BUSINESS WIRE)-- TeraWulf Inc. (Nasdaq: WULF) ("TeraWulf" or the "Company"), which owns and operates vertically integrated, domestic bitcoin mining facilities powered by more than 91% zero-carbon energy, is pleased to release the following open letter to shareholders, lenders and other stakeholders from Paul Prager, TeraWulf's Chairman and Chief Executive Officer.

The full text of the letter is as follows:

An Open Letter from TeraWulf Chairman and CEO Paul Prager

January 2023

This past year was a transformational year for TeraWulf and the crypto industry at large. Today, I write in gratitude: proud of our accomplishments, inspired by our extraordinary employees, and confident in our strategy. Importantly, I want to thank our loyal investors and fellow WULFpack members for sticking with us through an unimaginably challenging year.

Be assured that I am here with you and will continue to personally invest in TeraWulf. This past year, our management team invested over \$15 million of our personal capital in the Company. I believe that is more than any leadership team in the sector and underscores our confidence in WULF's mission and what we are building. As further evidence of my conviction, I have not sold a share, directly or indirectly.

Despite the turbulent backdrop, we remained steadfastly focused on building a scalable, vertically integrated Bitcoin mining company that uses low-cost, 91%+ zero-carbon energy. I'd like to take a moment to highlight a few of key milestones that we achieved during our first year as a public company.

- We commenced mining in March 2022 at our Lake Mariner facility in New York utilizing the former turbine deck of the retired coal plant.
- We completed construction of Building 1 at Lake Mariner and rapidly scaled operations to over 2 EH/s with roughly 17,500 miners online operating at the highest efficiencies.
- We completed construction of two 100 MW buildings at the Nautilus Cryptomine in Pennsylvania with our 50 MW of net capacity (reflecting our 25% interest) on target to be energized in Q1 2023.
- We restructured our Nautilus JV with Talen Energy Corp. to leverage one of WULF's most valuable assets: 50 MW of zero-carbon power contracted at a fixed price of just \$0.02/kWh.
- We efficiently procured miners to completely utilize our 160 MW of mining capacity with no further payment obligations.

What differentiates TeraWulf is that we own and operate our facilities, control our power

supply and utilize 91%+ zero-carbon energy sources. In energy markets, location is everything and our sites are in robust, developed markets that provide premier value for the grid services we provide. Power volatility in 2022 underscored the importance of power contracts. This has been our business for over 30 years. As a nearly entirely zero-carbon miner, we believe we are strategically positioned relative to our peers in what will be an increasingly stringent regulatory environment.

While there has been significant progress this year, much more remains to be done. As we transition into 2023 and strive to execute our plan and pursue growth, we will operate with several clear priorities:

1. Achieving our target of 49,000 operating miners (5.5 EH hash rate) in Q1 2023.
2. Leveraging our blended power cost of \$0.035/kWh, which is 30% *lower* than the industry average¹.
3. Optimizing our earnings power by executing on our recently announced cost-cutting initiatives.
4. Expanding the suite of grid services that we offer to the market.
5. Supporting a more collaborative approach to regulation and thoughtful calibration of the rules.

So, I will close where I started – with a sincere thank you. Your trust and confidence in TeraWulf have helped us build a remarkable company.

Sincerely,

Paul Prager

Chairman and Chief Executive Officer

About TeraWulf

TeraWulf (Nasdaq: WULF) owns and operates vertically integrated environmentally clean bitcoin mining facilities in the United States. Led by an experienced group of energy entrepreneurs, the Company is currently operating and constructing two mining facilities, Lake Mariner in New York, and Nautilus Cryptomine in Pennsylvania, with the objective of 800 MW of mining capacity deployed by 2025. TeraWulf generates domestically produced bitcoin powered by nuclear, hydro, and solar energy with a goal of utilizing 100% zero-carbon energy. With a core focus of ESG that ties directly to its business success, TeraWulf expects to offer attractive mining economics at an industrial scale.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements include statements concerning anticipated future events and expectations that are not historical facts. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements. In addition, forward-looking statements are typically identified by words such as “plan,” “believe,” “goal,” “target,” “aim,” “expect,” “anticipate,” “intend,” “outlook,” “estimate,” “forecast,” “project,” “continue,” “could,” “may,” “might,” “possible,” “potential,” “predict,” “should,” “would” and other similar

words and expressions, although the absence of these words or expressions does not mean that a statement is not forward-looking. Forward-looking statements are based on the current expectations and beliefs of TeraWulf's management and are inherently subject to a number of factors, risks, uncertainties and assumptions and their potential effects. There can be no assurance that future developments will be those that have been anticipated. Actual results may vary materially from those expressed or implied by forward-looking statements based on a number of factors, risks, uncertainties and assumptions, including, among others: (1) conditions in the cryptocurrency mining industry, including fluctuation in the market pricing of bitcoin and other cryptocurrencies, and the economics of cryptocurrency mining, including as to variables or factors affecting the cost, efficiency and profitability of cryptocurrency mining; (2) competition among the various providers of cryptocurrency mining services; (3) changes in applicable laws, regulations and/or permits affecting TeraWulf's operations or the industries in which it operates, including regulation regarding power generation, cryptocurrency usage and/or cryptocurrency mining; (4) the ability to implement certain business objectives and to timely and cost-effectively execute integrated projects; (5) failure to obtain adequate financing on a timely basis and/or on acceptable terms with regard to growth strategies or operations; (6) loss of public confidence in bitcoin or other cryptocurrencies and the potential for cryptocurrency market manipulation; (7) the potential of cybercrime, money-laundering, malware infections and phishing and/or loss and interference as a result of equipment malfunction or break-down, physical disaster, data security breach, computer malfunction or sabotage (and the costs associated with any of the foregoing); (8) the availability, delivery schedule and cost of equipment necessary to maintain and grow the business and operations of TeraWulf, including mining equipment and infrastructure equipment meeting the technical or other specifications required to achieve its growth strategy; (9) employment workforce factors, including the loss of key employees; (10) litigation relating to TeraWulf, RM 101 f/k/a IKONICS Corporation and/or the business combination; (11) the ability to recognize the anticipated objectives and benefits of the business combination; and (12) other risks and uncertainties detailed from time to time in the Company's filings with the Securities and Exchange Commission ("SEC"). Potential investors, stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they were made. TeraWulf does not assume any obligation to publicly update any forward-looking statement after it was made, whether as a result of new information, future events or otherwise, except as required by law or regulation. Investors are referred to the full discussion of risks and uncertainties associated with forward-looking statements and the discussion of risk factors contained in the Company's filings with the SEC, which are available at www.sec.gov.

¹ Source: [Cambridge Bitcoin Electricity Consumption Index \(CBECI\) \(ccef.io\)](https://ccef.io/)

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20230103005720/en/>

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Source: TeraWulf Inc.

