Cathedra Bitcoin Provides Updates on Operations and Merger with Kungsleden

Toronto, Ontario--(Newsfile Corp. - June 4, 2024) - (Block Height: 846,418) - Cathedra Bitcoin Inc. (TSXV: CBIT) (OTC Pink: CBTTF) ("**Cathedra**" or the "**Company**"), a diversified bitcoin mining company, is pleased to announce the following updates on its bitcoin mining operations and the proposed merger with Kungsleden, Inc. (the "**Transaction**"), a developer and operator of alternative high-density compute infrastructure.

Cathedra Operations Update

The fourth Bitcoin halving event occurred on April 19, 2024 (the "**Halving**"), reducing the new bitcoin issuance rate by 50% to 3.125 bitcoin per block. In response to the reduction in mining revenue, the Company resumed underclocking certain of its machines, as previously announced in a press release on May 30, 2024. In the last week, the Company completed its underclocking adjustments, further reducing power draw and hash rate to improve its fleet efficiency and cash flow. These changes are a continuation of the Company's strategy of using its aftermarket firmware, CathedraOS, to adjust machine settings and maximize cash flow based on prevailing mining conditions. Following these adjustments, the Company's fleetwide active hash rate has reduced to 355 PH/s, while fleetwide efficiency has improved to 26 J/TH from 29 J/TH prior to the Halving, reducing the Company's breakeven hash price to less than US$42/PH/s/day.

"The decline in mining revenue since the Halving illustrates why we are so excited about our proposed merger with Kungsleden," remarked AJ Scalia, CEO of Cathedra. "Kungsleden earns fixed-margin revenue by providing hosting services to high-quality bitcoin mining tenants who run some of the most efficient hardware on the market, which we believe provides a comparatively stable, predictable business model with lower risk. We are also actively exploring other end-markets for high-density compute using Kungsleden's unique capabilities, such as artificial intelligence."

Kungsleden Merger Update

On March 6, 2024, the Company entered into a binding share exchange agreement (the "**Share Exchange Agreement**") with Kungsleden, Inc. ("**Kungsleden**") and Kungsleden's shareholders (the "**Vendors**", and together with the Company and Kungsleden, the "**Parties**") with respect to the Transaction. The Transaction is currently under review by the TSX Venture Exchange (the "**TSX-V**"); the Parties continue to work with the TSX-V to address their comments and expect to receive conditional approval from the TSX-V before the end of the second quarter.

Upon the receipt of conditional approval from the TSX-V, the Company will file a management information circular under its issuer profile on SEDAR+ at www.sedarplus.ca which will contain details on the Transaction and the date and time of the Company's shareholder meeting (the "**Shareholder Meeting**") whereby shareholders may vote to approve the Transaction. The Company expects the Shareholder Meeting to be held in the beginning of the third quarter, and upon approval by shareholders, for the Transaction to close promptly thereafter. The Transaction remains subject to the satisfaction of certain conditions, including the shareholder approval and the approval of the TSX-V.

The mandatory trading halt placed on the Company's shares by the TSX-V continues due to the pending Transaction. Trading in the Company's shares is expected to resume on the TSX-V upon closing of the Transaction, which is expected to be around the beginning of the third quarter.

"In the time since we announced the proposed merger with Kungsleden, our conviction in the strategic importance of the deal has only grown," remarked Drew Armstrong, President and COO of Cathedra. "The world is waking up to the importance of data centers with reliable, low-cost power, for bitcoin mining as well as other forms of compute. After closing this merger with Kungsleden, Cathedra shareholders will be well-positioned to benefit from this accelerating trend, as we bring in-house the ability to quickly develop rack space at competitive cost. We appreciate the patience of our shareholders as we complete the necessary legal and regulatory processes. We remain excited for the future of the Company."

Kungsleden Operations Update

In recent months, the first 10 MW of hosting capacity was activated at Kungsleden's 60-MW North Dakota data center development (of which Kungsleden owns 25%, which will amount to 15 MW). Construction of the remaining 50 MW continues and is expected to be completed in the next month. The full 60 MW of hosting capacity has been contracted to a large bitcoin mining counterparty at an average rate of US$74.17 per MWh for an initial one-year term. The tenant intends to deploy a mix of Bitmain S19 XP and S21 machines which would generate a weighted average revenue of US$127 per MWh (assuming hash price of US$55/PH/s/day), implying a breakeven hash price of US$32/PH/s/day.

To Kungsleden's knowledge, all bitcoin mining tenants at Kungsleden's existing three data center facilities continue to mine profitably despite all-time low hash price conditions following the Halving.

About Cathedra Bitcoin

Cathedra Bitcoin Inc. (TSXV: CBIT) (OTCQB: CBTTF) is a Bitcoin company that believes sound money and abundant energy are the keys to human flourishing. The Company has diversified bitcoin mining operations which produce 355 PH/s across two states and four locations in the United States. The Company is focused on managing and expanding its portfolio of hash rate through a diversified approach to site selection and operations, utilizing multiple energy sources across various jurisdictions.

For more information about Cathedra, visit cathedra.com or follow Company news on Twitter at [@CathedraBitcoin]() or on Telegram at [@CathedraBitcoin]().

Media and Investor Relations Inquiries

Please contact:

Ilnar Kamaletdinov
Chief Financial Officer
ir@cathedra.com

Cautionary Statement

Trading in the securities of the Company should be considered highly speculative. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities laws that are based on expectations, estimates and projections as at the date of this news release. The information in this release about future plans and objectives of the Company, are forward-looking information. Other forward-looking information includes but is not limited to information concerning: the receipt of approval of the TSXV and the timing thereof, the filing of the Company's management information circular on SEDAR+ and the content and timing thereof, the timing of the Shareholder Meeting, the closing of the Transaction and the timing thereof, the expectation that construction on Kungsleden's 60 MW data center will be completed in the next *month, the expectation that after closing of the Transaction Cathedra shareholders will be well-positioned to benefit from the accelerating trend of the importance of data centers with reliable, low-cost power, as we bring in house the ability to quickly develop rack space at competitive cost, the intentions and future actions of senior management, the intentions, plans and future actions of the Company, as well as the Company's ability to successfully mine digital currency; revenue increasing as currently anticipated; the ability to profitably liquidate current and future digital currency inventory; volatility of network difficulty and, digital currency prices and the resulting significant negative impact on the Company's operations; the construction and operation of expanded blockchain infrastructure as currently planned; and the regulatory environment of cryptocurrency in applicable jurisdictions.*

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking information and are intended to identify forward-looking information.

This forward-looking information is based on reasonable assumptions and estimates of management of the Company at the time it was made, and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. The Company has also assumed that no significant events occur outside of the Company's normal course of business. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to revise or update any forward-looking information other than as required by law.

Cathedra