



**Consensus Mining & Seigniorage Corporation**  
**Quarterly Report**  
**Q4 2023**

**Financial Results Summary**

Consensus Mining & Seigniorage Corporation (“CMSC” or the “Company”) is pleased to announce that, during its fourth quarter ending December 31, 2023 (the “Period”), the Company generated \$1,925,793 in revenue—up from \$1,625,286 the prior quarter. Full year 2023 revenue was \$6,774,305, an increase of 39% from 2022’s total of \$4,873,288.

During the Period, the Company mined 26.4 bitcoin (BTC), 1,949 Litecoin (LTC), and 20 Bitcoin Cash (BCH), all of which were retained on the balance sheet.

Quarter-end cryptocurrency holdings totaled 262.1 bitcoin (BTC), 6,330 Litecoin (LTC), and de-minimis amounts of Bitcoin Cash (BCH), Zcash (ZEC), Ethereum (ETH), and Ethereum Classic (ETC). The Period-end value of all the cryptocurrency holdings was \$11.62 million.

The cost of revenue, a figure that largely consists of hosting costs, was \$494,075 for the Period, compared to \$613,975 for Q3 2023. The improvement came largely from slightly lower hosting rates, and from a reduction of costs from unprofitable equipment taken offline.

Operating costs—which include depreciation expenses for mining equipment, non-cash impairment of cryptocurrency values, and administrative expenses—were \$911,729 for the Period, compared to \$796,220 for Q3 2023.

The Company’s GAAP net profit for Q4 2023 was \$474,135, nearly triple the prior quarter’s \$184,507. Full year 2023 net loss was (\$802,622), compared with (\$8,441,451) for full year 2022.



## **Operations Update**

During Q4 2023, the Company purchased 150 Antminer L7 Litecoin machines for a total of \$642,261; these were deployed at the end of October 2023. The Company also acquired 200 Antminer S21 machines for a combined cost of \$646,000; delivery is scheduled in phases over the first six months of 2024. Since the end of the Period, an additional 100 Antminer L7 Litecoin mining rigs were acquired at a cost of \$542,824, along with 52 Antminer S21 machines for \$254,636; they were deployed at the beginning of February 2024.

During the Period, CMSC maintained its Bitcoin hashrate capacity and increased its Litecoin hashrate capacity during the quarter from 190 GH to 1,513 GH.

Equipment purchased during the quarter, pending delivery and/or deployment as of the end of the Period, are expected to increase the Company's Bitcoin hashrate by 31%, to 210 PH, and Litecoin hashrate by 60%, to 2,418 GH, over the first six months of 2024.

As we have been upgrading to newer, more efficient generation equipment, the blended electricity consumption required per terahash of output continues to decrease.

In regard to hosting providers, we continue to have a positive experience with our provider in Texas and their cost-plus pricing structure. For December 2023, the all-in hosting cost for this hosting provider came in at under five cents per kWh.

This contract has a different cost structure from the previous fixed rate agreement. The new structure is a pass-through of the actual electricity costs, plus a mark-up by the hosting provider to cover their costs and operating margins.

In Texas, the wholesale spot price of power can fluctuate drastically. This new arrangement allows us to take advantage of both lower power costs and to put our equipment in standby mode when power costs are high, with the goal of reducing our overall hosting expense.

This also gives us more flexibility to navigate the uncertainty in mining profitability that may come with the Bitcoin halving this spring.

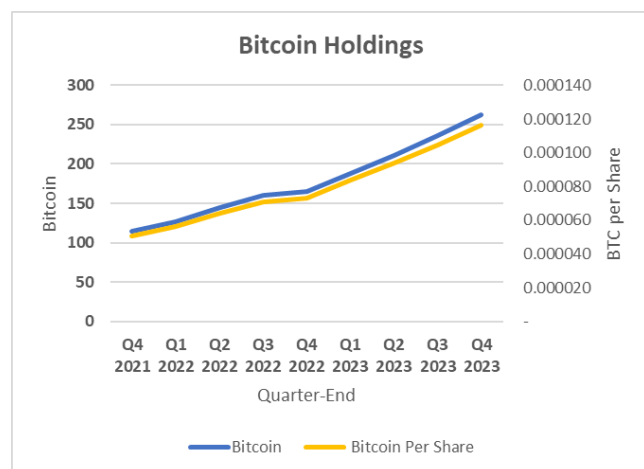
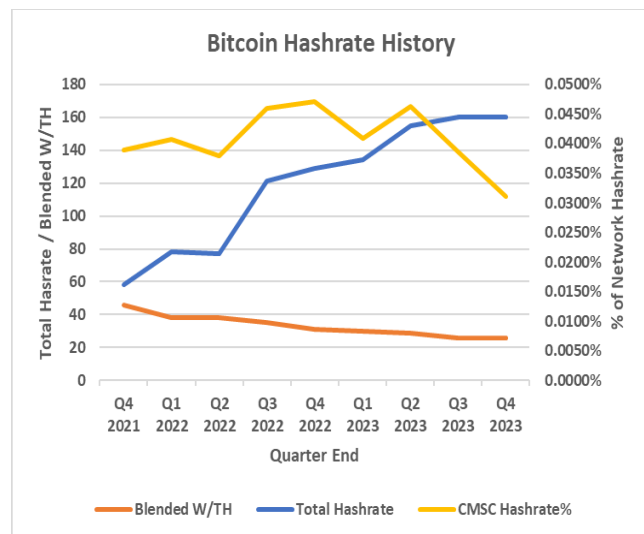
We will continue to engage with existing and new hosting providers to secure space as we procure new mining equipment.

## Historical Hashrate and Crypto Balance Review

Expanding our hashrate in line with the growth of the network, while at the same time improving our blended efficiency, is currently one of CMSC’s primary goals.

The charts below show how these three elements of our Bitcoin mining efforts have changed since inception, along with the growth of the Company’s cryptocurrency holdings:

- CMSC’s total Bitcoin mining hashrate stayed flat at 160 PH, with orders for an additional 50 PH pending deployment in 2024.
- Power consumption, measured by the blended W/TH across our server “fleet,” has fallen from 46 W/TH at the inception of the Company to 26 W/TH and is expected to fall further when already-purchased equipment is deployed in 2024.
- CMSC’s percentage of the total network hashrate fell slightly over the quarter, from 0.046% to 0.040%. This is due to the network hashrate increasing, and the Company deploying Litecoin miners instead of Bitcoin miners in Q4 2023. This figure is expected to return to the prior quarter’s level when already-purchased equipment is deployed in 2024.
- While prudently growing our hashrate, we have steadily added crypto to our balance sheet, with Bitcoin holdings growing from 114 BTC at the inception of CMSC to 262 at the end of the Period.





## **Update on Upcoming Listing**

The 2022 audit is now complete and the Company has started the listing application process with OTC Markets, hopefully leading to a direct listing in the first half of 2024.

## **Management Commentary**

### *Cryptocurrency Prices and Mining Profitability*

From the beginning to the end of Q4 2023, Bitcoin prices rose from around \$27,000 to just over \$42,000—an increase of 56%—with an average price of \$36,304 during the quarter.

Much of the price appreciation came from the anticipated SEC approval of spot Bitcoin ETFs, which materialized this January.

While recent price appreciation and stability have improved profitability, increased network difficulty—resulting from the growth in the network hashrate—has tempered the positive impact of the price changes. The network hashrate grew from 411 exahash to 501 exahash (approximately 22%) over the quarter, resulting in a 26% increase in the network difficulty. Network hashrate and difficulty have been somewhat flat since the end of the quarter.

With the welcome profit margin improvement, CMSC's continued focus on low operating cost structure has allowed it to continue mining with positive operating cash flow while incrementally adding to its cryptocurrency balances.

The SEC ultimately approved several spot Bitcoin ETF applications, all of which launched on January 11, 2024. As of the time of this writing, the largest winners were Blackrock's IBIT ETF (\$3 billion) and Fidelity's FBTC (\$2.5 billion). Grayscale's GBTC, which also converted to an ETF at the same time, has lost almost \$6 billion in AUM. The net inflow across all the ETFs was about \$1.5 billion.

### *Equipment Developments*

With the rise in the price of Bitcoin, the cost of procuring new mining equipment was mostly flat over the Period, with the 25-28 W/TH Luxor ASIC Price Index closing the quarter at about \$12/TH.

The most efficient under-25 W/TH ASIC Price Index, which includes equipment such as the S19XP, was also relatively stable, closing the quarter at around \$14/TH.



This index includes the most efficient Bitmain Antminer S21, which—with its industry-leading efficiency of 17.5 W/TH—is selling for around \$20/TH.

Efficiency continues to dominate equipment procurement, given the proximity to the next Bitcoin halving in April 2024. Assuming current mining economics remain, many machines considered current generation, like the S19jPro, could become unprofitable at the halving.

In light of these factors and our liquid balance sheet, we will look to acquire assets available in a size consistent with our measured pace of capital deployment.

*Summary*

The crypto-mining industry is dynamic, and the Company continues to remain firm in its prudent approach to capital deployment and its focus on maintaining a low cost structure, which we believe will serve shareholders well for many years to come.

A handwritten signature in black ink, appearing to read "Alun Williams", is positioned above the printed name.

Alun Williams  
President and Treasurer  
Consensus Mining & Seigniorage Corporation



**Consensus Mining & Seigniorage Corporation**  
**Statement of Financial Condition**  
**As of December 31, 2023**

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 63,779,788
Prepaid expenses	396,684
Fixed asset receivable	323,000
Prepaid fixed assets	323,000
Federal tax receivable	238,269
Other receivables	4,200
Total current assets	65,064,941
Non-current assets	
Digital assets, net	5,506,082
Property and equipment, net	4,778,035
Loans receivable - related party	303,206
Total non-current assets	10,587,323
<b>Total assets</b>	<b>\$ 75,652,264</b>
<b>Liabilities</b>	
Current liabilities	
Fixed asset payable	\$ 323,000
Accrued accounting fees	113,995
Accrued state taxes	112,300
Accrued hosting fees	99,208
Accrued foreign taxes	10,000
Other accrued expenses	4,542
Total current liabilities	663,045
<b>Total liabilities</b>	<b>663,045</b>
<b>Commitments and contingencies</b>	
<b>Stockholders' equity</b>	
Common stock (\$0.01 par value, 5,000,000 shares authorized, 2,250,009 issued and outstanding)	22,500
Additional paid-in capital	86,286,813
Accumulated deficit	(11,320,094)
<b>Total stockholders' equity</b>	74,989,219
<b>Total liabilities and stockholders' equity</b>	<b>\$ 75,652,264</b>



**Consensus Mining & Seigniorage Corporation**  
**Statement of Income**  
**For the Three Months Ended December 31, 2023**

<b>Revenues</b>	
Digital asset mining	\$ 1,114,823
<b>Total revenues</b>	<b>1,114,823</b>
<b>Cost of revenues</b>	
Hosting fees	494,075
<b>Total cost of revenues</b>	<b>494,075</b>
<b>Gross profit</b>	<b>620,748</b>
<b>Operating expenses</b>	
Depreciation expense	697,980
Impairment of digital assets	45,158
Professional fees	128,533
Insurance expense	25,959
Custody fees	5,714
Transfer agent fees	3,907
Management fees	3,000
Repairs and maintenance	1,079
Other operating expenses	399
<b>Total operating expenses</b>	<b>911,729</b>
<b>Operating income</b>	<b>(290,981)</b>
<b>Non-operating income (expense)</b>	
Interest income	810,970
Gain on sale of property and equipment	75,375
Loss on disposal of property and equipment	(18,735)
<b>Total non-operating income</b>	<b>867,610</b>
<b>Total costs and expenses</b>	<b>1,424,539</b>
<b>Net income before provision for income taxes</b>	<b>576,629</b>
Provision for income taxes	102,494
<b>Net income</b>	<b>\$ 474,135</b>



**Consensus Mining & Seigniorage Corporation**  
**Statement of Income**  
**For the Twelve Months Ended December 31, 2023**

<b>Revenues</b>	
Digital asset mining	\$ 3,709,957
<b>Total revenues</b>	<u>3,709,957</u>
<b>Cost of revenues</b>	
Hosting fees	2,324,152
<b>Total cost of revenues</b>	<u>2,324,152</u>
<b>Gross profit</b>	1,385,805
<b>Operating expenses</b>	
Depreciation expense	4,491,770
Impairment of digital assets	277,986
Professional fees	177,760
Insurance expense	54,912
Repairs and maintenance	18,069
Custody fees	16,244
Transfer agent fees	15,641
Management fees	12,000
Other operating expenses	4,917
<b>Total operating expenses</b>	<u>5,069,299</u>
<b>Operating loss</b>	(3,683,494)
<b>Non-operating income (expense)</b>	
Interest income	3,055,731
Gain on sale of property and equipment	75,375
Loss on disposal of property and equipment	(69,891)
Other income	8,617
Charitable contribution	(5,000)
<b>Total non-operating income</b>	<u>3,064,832</u>
<b>Total costs and expenses</b>	<u>7,468,342</u>
<b>Net income before provision for income taxes</b>	<u>(618,662)</u>
Provision for income taxes	183,960
<b>Net income</b>	<u>\$ (802,622)</u>





Important Disclosures:

Consensus Mining & Seigniorage Corporation (“CMSC”) is an operating business and is not a registered investment adviser or broker-dealer. CMSC does not provide investment, legal, or tax advice. Certain information set forth in this letter may contain “forward-looking information.” Forward-looking statements are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect to the future, so that they may use such beliefs and opinions as one factor in evaluating an investment.

These statements are not guarantees of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance of result expressed or implied by such forward-looking statements. CMSC undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change.

Cryptocurrencies in general—including the mining of cryptocurrencies—represents a relatively new industry, and therefore carries special and substantial risks. Investors should appreciate the risks associated with holding and mining cryptocurrencies before investing in such companies.

All material presented is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. Opinions stated herein may change at any time without notice, and past results are not a guarantee of future results. Under no circumstances does the information contained herein represent a recommendation to buy, hold, or sell any security.

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