

February 2, 2023



# TeraWulf Issues an Open Letter to Shareholders 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, today announced that today announced that the Company's Co-founder, Chairman and Chief Executive Officer, Paul Prager, has issued an open letter to shareholders.

The full text of the letter is below and available on the Company's website at [www.terawulf.com](http://www.terawulf.com):

## **An Open Letter to Shareholders from TeraWulf Chairman and CEO Paul Prager**

February 2023

Dear Shareholders,

It has been four weeks since I shared my reflections on TeraWulf's achievements in 2022 and stated goals for 2023. And in that short period, our team has accomplished key milestones that we believe will be foundational in achieving our goal of being the preeminent miner producing bitcoin from zero-carbon energy resources at the lowest marginal cost in the sector.

We believe these strategic steps will position TeraWulf for long-term, sustainable growth. Our priority continues to be reducing costs and deploying those resources towards the Company's path to positive cash flow from operations in 2023. In doing so, we believe that we will be able to generate increasing cash flow throughout the year, which will give us further financial leverage to scale our mining operations.

### **Debt Modification**

After several weeks of constructive dialogue with our lenders, we have reached an agreement on modifying the terms of our debt to eliminate near-term amortization and thereby optimize TeraWulf's financial flexibility through market cycles. Let me be clear – we have a deal that should enable the Company to pay down principal when we have available free cash flow, instead of adhering to a mandatory payment schedule. This is HUGE.

### **Path to Positive Cash Flow from Operations in 2023 and Beyond**

In the matter of just a few weeks, we raised what we plan to be the final funding needed to bridge the Company to self-sustaining operations, only a few months away. We have said all along the amount of monies required to achieve free cash flow positive operations, and we have now reached that important milestone.

## Unparalleled Management Investment

Last month, I [highlighted](#) the industry-leading investment level our executive team has made in the Company and the commitment it demonstrates. I said that I was right alongside you as a shareholder and that I would continue to invest personally in TeraWulf. As part of our recent and likely final capital raise, my co-founder and COO, Nazar Khan, and I purchased an additional \$2.5 million of equity **at the market price**. That's right, we bought at market while this transformational equity raise came at a modest discount to the market. Why? Because our confidence in TeraWulf is stronger than ever as we build upon, and begin to realize, our distinguishing advantages.

I also want to address the confusion out there regarding the perceived sale of stock. For the avoidance of doubt, I did not sell 12 million shares. I exchanged shares for warrants to free up available authorized common stock ahead of our shareholder meeting later this month to increase the Company's authorized common shares. These warrants will convert back to common stock without any price differential.

## The WULF Advantage

Let me quickly highlight what undeniably sets WULF apart from our peers:

- **Leading Facilities:** As we have learned from decades in energy markets, it's **location, location, location!** In only a year we have developed our two [premium locations](#) into world-class mining facilities that are arguably the best in the industry. With excellent power costs, ideal climate, and meaningful immediate growth capacity, Lake Mariner and Nautilus are far ahead of the pack. I have no doubt that our facilities are unmatched. You can rank our sites in the bitcoin mining sector as #1 and #2.
- **Rapid Growth:** We launched TeraWulf just over a year ago and are proud of what has been accomplished in this short period, far ahead of industry peers at the same point in their trajectory. In the next few months, we expect to be at **5.5 EH/s and 160 MW of power capacity** – and we're just getting started. To exceed the accomplishments of peers in such a short time is a testament to the excellence, perseverance, and professionalism of our development and operations teams. Just take a look at what we have built in a year relative to what took other bitcoin miners several years to achieve. As a vertically integrated miner, we own our sites and our destiny.
- **Expansion Capability:** When it comes to bitcoin mining, **size matters!** Our two sites were developed with expansion potential as a key characteristic and everything from our power import capacity to the layout of our warehouses and racks was designed to grow. Scalability and adaptability are vital, and our Lake Mariner and Nautilus facilities have both. TeraWulf has the ability to nearly double our hashing capacity at our existing sites. In contrast, some of our peers need to find a new site, permit the site, source the requisite data center and mining infrastructure, and then pay for it. That takes an exceptionally long time. We are here now and we OWN it.
- **Capital Investment in Miners and Infrastructure:** Looking across a challenged industry landscape, we remain confident in our infrastructure-first approach. Vital to growing the platform, we believe our focused investment in miners and infrastructure has translated into a strategic advantage vs. our peer group. **So far, we have invested**

**almost \$400 million** to ensure TeraWulf infrastructure facilities and mining equipment lead the pack today and in the future. The time and cost to replicate our business are substantial and represent a significant barrier to entry.

- **Energy Advantage:** We are excited for our Nautilus Cryptomine to start hashing this quarter. Connected to a zero-carbon nuclear facility, Nautilus will enjoy a **FIXED power cost of just two cents for five years with no margin requirement** (and with options to extend and expand). That's an exceptionally low power price, and this contract represents millions of dollars of value created. Our power tastes are simple: **low-cost and zero-carbon**. There are power purchase agreements and there are lesser power purchase agreements. Our team has been together and in the energy business for 25 years – look at what we have.
- **Price and Efficiency:** As we continue to scale, it has been great to see both our price per EH and efficiency per EH metrics improve. Our development and operations teams will continue to differentiate TeraWulf as the preeminent developer and operator.

Every move from this point forward is about advancing our mission and pushing the boundaries of what is possible – for our business and our shareholders. We will remain laser-focused on scaling mining operations at our existing sites while opportunistically pursuing strategic opportunities in a financially responsible manner.

Finally, as you consider investing in the space, look at our public disclosures. Read our most recent investor deck [here](#). Compare what we share: the breadth and depth of real data, with unbridled transparency, in a timely way. If you want to invest in a bitcoin mining company, come to TeraWulf. And if you don't want to invest in a bitcoin mining company, call us. We are prepared to demonstrate the importance of what we do and how we do it.

Thank you to all our investors, partners, and fellow WULFpack members for working with us to build the leading mining company.

Sincerely,

Paul B. Prager  
Chairman and Chief Executive Officer  
TeraWulf Inc.

## 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/or completing construction of two mining facilities: Lake Mariner in New York, and Nautilus Cryptomine in Pennsylvania. TeraWulf generates domestically produced Bitcoin powered by 91% nuclear, hydro, and solar energy with a goal of utilizing 100% zero-carbon energy. With a core focus on 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](http://www.sec.gov).

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