As filed with the United States Securities and Exchange Commission on August 13, 2021.

Registration No. 333-_____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

APPLIED BLOCKCHAIN, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada	**7370**	**95-4863690**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

3811 Turtle Creek Blvd., Suite 2100,
Dallas, TX 75219
214-427-1704
(Address, including zip code, and telephone number, including area code, of principal executive offices)

Copies to:

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Approximate date of proposed sale to public: As soon as practicable on or after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934 (the "Exchange Act"). (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Securities being Registered	Amount of Securities to be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common stock, par value $0.001 per share (2)	205,863,636	$ 1.39	$ 286,150,455	$ 31,219.01

(1) Estimated solely for the purpose of calculating the registration fee for this offering pursuant to Rule 457(c) under the Securities Act of 1933, as amended (the "Securities Act"), using the average of the high and low sale prices on August 6, 2021 of $1.43 as reported on the OTC Markets Group Inc.'s Pink marketplace (the "OTC Pink").
(2) Pursuant to Rule 416, the securities being registered hereunder include such indeterminate number of additional securities as may be issuable to prevent dilution resulting from stock splits, stock dividends or similar transactions.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. The securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION, DATED AUGUST 13, 2021

APPLIED BLOCKCHAIN

205,863,636 Shares of Common Stock

The selling stockholders named in this prospectus, or the Selling Stockholders, may offer and sell from time to time up to 205,863,636 shares of our common stock, par value $0.001 per share (the "Registered Shares"), consisting of:

- up to 132,000,000 shares of common stock issuable upon automatic conversion when the registration statement of which this prospectus forms a part is declared effective by the Securities Exchange Commission (the "SEC" or the "Commission"), of 660,000 shares of our Series C Convertible Redeemable Preferred Stock issued in a private placement pursuant to subscription agreements entered into on April 15, 2021; and

- up to 73,863,636 shares of common stock issuable upon automatic conversion when the registration statement of which this prospectus forms a part is declared effective by the SEC of 1,300,000 shares of our Series D Convertible Redeemable Preferred Stock issued in a private placement pursuant to subscription agreements entered into on July 30, 2021.

The Selling Stockholders may offer, sell or distribute all or a portion of the Registered Shares publicly or through private transactions at prevailing market prices or at negotiated prices. We will not receive any of the proceeds from such sales of the Registered Shares. We will bear all costs, expenses and fees in connection with the registration of these Registered Shares, including with regard to compliance with state securities or "blue sky" laws. The Selling Stockholders will bear all commissions and discounts, if any, attributable to their sale of shares of common stock or warrants. See "Plan of Distribution" beginning on page 67 of this prospectus.

Our common stock currently trades on the Pink Market operated by OTC Market Group Inc. ("OTC Pink") under the symbol "APLD." On August 9, 2021, the last reported sale price of our common stock on the OTC Pink was $1.51 per share. Quotes of stock trading prices on any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

The public offering price per share of common stock will be determined by the Selling Stockholders and may be at a discount to the then current market price. Therefore, the recent market price used throughout this preliminary prospectus may not be indicative of the final offering price.

We intend to apply to list our common stock on the NYSE American under the symbol "APLD." We cannot guarantee that we will be successful in listing our common stock on the NYSE American.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 9 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2021

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You should rely only on information contained in this prospectus filed with the Securities and Exchange Commissions, or the SEC. Neither the delivery of this prospectus nor the sale of our securities means that the information contained in this prospectus is correct after the date of this prospectus.

This prospectus is not an offer to sell or the solicitation of an offer to buy our securities in any circumstances under which the offer or solicitation is unlawful or in any state or other jurisdiction where the offer is not permitted. The information contained in this prospectus is accurate only as of its date regardless of the time of delivery of this prospectus or of any sale of common stock.

No person is authorized in connection with this prospectus to give any information or to make any representations about us, the securities offered hereby or any matter discussed in this prospectus, other than the information and representations contained in this prospectus. If any other information or representation is given or made, such information or representation may not be relied upon as having been authorized by us.

For investors outside of the United States: Neither we nor any of the registered stockholders have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of common stock and the distribution of this prospectus outside of the United States.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-1 that we filed with the SEC using the "shelf" registration process. Under this shelf registration process, the Selling Stockholders may, from time to time, sell the Registered Shares offered by them described in this prospectus. We will not receive any proceeds from the sale by such Selling Stockholders of the Registered Shares offered by them described in this prospectus.

Neither we nor the Selling Stockholders have authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus or any applicable prospectus supplement or any free writing prospectuses prepared by or on behalf of us or to which we have referred you. Neither we nor the Selling Stockholders take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the Selling Stockholders will make an offer to sell these Registered Shares in any jurisdiction where the offer or sale is not permitted.

We may also provide a prospectus supplement or post-effective amendment to the registration statement to add information to, or update or change information contained in, this prospectus. You should read both this prospectus and any applicable prospectus supplement or post-effective amendment to the registration statement together with the additional information to which we refer you in the sections of this prospectus entitled "Where You Can Find More Information."

Unless the context indicates otherwise, references in this prospectus to the "Company," "APLD," "we," "us," "our" and similar terms refer to Applied Blockchain, Inc. and its consolidated subsidiaries.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations, market position, market opportunity, and market size, is based on information from various third-party industry and research sources, as well as assumptions that we have made that are based on those data and other similar sources, and on our knowledge of the markets for our products and services. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the market position, market opportunity, and market size information included in this prospectus is generally reliable, information of this sort is inherently imprecise. In addition, projections, assumptions, and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors" and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

This prospectus contains statistical data, estimates, and forecasts that are based on industry publications or reports generated by third-party providers, or other publicly available information, as well as other information based on internal estimates.

GLOSSARY FOR CRYPTOASSETS

Throughout this prospectus, we use a number of industry terms and concepts which are defined as follows:

- **Altcoin:** Cryptocurrencies other than Bitcoin. They share some characteristics with Bitcoin but are also different in order to appeal to a wide variety of users.
- **Bitcoin:** Bitcoin is a decentralized digital currency, without a central bank or single administrator, that can be sent from user to user on the peer-to-peer bitcoin network without the need for intermediaries.
- **Block**: Synonymous with digital pages in a ledger. Blocks are added to an existing blockchain as transactions occur on the network. Miners are rewarded for "mining" a new block with ETH on the Ethereum platform.

- **Blockchain**: A cryptographically secure digital ledger that maintains a record of all transactions that occur on the network and follows a consensus protocol for confirming new blocks to be added to the blockchain.

- **Crypto**: A broad term for any cryptography-based market, system, application, or decentralized network.

- **Cryptoasset**: Any digital asset built using blockchain technology, including cryptocurrencies, stablecoins, and security tokens.

- **Cryptoeconomy**: A new open financial system built upon crypto.

- **DeFi**: Short for Decentralized Finance. Peer-to-peer software-based network of protocols that can be used to facilitate traditional financial services like borrowing, lending, trading derivatives, insurance, and more through smart contracts.

- **Ethereum**: An open software platform based on blockchain technology that enables anyone to build and deploy decentralized applications.

- **Ether or ETH**: The cryptoasset of the Ethereum (a way to pay for the processing power required to run the network and used by users on the Ethereum platform to pay fees).

- **Hash rate:** The hash rate is the measuring unit of the processing power of a blockchain network (1 Mhash/s indicates 1 million hash calculations are done every second).

- **Hosting**: A service that includes a facility powering, housing, and maintaining mining equipment.

- **GPU**: A graphic processing unit which can process many pieces of data simultaneously.

- **Miner**: Individuals or entities who operate a computer or group of computers that add new transactions to Blocks, and verify Blocks created by other miners. Miners collect transaction fees and are rewarded with new tokens for their services.

- **Mining**: The process by which new blocks are created, and thus new transactions are added to the blockchain.

- **Wallet**: A place to store public and private keys for cryptoassets. Wallets are typically software, hardware, or paper-based.

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should carefully read this prospectus in its entirety before investing in our common stock, including the sections titled "Risk Factors," "Special Note Regarding Forward-Looking Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and the accompanying notes, provided elsewhere in this prospectus. Some of the statements in this prospectus constitute forward-looking statements. See the section titled "Special Note Regarding Forward-Looking Statements." Unless the context otherwise requires, the terms "Applied Blockchain," "the company," "we," "us," and "our" in this prospectus refer to Applied Blockchain, Inc. [and our consolidated subsidiaries.

Our Business

We are a participant in the dynamic Cryptoeconomy, actively mining cryptoassets and developing hosting services offered to other cryptoasset (crypto) miners. We are positioning ourself to play an active role in increasing acceptance of cryptoassets, recognizing cryptoassets as a currency and store of value. While crypto itself is not new, demand for it in the recent years has led to many financial institutions giving clients exposure through various investment vehicles, retail investors allocating portions of their portfolios to crypto, merchants accepting crypto as a form of payment, crypto ATM machines becoming more readily available around the world, and at least one government approving Bitcoin as legal tender requiring merchants to be able to accept Bitcoin as well as other forms of currency. As the Cryptoeconomy expands, we are positioning ourselves to support the growth via our multi-pronged strategy, which consists of:

- Mining Ethereum, Bitcoin and other Cryptoassets: gives us the ability to deploy resources toward Ethereum and Bitcoin, while opportunistically mining other Altcoins.

- Scaling Hosting Operations: leveraging partnerships to support scalable, low-cost mining solutions to support crypto and blockchain infrastructure.

- Expansion of Mining Hardware and Related Infrastructure: rapidly deploying capital to expand mining operations.

- Proprietary Quantitative Models: allow us to calculate mining returns in real-time and adjust mining hash power as needed. We believe that the models developed with our strategic partners allow us to deploy our hardware to mine the cryptocurrencies that will drive high returns on investment.

- ***Strategic Crypto Asset Management:*** allows us to utilize trading strategies to maximize asset value and hedge against downside risk.

- ***Fleet Management***: opportunistic trading of mining equipment in secondary markets to locate inefficient hardware and replace it with more efficient hardware.

Mining Operation

Our mission is to quickly scale a large mining operation focused primarily on mining Bitcoin, Ethereum (Ether) and other cryptoassets. With a specialized algorithm provided by strategic partners, we are able to mine the most profitable cryptoassets in the market and adjust in real-time if needed when more financially lucrative opportunities arise. With the first deployment of GPUs initially set to become operational in China during the summer of

2021, we pivoted operations due to the uncertain regulatory climate in China surrounding cryptoasset mining operations. Shortly after making the decision to move the mining hardware to a mining facility in North America, China began the crackdown on mining facilities in locations across the country. These events pushed us to explore other co-hosting locations. By July 2021, we had entered into a co-hosting agreement with Coinmint LLC, had our initial order of mining equipment delivered and installed at Coinmint's co-hosting facility and began our mining operations. We also determined that constructing our own hosting co-hosting facilities would enable us to generate a stable cash flow stream through long-term hosting agreements, lower the cost of power for our own mining operations and eliminate risks to us of relying on a third party host. We have ordered additional mining equipment, which we expect to be delivered and installed at our first co-hosting facility once built in the fourth quarter of calendar year 2021. We do not plan to utilize third-party co-hosting facilities for our equipment other than what is currently hosted by Coinmint.

Hosting Operation

Our mission includes building co-hosting facilities in which our customers will lease space and access to electricity and in which we will also install our own crypto mining equipment providing us with fees from customers and less expensive access to power to run our crypto mining business. We have expect to enter into a lease for property on which we will build our first co-hosting facility. We have also entered into an Energy Services Agreement with respect to 100 megawatts to be used by us and our co-hosting customers. We have also entered into agreements with 2 customers which will account for greater than 50% of the available energy under the Energy Services Agreement. Working with expert advisors in the fields of power, crypto mining operations, procurement, and construction, we have designed a plan for a prefabricated facility and organization within the facility that can be delivered and installed quickly and maximize performance and efficiency of the facility and the our and our customers' crypto mining equipment. We expect delivery and installation of our first co-hosting facility to be completed in the fourth quarter of calendar year 2021. With low-cost energy powering our co-hosting facilities, our customers can expect an agile and cost competitive crypto mining solution. We have identified at least two additional sites for additional facilities and several potential customers to fill our first facility and beyond. We are negotiating leases and/or purchases of such property, energy agreements to support such facilities and agreements with potential additional co-hosting customers.

Our Competitive Strengths

Premier strategic partnerships with leading industry participants. We believe that our partnerships with SparkPool and GMR provide the us with a significant competitive advantage. SparkPool operates one of the largest Ethereum mining pools in the world, and is one of the leading software developers for mining software globally. SparkPool provides mining software, hardware selection, analytics, and purchasing power. SparkPool also assists us in engineering and designing our sites. GMR has deep crypto mining experience, in particular with Ether and Bitcoin. GMR provides the proprietary algorithms to optimize mining activities in real-time. Under the terms of our agreement with GMR, we receive mining asset selection, asset management, trading, and hedging services. GMR has also been a proponent of our hosting strategy, having signed a contract for 100MW of power as part of our hosting operation under development. Bitmain, our newest partner, provides us with preferred access to miners as well as leads for potential hosting customers. SparkPool, GMR, and Bitmain are each strategic equity investors in our company.

Access to low-cost power with long-term services agreement. One of the main benefits of our Electric Service Agreement is the low cost of power for mining, which allows us to focus on our core mining competency as opposed to operating power generation assets. Even prior to the crypto mining restrictions in China, power capacity available for Bitcoin mining was scarce, especially at scalable sites with over 100MW+ of potential capacity. This scarcity of mining power allows us to realize attractive hosting rates in the current market, in particular given our ability to provide long-term (5-year) hosting contracts. For the first 100MW buildout, we secured 5-year power from a utility that pre-filled the 100MW of planned capacity before breaking ground.

Access to miners during shortage of mining equipment. Independent of our Bitmain partnership, we secured an order for Nvidia GPUs from a third-party. The new Bitmain partnership has only reinforced our access to miners, as evident by the Bitmain order for 200PH of rigs due late in calendar year 2021. As we continue to scale, we expect to leverage our strategic partnerships in order to ensure that we receive timely access to the highest quality equipment.

Hosting provides predictable, sticky revenue and cash flow to complement more volatile mining operations. The financial performance of mining operations is linked to the value of the underlying cryptocurrencies mined, which can result in volatility in financial results. However, through the recently executed Electric Service Agreement with a utility in the upper Midwest, we have locked in a ceiling for our energy costs. The Electric Service Agreement has also enabled us to launch our hosting business with long-term customer contracts. We intend for the steady cash flows generated by our hosting operations to be reinvested into the hosting business or re-deployed into our mining business in order to opportunistically mine the most profitable crypto currencies.

Strong management team and board of advisors with deep experience in crypto mining and hosting operations. We have recently expanded our leadership team by attracting top talent in the crypto mining and hosting space. Recent hires from both publicly traded and private company competitors have allowed us to build a team capable of designing hosting data centers, constructing hosting facilities, and efficiently running mining operations at scale. In addition, our board of advisors includes luminaries in the crypto space, including the co-founders of SparkPool and GMR.

Our Growth Strategies

Acquire mining equipment and build scale in our mining operations. Leveraging our strategic partners and their industry relationships, we intend to source and receive mining equipment to scale our operation as quickly as possible. Our diversified mining strategy allows us to opportunistically deploy capital into mining hardware that will provide the highest return on investment, including through mining Ethereum, Bitcoin, and many other alternative coins. Our partnership with Bitmain also provides us with access to high quality and efficient mining equipment from the leading manufacturer of crypto hardware in the world. Furthermore, we have added the leadership team to expand our mining operations through strategic hiring. We believe that we are positioned to benefit from our experienced team as well as our strategic relationships to accelerate the buildout of our mining operations and to optimize any hardware we deploy.

Leverage partners to grow hosting operations while minimizing risk. Our strategic partners GMR and Bitmain have entered into hosting contracts with us that will utilize the available capacity from our first planned 100MW hosting site, enabling us to pre-fill our initial site before breaking ground. Beyond their own use of our hosting capabilities, our partners have strong relationships across the cryptocurrency ecosystem, and we believe that we will be able to leverage their networks to identify leads for our expansion of hosting operations. In fact, we believe that we have sufficient demand to fill our planned hosting expansion to approximately 500MW, which should minimize the risk of accelerating expansion.

Secure scalable power sites in areas favorable for crypto mining. We have developed a pipeline of potential power sources. We are currently developing our first hosting site in the Midwest, and we have visibility into two additional sites in the Midwest as well as solar and wind assets in Texas. Through our build-out of our first Midwest facility and the prior experience our leadership team brings to our initiatives, we believe that we have developed a repeatable power strategy to significantly scale our operations. In addition, we are currently focused on and will continue to target states that have favorable laws and regulations for the crypto mining industry, which we believe further de-risks the scaling of our operations.

Vertically integrate power assets. With recent additions to our management team, we are increasingly looking at various types of power assets to support the growth of our mining and hosting operations. This also includes power generation assets, which longer-term could be used to reduce our cost of power. Our management team has experience in not only in evaluating and acquiring power assets, but also in the conversion of power assets to crypto mining/hosting operations and the construction of data centers with the specific purpose of mining crypto currency assets.

Expand into other cryptocurrency assets. In addition to mining different types of cryptocurrencies, we see great potential value in the ecosystems developing around Ethereum. Decentralized finance (DeFi) allows for a 24 hour marketplace, and consists of financial products or services that operate on the blockchain. Ethereum is one of the most widely used blockchains for DeFi applications. DeFi apps are disruptive, as they challenge the traditional financial system comprised of banks and exchanges. Additionally, new asset classes such as Non-fungible tokens (NFTs) have increasingly gained acceptance. An NFT allows for representation of something unique as an Ethereum-based asset. In the first three months of 2021, NFT sales were over $2 billion, with volumes up approximately 20x compared to the $93 million in sales during the final three months of 2020 according to reporting by CNBC.

To be providedCitation for NFT volume: https://www.cnbc.com/2021/04/13/nft-sales-top-2-billion-in-first-quarter-with-interest-from-newcomers.html

Our Company History

Applied Blockchain, Inc. was incorporated in Nevada in May 2001 under the name of Reel Staff, Inc. to provide staffing services to film, video and television production companies. In September 2002, in connection with a share exchange with the stockholders of Flight Safety Technologies, Inc. (“FSTO”) and merger with FSTO, we changed our name to Flight Safety Technologies, Inc. On October 23, 2009, we filed a certificate of amendment to our articles of incorporation with the Secretary of State of the State of Nevada to change our name to Applied Science Products, Inc. ceased operations in 2014. As a result of having no business or revenues from 2015 through May 2021, we are currently deemed a shell company.

In December 2020, we began investigating opportunities to acquire, or otherwise build, an operating business. We determined to build a business focused on cryptoassets, and specifically participate in Ethereum (Ether) mining. On March 19, 2021, we entered into the Services Agreement with GMR Limited, a British Virgin Islands limited liability company (“GMR”), Xsquared Holding Limited, a British Virgin Islands limited liability company (“SparkPool”) and Valuefinder, a British Virgin Islands limited liability company (“Valuefinder” and, together with GMR and Sparkpool, each a “Service Provider” and collectively, the “Service Providers”). Pursuant to the Services Agreement, we engaged the Service Providers to provide cryptoasset mining management and analysis and to secure equipment to be purchased by us as consideration for 44,640,889 shares of common stock to be issued to GMR and SparkPool or their designees and 18,938,559 shares of common stock to be issued to Valuefinder or its designee, in each case upon the occurrence of certain events. On March 25, 2021, we filed a certificate of amendment to our Second Amended and Restated Articles of Incorporation (as amended from time to time, our “Articles”) with the Secretary of State of the State of Nevada to change our name to Applied Blockchain, Inc. By July 2021, we had purchased crypto mining equipment, taken delivery of such equipment, installed such equipment at a cohosting location and began mining and generating revenue. In July 2021, we added a strategic partner, Bitmain Technologies Limited (“Bitmain”), a producer of products for blockchain and artificial intelligence (AI) applications, to assist in the operation and development of our mining and co-hosting business as well as the identification of other strategic business initiatives.

Summary Risk Factors

An investment in our common stock involves a high degree of risk and uncertainty.You should carefully consider the risks summarized below and the other risks that are discussed more fully in the “Risk Factors” section of this prospectus immediately following this prospectus summary. These risks include, but are not limited to, the following:

- We have little operating history in the crypto mining and co-hosting business with limited sources of revenue and may be unable to increase our revenue from operations or raise additional capital needed to grow our business or become profitable.
- Our business plan is dependent on the price of Bitcoin, Ether and other cryptoassets which has, and could continue to fluctuate wildly.
- If we fail to manage our growth, our business, financial conditional and results of operations could be harmed.
- We are dependent on third-party brokers to source our mining equipment. Failure to properly manage these relationships or failure of the brokers to perform as expected could have a material adverse effect on our business, prospects or operations.
- We and our co-hosting customers are subject to a highly-evolving regulatory landscape and any adverse changes to, or our failure to comply with, any laws or regulations could adversely affect our business, prospects or operations, including potential illegality now, or in the future, of acquiring, owning, holding, selling or using Bitcoin, Ether or other cryptoassets, participating in blockchains or utilize similar cryptoassets in one or more countries, the ruling of which would adversely affect us.
- Governmental actions may have a materially adverse effect on the cryptoasset mining industry as a whole, which would have an adverse effect on our business and results of operations.
- Cryptoassets’ status as a “security,” a “commodity” or a “financial instrument” in any relevant jurisdiction is subject to a high degree of uncertainty and if we or our co-hosting customers are unable to properly characterize a cryptoasset, we or they may be subject to regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect our business, operating results, and financial condition.
- Our business is dependent on technology, access to the internet and electricity which may not be available on commercially reasonable terms, if at all. Broad disruption of the internet could also adversely affect the prices of Bitcoin, Ether or other cryptoassets.

- Banks and financial institutions vary in the services they provide to businesses that engage in cryptoasset-related activities or that accept cryptoasset as payment.
- There is a lack of liquid markets for cryptoassets and banks and other services providers may stop providing services to entities involved in cryptoasset mining and such markets could be manipulated.
- Acceptance and/or widespread use of Bitcoin, Ether and other cryptoassets is uncertain.

- Cryptoassets may have concentrated ownership and large sales or distributions by holders of such cryptoassets could have an adverse effect on the market price of such cryptoasset.
- Competition from other methods of investing in Bitcoin, Ether and other cryptoassets or the development of competing blockchain platforms or technologies may adversely affect our operations, investment strategies and profitability.
- We may not adequately respond to rapidly changing technology or methods of, rules of, or access to, platforms which may negatively affect our business. Rapidly changing technology or platform methods, rules and access may render our crypto mining and related equipment and facilities obsolete, unprofitable or unusable.
- Our reliance on a third-party mining pool service provider for our mining revenue payouts may have a negative impact on our operations such as a result of cyber-attacks against the mining pool operator and/or our limited recourse against the mining pool operator with respect to rewards paid to us.
- The characteristics of cryptoassets have been, and may in the future continue to be, exploited to facilitate illegal activity such as fraud, money laundering, tax evasion and ransomware scams; if any of our co-hosting customers do so or are alleged to have done so, it could adversely affect us.
- The open source structure of the Bitcoin and Ethereum network protocols and structure of the platforms are open to manipulation, hacking, decreases in transaction fees. Circumstances may that do not provide an adequate incentive to continue mining or co-hosting and we may cease mining operations and/or co-hosting facility operations, which will likely lead to our failure to achieve profitability.
- The loss or destruction of private keys required to access any cryptoassets held in custody for our own account may be irreversible. If we are unable to access our private keys or if we experience a hack or other data loss relating to our ability to access any cryptoassets, it could cause regulatory scrutiny, reputational harm, and other losses.
- Cryptoassets and Bitcoin and Ether platforms are susceptible to malicious actors, botnets, and cybersecurity threats, including those maintained by or for us, may be exposed to cybersecurity threats and hacks and our cryptoassets may be subject to damage, theft or restriction on access.
- The limited rights of legal recourse against us, and our lack of insurance protection expose us and our stockholders to the risk of loss of our cryptoassets for which no person is liable.
- We may not be able to realize the benefits of forks.
- COVID-19 or any pandemic, epidemic or infectious disease outbreak in the United States or elsewhere, may adversely affect our business.
- The price of our common stock may have little or no relationship to the historical bid prices of our common stock on the OTC Pink.
- We will incur increased costs as a result of closing this offering and later becoming a public reporting company.
- You may experience dilution of your ownership interest because of the future issuance of additional equity in our company.
- We are a shell company and as such stockholders cannot rely on the provisions of Rule 144 for the resale of their shares until certain conditions are met.

- Provisions in Articles, our amended and restated bylaws (as amended from time to time, the “Bylaws”), and Nevada law may discourage a takeover attempt even if a takeover might be beneficial to our stockholders.
- Cryptoassets face significant scaling obstacles that can lead to high fees or slow transaction settlement times.

Our Corporate Information

Our executive office is located at 3811 Turtle Creek Blvd., Suite 2100, Dallas, Texas 75219, and our phone number is (214) 427-1704. Our principal website address is www.appliedblockchaininc.com. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Implications of Being a Smaller Reporting Company

We are a "smaller reporting company" as defined in the Exchange Act. We may take advantage of certain of the scaled disclosures available to smaller reporting companies so long as the market value of our voting and non-voting common stock held by non-affiliates is less than $250.0 million measured on the last business day of our second fiscal quarter, or our annual revenue is less than $100.0 million during the most recently completed fiscal year and the market value of our common stock held by non-affiliates is less than $700.0 million measured on the last business day of our second fiscal quarter.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, before making a decision to invest in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we currently believe are immaterial may also become important factors that adversely affect our business. If any of the following risks occur, our business, operating results, financial condition and future prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment. Some statements in this prospectus, including such statements in the following risk factors, constitute forward-looking statements. See the section entitled "Special Note Regarding Forward-Looking Statements."

Risks Related to Our Business

We are at an early stage of development of our cryptoasset mining and hosting business and currently have limited sources of revenue and may never become profitable.

Until 2021, we had no operations since 2014. Although we began generating revenue in 2021 from our cryptoasset mining activities, we are subject to the risks and uncertainties of a new business, including the risk that we may never develop, complete development or market any of our proposed services or be able to liquidate our cryptoassets. Accordingly, we have only a limited history upon which an evaluation of our prospects and future performance can be made. If we are unable to increase our generation of revenue, we will not become profitable, and we may be unable to continue our operations. Furthermore, our proposed operations are subject to all business risks associated with new enterprises. The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry, and the continued development of advertising, promotions and a corresponding customer base. There can be no assurances that we will operate profitably.

We have a business plan which is dependent on the price of Bitcoin, Ether and/or other cryptoassets. A decline in the price of Bitcoin, Ether and/or other cryptoassets could result in significant losses to us and our co-hosting customers.

In June 2021, we acquired equipment and began operating our own cryptoasset mining equipment to generate cryptoassets to exchange for U.S. Dollars. Our current strategy will continue to expose us to the numerous risks and volatility associated within this sector. Although, based on the current trend in cryptoasset mining, we do not expect to incur losses from our crypto mining operations for the near-term, if the price of cryptoassets declines, we could incur future losses and these losses could be significant as we incur costs and expenses associated with investments and potential future acquisitions, as well as legal and administrative related expenses. Our co-hosting customers could also experience significant losses if the price of cryptoassets declines. If our co-hosting customers' losses are significant enough, they may be unable to continue to pay our fees and we experience a decline in revenue from our co-hosting operations. We intend to closely monitor our cash balances, cash needs and expense levels. Our mining operations are costly, require substantial investment prior to generation of any revenue and our expenses are likely to increase in the future. This expense increase may not be offset by a corresponding increase in revenue. Our expenses may be greater than we anticipate, and our investments to make our business more efficient may not succeed and may outpace monetization efforts. Increases in our costs without a corresponding increase in our revenue would increase our losses and could seriously harm our business and financial performance.

We are subject to a highly-evolving regulatory landscape and any adverse changes to, or our failure to comply with, any laws or regulations could adversely affect our business, prospects or operations.

Our business is subject to extensive laws, rules, regulations, policies and legal and regulatory guidance, including those governing securities, commodities, cryptoasset custody, exchange and transfer, data governance, data protection, cybersecurity and tax. Many of these legal and regulatory regimes were adopted prior to the advent of the Internet, mobile technologies, cryptoassets and related technologies. As a result, they do not contemplate or address unique issues associated with the crypto economy, are subject to significant uncertainty, and vary widely across U.S. federal, state and local and international jurisdictions. These legal and regulatory regimes, including the laws, rules and regulations thereunder, evolve frequently and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another. Moreover, the complexity and evolving nature of our business and the significant uncertainty surrounding the regulation of the crypto economy requires us to exercise our judgement as to whether certain laws, rules and regulations apply to us, and it is possible that governmental bodies and regulators may disagree with our conclusions. To the extent we have not complied with such laws, rules and regulations, we could be subject to significant fines and other regulatory consequences, which could adversely affect our business, prospects or operations. As cryptoasset has grown in popularity and in market size, the Federal Reserve Board, U.S. Congress and certain U.S. agencies (e.g., the Commodity Futures Trading Commission, the SEC, the Financial Crimes Enforcement Network and the Federal Bureau of Investigation) have begun to examine the operations of cryptoasset networks, cryptoasset users and cryptoasset exchange markets.

Ongoing and future regulatory actions could effectively prevent our ongoing or planned crypto mining and co-hosting operations, limiting or preventing future revenue generation by us and rendering our operations and crypto mining equipment obsolete. Such actions could severely impact our ability to continue to operate and our ability to continue as a going concern or to pursue our strategy at all, which would have a material adverse effect on our business, prospects or operations.

If we fail to effectively manage our growth, our business, financial condition and results of operations could be harmed.

We are a development stage company with a small management team and are subject to the strains of ongoing development and growth, which will place significant demands on our management and our operational and financial infrastructure. Although we may not grow as we expect, if we fail to manage our growth effectively or to develop and expand our managerial, operational and financial resources and systems, our business and financial results would be materially harmed.

We may not be able to manage growth effectively, which could damage our reputation, limit our growth and negatively affect our operating results. Further, we cannot provide any assurance that we will successfully identify emerging trends and growth opportunities in this business sector and we may lose out on opportunities. Such circumstances could have a material adverse effect on our business, prospects or operations.

We have an evolving business model which is subject to various uncertainties.

We are building a cryptoasset mining operation. As cryptoassets and blockchain technologies become more widely available, we expect the services and products associated with them to evolve. Future regulations may require us to change our business in order to comply fully with federal and state laws regulating cryptoasset (including Ethereum and Bitcoin) mining. In order to stay current with the industry, our business model may need to evolve as well. From time to time, we may modify aspects of our business model relating to our strategy. We cannot offer any assurance that these or any other modifications will be successful or will not result in harm to our business.

We may be unable to raise additional capital needed to grow our business.

We may operate at a loss as we continue to establish our business model, or if Bitcoin, Ether and other cryptoasset prices decline. In addition, we expect to need to raise substantial additional capital to expand our operations, pursue our growth strategies and to respond to competitive pressures or unanticipated working capital requirements. We may not be able to obtain additional debt or equity financing on favorable terms, if at all, which could impair our growth and adversely affect our existing operations. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests, and the per share value of our common stock could decline. Furthermore, if we engage in additional debt financing, the holders of debt likely would have priority over the holders of common stock on order of payment preference. We may be required to accept terms that restrict our ability to incur additional indebtedness, take other actions including terms that require us to maintain specified liquidity or other ratios that could otherwise not be in the interests of our stockholders.

The loss of any of our management team, our inability to execute an effective succession plan, or our inability to attract and retain qualified personnel, could adversely affect our business.

Our success and future growth will depend to a significant degree on the skills and services of our management team. We will need to continue to grow our management team in order to alleviate pressure on our existing team and in order to continue to develop our business. If our management team, including any new hires that we may make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed. Furthermore, if we fail to execute an effective contingency or succession plan with the loss of any member of our management team, the loss of such management personnel may significantly disrupt our business.

The loss of key members of our management team could inhibit our growth prospects. Our future success also depends in large part on our ability to attract, retain and motivate key management and operating personnel. As we continue to develop and expand our operations, we may require personnel with different skills and experiences, and who have a sound understanding of our business and the cryptoasset industry. The market for highly qualified personnel in this industry is very competitive and we may be unable to attract such personnel. If we are unable to attract such personnel, our business could be harmed.

We are dependent on third-party brokers to source our miners, and failure to properly manage these relationships, or the failure of these brokers to perform as expected, could have a material adverse effect on our business, prospects or operations.

We currently rely on third-party brokers to source our miners. We have no assurance that business interruptions will not occur as a result of the failure by these brokers to perform as expected, including the failure to locate acceptable or sufficient miners for our purchase. Many of the competitors in our industry have also been purchasing mining equipment at scale, which has caused a world-wide shortage of mining equipment and extended the corresponding delivery schedules for new miner purchases. We cannot ensure that our brokers will continue to perform services to our satisfaction or on commercially reasonable terms. The recent increased demand for miners has also limited the supply of miners that brokers may source for us. Our brokers may also decline our orders to fulfill those of our competitors, putting us at competitive harm. There are no assurances that any miner manufacturers will be able to keep pace with the surge in demand for mining equipment. If our brokers are not able to provide the agreed services at the level of quality and quantity we require or become unable to handle the volume of miners we seek, we may not be able to replace such broker in a timely manner. Any delays, interruption or increased costs could have a material adverse effect on our business, prospects or operations.

We may depend upon outside advisors who may not be available on reasonable terms as needed.

To supplement the business experience of our officers and directors, we may be required to employ technical experts, appraisers, attorneys, or other consultants or advisors. Our management, with our board of directors ("Board") approval in certain cases, without any input from stockholders will make the selection of any such advisors. Furthermore, it is anticipated that such persons may be engaged on an "as needed" basis without a continuing fiduciary or other obligation to us. In the event we consider it necessary to hire outside advisors, we may elect to hire persons who are affiliates, if they are able to provide the required services.

COVID-19 or any pandemic, epidemic or outbreak of an infectious disease in the United States or elsewhere may adversely affect our business.

The COVID-19 virus has had unpredictable and unprecedented impacts in the United States and around the world. The World Health Organization has declared the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease. Many countries around the world have imposed quarantines and restrictions on travel and large gatherings to slow the spread of the virus. In the United States, federal, state and local governments have enacted restrictions on travel, gatherings, and workplaces, with exceptions made for essential workers and businesses. We are still assessing potential effects on our business from COVID-19 and any actions implemented by the federal, state and local governments. We may experience disruptions to our business operations resulting from quarantines, self-isolations, or other movement and restrictions on the ability of our employees to perform their jobs. If we are unable to take delivery of, or effectively service and maintain, our equipment, our ability to mine cryptoassets will be adversely affected, which would have an adverse effect on our business and the results of our operations.

China has also limited the shipment of products in and out of its borders, which could negatively impact our ability to receive mining equipment from China-based suppliers. Third-party manufacturers, suppliers, sub-contractors and customers have been and will continue to be disrupted by worker absenteeism, quarantines, restrictions on employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, or other travel or health-related restrictions. Depending on the magnitude of such effects on our supply chain, shipments of parts for our existing miners, as well as any new equipment we purchase, may be delayed. As our equipment requires repair or becomes obsolete and requires replacement, our ability to obtain adequate replacements or repair parts from their manufacturer may therefore be hampered. Supply chain disruptions could therefore negatively impact our operations. If not resolved quickly, the impact of the COVID-19 global pandemic could have a material adverse effect on our business.

If we were deemed to be an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"), applicable restrictions could make it impractical for us to continue our business as currently contemplated and could have a material adverse effect on our business, financial condition and results of operations.

Under Sections 3(a)(1)(A) and (C) of the Investment Company Act, a company generally will be deemed to be an "investment company" for purposes of the Investment Company Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it

engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an "investment company," as such term is defined in either of those sections of the Investment Company Act.

Additionally, we believe that we are not engaged in the business of investing, reinvesting, or trading in securities, and we do not hold ourselves out as being engaged in those activities. As a result of our investments and our cryptoasset mining activities, it is possible that the investment securities we hold in the future could exceed 40% of our total assets, exclusive of cash items and, accordingly, we could determine that we have become an inadvertent investment company. To date the U.S. Securities and Exchange Commission (the "SEC") staff have treated Bitcoin as a commodity, but it is possible that the SEC may deem Bitcoin, Ethereum and other cryptoassets an investment security in the future, although we do not believe any of the cryptoasset we will acquire or mine are securities. An inadvertent investment company can avoid being classified as an investment company if it can rely on one of the exclusions under the Investment Company Act. One such exclusion, Rule 3a-2 under the Investment Company Act, allows an inadvertent investment company a grace period of one year from the earlier of (a) the date on which an issuer owns securities and/or cash having a value exceeding 50% of the issuer's total assets on either a consolidated or unconsolidated basis and (b) the date on which an issuer owns or proposes to acquire investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of government securities and cash items) on an unconsolidated basis. At this time, we do not believe we are an inadvertent investment company. If we do become an inadvertent investment company in the future, we may take actions to cause the investment securities held by us to be less than 40% of our total assets, which may include acquiring assets with our cash and cryptoasset on hand or liquidating our investment securities or cryptoasset or seeking a no-action letter from the SEC if we are unable to acquire sufficient assets or liquidate sufficient investment securities in a timely manner. Liquidating our investment securities or cryptoasset could result in losses.

As the Rule 3a-2 exception is available to a company no more than once every three years, and assuming no other exclusion were available to us, we would have to keep within the 40% limit for at least three years after we cease being an inadvertent investment company. This may limit our ability to make certain investments or enter into joint ventures that could otherwise have a positive impact on our earnings. In any event, we do not intend to become an investment company engaged in the business of investing and trading securities.

Classification as an investment company under the Investment Company Act requires registration with the SEC. If an investment company fails to register, it would have to stop doing almost all business, and its contracts would become voidable. Registration is time consuming and restrictive and would require a restructuring of our operations, and we would be very constrained in the kind of business we could do as a registered investment company. Further, we would become subject to substantial regulation concerning management, operations, transactions with affiliated persons and portfolio composition, and would need to file reports under the Investment Company Act regime. The cost of such compliance would result in us incurring substantial additional expenses, and the failure to register if required would have a materially adverse impact to conduct our operations. Furthermore, our classification as an investment company could adversely affect our ability to engage in future combinations, acquisitions or other transactions on a tax-free basis.

The cryptoeconomy is novel and has little to no access to policymakers or lobbying organizations, which may harm our ability to effectively react to proposed legislation and regulation of cryptoassets or cryptoasset platforms adverse to our business.

As cryptoassets have grown in both popularity and market size, various U.S. federal, state, and local and foreign governmental organizations, consumer agencies and public advocacy groups have been examining the operations of crypto networks, users and platforms, with a focus on how cryptoassets can be used to launder the proceeds of illegal activities, fund criminal or terrorist enterprises, and the safety and soundness of platforms and other service providers that hold cryptoassets for users. Many of these entities have called for heightened regulatory oversight, and have issued consumer advisories describing the risks posed by cryptoassets to users and investors. For instance, in July 2019, then-U.S. Treasury Secretary Steven Mnuchin stated that he had "very serious concerns" about cryptoassets. Outside the United States, several jurisdictions have banned so-called initial coin offerings, such as China and South Korea, while Canada, Singapore, Hong Kong, have opined that token offerings may constitute securities offerings subject to local securities regulations. In July 2019, the United Kingdom's Financial Conduct Authority proposed rules to address harm to retail customers arising from the sale of derivatives and exchange-traded notes that reference certain types of cryptoassets, contending that they are "ill-suited" to retail investors due to extreme volatility, valuation challenges and association with financial crimes.

The cryptoeconomy is novel and has little to no access to policymakers and lobbying organizations in many jurisdictions. Competitors from other, more established industries, including traditional financial services, may have greater access to lobbyists or governmental officials, and regulators that are concerned about the potential for cryptoassets for illicit usage may effect statutory and regulatory changes with minimal or discounted inputs from the crypto economy. As a result, new laws and regulations may be proposed and adopted in the United States and internationally, or existing laws and regulations may be interpreted in new ways, that harm the crypto economy or cryptoasset platforms, which could adversely impact our business.

Cryptoassets' status as a "security," a "commodity" or a "financial instrument" in any relevant jurisdiction is subject to a high degree of uncertainty and if we are unable to properly characterize a cryptoasset, we may be subject to regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect our business, operating results, and financial condition.

The SEC and its staff have taken the position that certain cryptoassets fall within the definition of a "security" under the U.S. federal securities laws. To date, the SEC staff have treated Bitcoin as a commodity. The legal test for determining whether any given cryptoasset is a security is a highly complex, fact-driven analysis that evolves over time, and the outcome is difficult to predict. The SEC generally does not provide advance guidance or confirmation on the status of any particular cryptoasset as a security. Furthermore, the SEC's views in this area have evolved over time and it is difficult to predict the direction or timing of any continuing evolution. It is also possible that a change in the governing administration or the appointment of new SEC commissioners could substantially impact the views of the SEC and its staff. Public statements by senior officials at the SEC indicate that the SEC does not intend to take the position that Bitcoin or Ether are securities (in their current form). Bitcoin and Ether are the only cryptoassets as to which senior officials at the SEC have publicly expressed such a view. Moreover, such statements are not official policy statements by the SEC and reflect only the speakers' views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other cryptoasset. With respect to all other cryptoassets, there is currently no certainty under the applicable legal test that such assets are not securities, notwithstanding the conclusions we may draw based on our risk-based assessment regarding the likelihood that a particular cryptoasset could be deemed a "security" under applicable laws. Similarly, though the SEC's Strategic Hub for Innovation and Financial Technology published a framework for analyzing whether any given cryptoasset is a security in April 2019, this framework is also not a rule, regulation or statement of the SEC and is not binding on the SEC.

Several foreign jurisdictions have taken a broad-based approach to classifying cryptoassets as "securities," while other foreign jurisdictions, such as Switzerland, Malta, and Singapore, have adopted a narrower approach. As a result, certain cryptoassets may be deemed to be a "security" under the laws of some jurisdictions but not others. Various foreign jurisdictions may, in the future, adopt additional laws, regulations, or directives that affect the characterization of cryptoassets as "securities." If Bitcoin or any other supported cryptoasset is deemed to be a security under any U.S. federal, state, or foreign jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences for such supported cryptoasset. For instance, all transactions in such supported cryptoasset would have to be registered with the SEC or other foreign authority, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability and transactability. Moreover, the networks on

which such supported cryptoassets are utilized may be required to be regulated as securities intermediaries, and subject to applicable rules, which could effectively render the network impracticable for its existing purposes. Further, it could draw negative publicity and a decline in the general acceptance of the cryptoasset. Also, it may make it difficult for such supported cryptoasset to be traded, cleared, and custodied as compared to other cryptoassets that are not considered to be securities.

Banks, financial institutions and other businesses vary in the services they provide to businesses that engage in cryptoasset-related activities or that accept cryptoasset as payment.

Although a number of significant U.S. banks and investment institutions, such as Goldman Sachs, Citi Group, J.P. Morgan and BlackRock, allow customers to carry and invest in cryptoassets, the acceptance and use by banks of cryptoassets varies. Additionally, a number of companies and individuals or businesses associated with cryptoassets may have had and may continue to have their existing banking services discontinued with financial institutions in response to government action, particularly in China, where regulatory response to cryptoassets has been to exclude their use for ordinary consumer transactions. However, in 2020, the Office of the Comptroller of the Currency of the U.S. Treasury Department announced that national banks and federal savings associations may provide cryptoasset custody services for customers. While we expect Ethereum and Bitcoin to continue to gain greater acceptance by banks and investment institutions, we cannot accurately predict the level and scope of services that these institutions will offer to businesses engaging in Ethereum or other cryptoasset related activities.

The usefulness of Ethereum and Bitcoin as payment systems and the public perception of Ethereum and Bitcoin could be damaged if banks or financial institutions were to close the accounts of businesses engaging in cryptoasset-related activities. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and derivatives on commodities exchanges, the over-the-counter market, and the Depository Trust Company, which, if any of such entities adopts or implements similar policies, rules or regulations, could negatively affect our relationships with financial institutions and impede our ability to convert Bitcoin, Ether or other cryptoassets to fiat currencies. Such factors could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and harm investors.

In addition to commercial banks, we have experienced reluctance by other service providers including public account firms and insurance companies.

If our co-hosting customers suffer from harm or loss as a result of risks relating to crypto mining operations, our co-hosting operations may suffer from significant losses.

Our co-hosting customers are crypto miners themselves and subject to the same risks as we are with respect to their crypto mining businesses. Should some or all of our co-hosting customers suffer from harm or loss due to a set of circumstances, their businesses could be negatively impacted or prevented. In such a case, we could experience a loss of customers or decrease in use of our co-hosting facilities which could negatively impact our business, results of operations and our ability to continue our co-hosting facility business.

We may not be able to compete with other companies, some of whom have greater resources and experience.

We may not be able to compete successfully against present or future competitors. We do not have the resources to compete with larger providers of similar products or services at this time. The cryptoasset industry has attracted various high-profile and well-established operators, some of which have substantially greater liquidity and financial resources than we do. With the limited resources we have available, we may experience great difficulties in expanding and improving our network of computers to remain competitive. Competition from existing and future competitors, particularly those that have access to competitively priced energy, could result in our inability to secure acquisitions and partnerships that we may need to expand our business in the future. This competition from other entities with greater resources, experience and reputations may result in our failure to maintain or expand our business, as we may never be able to successfully execute our business plan. If we are unable to expand and remain competitive, our business could be negatively affected which would have an adverse effect on the trading price of our common stock, which would harm our investors.

The impact of geopolitical and economic events on the supply and demand for cryptoassets is uncertain.

Geopolitical crises may motivate large-scale purchases of cryptoassets, which could increase the price of Bitcoin , Ether and other cryptoassets rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior dissipates, adversely affecting the value of our inventory following such downward adjustment. Such risks are similar to the risks of purchasing commodities in general uncertain times, such as the risk of purchasing, holding or selling gold. Alternatively, as an emerging asset class with limited acceptance as a payment system or commodity, global crises and general economic downturn may discourage investment in Bitcoin, Ether and other cryptoassets as investors focus their investment on less volatile asset classes as a means of hedging their investment risk.

As an alternative to fiat currencies that are backed by central governments, Bitcoin, Ether and other cryptoassets, which are relatively new, are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is largely uncertain but could be harmful to us and investors in our common stock. Political or economic crises may motivate large-scale acquisitions or sales of Bitcoin, Ether and other cryptoasset either globally or locally. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any cryptoasset we mine or otherwise acquire or hold for our own account.

Governmental actions may have a materially adverse effect on the cryptoasset mining industry as a whole, which would have an adverse effect on our business and results of operations.

China is the world's largest producer of Bitcoin, Ether and other cryptoassets and a large majority of the world's cryptoasset mining power (some observers estimate that China produces as high as 80% of the world's cryptoasset mining power) is located there. China has already made transacting in cryptoassets illegal for Chinese citizens in mainland China, and additional restrictions may follow. However, thus far, China has permitted cryptoasset mining on a national scale, but provincial governments have taken action to restrict and even ban cryptoasset mining within their province. For example, actions were taken in March 2021 by the governmental authorities for the Chinese province of Inner Mongolia, which represents roughly 8% of the world's total mining power, to ban cryptoasset mining in the province due in part to the industry's intense electrical power demands and its negative environmental impacts (both in terms of the waste produced by mining the rare earth metals used to manufacture miners and the production of electrical power used in cryptoasset mining). While we have yet to see whether these miners will be able to relocate to another location in China to continue mining, we cannot quantify the effects of this regulatory action on our industry as a whole. If further regulation follows, it is possible that our industry may not be able to cope with the sudden and extreme loss of mining power.

Additionally, on May 3, 2021, a bill was presented to the New York Senate's Environmental Conservation Committee that, if passed, would establish a three-year moratorium on the operation of cryptoasset mining centers pending an environmental impact study on the greenhouse gas emissions caused by the cryptoasset mining industry in the State of New York. Because we are unable to influence or predict future regulatory actions taken by governments in China, the United States or elsewhere, we may have little opportunity or ability to respond to rapidly evolving regulatory positions which may have a materially adverse effect on our industry and, therefore, our business and

results of operations. If further extreme regulatory action is taken by various government entities, our business may suffer and investors in our securities may lose part or all of their investment.

Acceptance and/or widespread use of Bitcoin, Ether and other cryptoassets is uncertain.

Currently, there is a relatively limited use of any cryptoasset in the retail and commercial marketplace, thus contributing to price volatility that could adversely affect an investment in our common stock. Banks and other established financial institutions may refuse to process funds for cryptoasset transactions, process wire transfers to or from cryptoasset exchanges, cryptoasset-related companies or service providers, or maintain accounts for persons or entities transacting in cryptoasset. Conversely, a significant portion of cryptoasset demand is generated by investors seeking a long-term store of value or speculators seeking to profit from the short- or long-term holding of the asset. Price volatility undermines cryptoassets' role as a medium of exchange, as retailers are much less likely to accept it as a form of payment. Market capitalization for cryptoasset as a medium of exchange and payment method may always be low.

The relative lack of acceptance of cryptoasset in the retail and commercial marketplace, or a reduction of such use, limits the ability of end users to use them to pay for goods and services. Such lack of acceptance or decline in acceptances could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of Bitcoin, Ether or other cryptoassets we mine or otherwise acquire or hold for our own account.

It may be illegal now, or in the future, to acquire, own, hold, sell or use Bitcoin, Ether or other cryptoassets, participate in blockchains or utilize similar cryptoassets in one or more countries, the ruling of which would adversely affect us.

Although currently cryptoassets generally are not regulated or are lightly regulated in most countries, one or more countries such as China and Russia, which have taken harsh regulatory action in the past, may take regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use these cryptoassets or to exchange for fiat currency. In many nations, particularly in China and Russia, it is illegal to accept payment in cryptoassets for consumer transactions and banking institutions are barred from accepting deposits of some or all cryptoassets. Such restrictions may adversely affect us as the large-scale use of Bitcoin, Ether or other cryptoassets as a means of exchange is presently confined to certain regions globally. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin, Ether or other cryptoassets we mine or otherwise acquire or hold for our own account, and harm investors.

There is a lack of liquid markets, and possible manipulation of blockchain/cryptoassets.

Cryptoassets that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers; requiring them to be subjected to rigorous listing standards and rules, and monitor investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The laxer a distributed ledger platform is about vetting issuers of cryptoassets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of the ledger due to a control event. These factors may decrease liquidity or volume or may otherwise increase volatility of investment securities or other assets trading on a ledger-based system, which may adversely affect us. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin, Ether or other cryptoassets we mine or otherwise acquire or hold for our own account, and harm investors.

Cryptoassets may have concentrated ownership and large sales or distributions by holders of such cryptoassets could have an adverse effect on the market price of such cryptoasset.

As of December 31, 2020, the largest 100 Ether wallets held approximately 35% of the Ether in circulation. As of December 31, 2020, the largest 100 Bitcoin wallets held approximately 14% of the Bitcoins in circulation. Moreover, it is possible that other persons or entities control multiple wallets that collectively hold a significant number of Ether or Bitcoin, even if they individually only hold a small amount, and it is possible that some of these wallets are controlled by the same person or entity. Similar or more concentrated levels of concentrated ownership may exist for other cryptoassets as well. As a result of this concentration of ownership, large sales or distributions by such holders could have an adverse effect on the market price of Bitcoin, Ether and other cryptoassets.

Our operations, investment strategies and profitability may be adversely affected by competition from other methods of investing in Bitcoin, Ether and other cryptoassets.

We compete with other users and/or companies that are mining Bitcoin, Ether and other cryptoassets and other potential financial vehicles, including securities backed by or linked to cryptoassets through entities similar to us. Market and financial conditions, and other conditions beyond our control, may make it more attractive to invest in other financial vehicles, or to invest in Bitcoin, Ether or other cryptoassets directly, which could limit the market for our shares and reduce their liquidity. The emergence of other financial vehicles and exchange-traded funds have been scrutinized by regulators and such scrutiny and the negative impressions or conclusions resulting from such scrutiny could be applicable to us and impact our ability to successfully pursue our strategy or operate at all, or to establish or maintain a public market for our securities. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin, Ether or other cryptoassets we mine or otherwise acquire or hold for our own account, and harm investors.

The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or other alternatives.

The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or an alternative to distributed ledgers altogether. Our business utilizes presently existent digital ledgers and blockchains and we could face difficulty adapting to emergent digital ledgers, blockchains, or alternatives thereto. This may adversely affect us and our exposure to various blockchain technologies and prevent us from realizing the anticipated profits from our investments. Such circumstances could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin, Ether or other cryptoassets we mine or otherwise acquire or hold for our own account, and harm investors.

The price of Ether/Bitcoin may be affected by the sale of Ether/Bitcoin by other vehicles investing in ETH/Bitcoin or tracking Ether/Bitcoin markets.

The global market for Ether/Bitcoin is characterized by supply constraints that differ from those present in the markets for commodities or other assets such as gold and silver. To the extent that other vehicles investing in Ether/Bitcoin or tracking Ether/Bitcoin markets form and come to represent a significant proportion of the demand for Ether/Bitcoin, large redemptions of the securities of those vehicles and the subsequent sale of Ether/Bitcoin by such vehicles could negatively affect Ether/Bitcoin prices and

therefore affect the value of the Ether/Bitcoin inventory we hold. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any Ether/Bitcoin we mine or otherwise acquire or hold for our own account.

The nature of our business requires the application of complex financial accounting rules, and there is limited guidance from accounting standard setting bodies. If financial accounting standards undergo significant changes, our operating results could be adversely affected.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. Recent actions and public comments from the FASB and the SEC have focused on the integrity of financial reporting and internal controls. In addition, many companies' accounting policies are being subject to heightened scrutiny by regulators and the public. Further, there has been limited precedents for the financial accounting of cryptoassets and related valuation and revenue recognition, and no official guidance has been provided by the FASB or the SEC. As such, there remains significant uncertainty on how companies can account for cryptoasset transactions, cryptoassets, and related revenue. Uncertainties in or changes to in regulatory or financial accounting standards could result in the need to changing our accounting methods and restate our financial statements and impair our ability to provide timely and accurate financial information, which could adversely affect our financial statements, result in a loss of investor confidence, and more generally impact our business, operating results, and financial condition.

We may not adequately respond to rapidly changing technology or methods of, rules of, or access to, platforms which may negatively affect our business. Rapidly changing technology or platform methods, rules and access may render our crypto mining and related equipment and facilities obsolete, unprofitable or unusable.

Competitive conditions within the cryptoasset industry require that we use sophisticated technology in the operation of our business. The industry for blockchain technology is characterized by rapid technological changes, new product introductions, enhancements and evolving industry standards. New technologies, techniques or products could emerge that might offer better performance than the software and other technologies we currently utilize, and we may have to manage transitions to these new technologies to remain competitive. We may not be successful, generally or relative to our competitors in the cryptoasset industry, in timely implementing new technology into our systems, or doing so in a cost-effective manner. During the course of implementing any such new technology into our operations, we may experience system interruptions and failures and may find existing crypto mining equipment and infrastructure investments become obsolete. Furthermore, there can be no assurances that we will recognize, in a timely manner or at all, the benefits that we may expect as a result of our implementing new technology into our operations. Additionally, the methods, rules and access to the platforms which we mine change rapidly and could result in the platforms becoming obsolete or unusable by us. As a result of such changes to technology and/or platforms, our business and operations may suffer, and there may be adverse effects on the value of our securities.

Our future success will depend upon the value of Bitcoin, Ether and other cryptoassets; the value of such cryptoasset may be subject to pricing risk and has historically been subject to wide swings.

Our operating results will depend on the value of Bitcoin, Ether and other cryptoassets we mine. Specifically, our revenues from our mining operations are based on two factors: (1) the number of Ether/Bitcoin rewards and other cryptoassets we successfully mine and (2) the value of the same. In addition, our operating results are directly impacted by changes in the value of Ether/Bitcoin, because under the value measurement model, both realized and unrealized changes will be reflected in our statement of operations (i.e., we will be marking cryptoasset to fair value each quarter). This means that our operating results will be subject to swings based upon increases or decreases in the value of the cryptoassets we mine. Further, our mining equipment is principally utilized for mining Ether and Bitcoin. If other cryptoassets were to achieve acceptance at the expense of Ethereum/Bitcoin causing the value of our Ether/Bitcoin and other cryptoassets to decline, or if Ethereum/Bitcoin were to switch its proof of work encryption algorithm to one for which our miners are not specialized, or the value of Ether/Bitcoin and our other cryptoassets were to decline for other reasons, particularly if such decline were significant or over an extended period of time, our operating results would be adversely affected, and there could be a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations, and harm investors.

Cryptoasset market prices, which have historically been extremely volatile and are impacted by a variety of factors (including those discussed herein), are determined primarily using data from various exchanges, over-the-counter markets and derivative platforms. Furthermore, such prices may be subject to factors such as those that impact commodities, more so than business activities, which could be subjected to additional influence from fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory or other conditions. Pricing may be the result of, and may continue to result in, speculation regarding future appreciation in the value of Bitcoin, Ether or other cryptoassets we mine, or our share price, inflating and making their market prices more volatile or creating "bubble" type risks for both our cryptoasset and shares of our securities.

If the award of Ether/Bitcoin reward for solving blocks and transaction fees, is not sufficiently high, we may not have an adequate incentive to continue mining and may cease mining operations, which will likely lead to our failure to achieve profitability.

If the number of Ether/Bitcoin awarded for solving a block in a blockchain decreases, our ability to achieve profitability worsens. Decreased use and demand for Ether/Bitcoin rewards may adversely affect our incentive to expend processing power to solve blocks. If the award of Ether/Bitcoin rewards for solving blocks and transaction fees are not sufficiently high, we may not have an adequate incentive to continue mining and may cease our mining operations. Miners ceasing operations would reduce the collective processing power on the network, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which blocks are added to a blockchain until the next scheduled adjustment in difficulty for block solutions) and make the Ethereum network more vulnerable to a malicious actor or botnet obtaining control in excess of 50 percent of the processing power active on a blockchain, potentially permitting such actor or botnet to manipulate a blockchain in a manner that adversely affects our activities. A reduction in confidence in the confirmation process or processing power of the network could result and be irreversible. Such events could have a material adverse effect on our ability to continue to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any cryptoasset we mine or otherwise acquire or hold for our own account. In addition, such events could have a material adverse effect on the usefulness of our crypto mining equipment and co-hosting facilities, particularly any investment or commitments made by us for co-hosting facilities.

If the number of Ether/Bitcoin token rewards awarded for solving a block in a blockchain decreases, the incentive for miners to continue to contribute to the network may transition from a set reward to transaction fees. In order to incentivize miners to continue to contribute to the network, the network may either formally or informally transition from a set reward to transaction fees earned upon solving a block. This transition could be accomplished by miners independently electing to record in the blocks they solve only those transactions that include payment of a transaction fee. If transaction fees paid for transactions become too high, the marketplace may be reluctant to accept Bitcoin, Ether or other cryptoassets as a means of payment and existing users may be motivated to switch from Bitcoin, Ether and other cryptoassets to another cryptoasset or to fiat currency. Either the requirement from miners of higher transaction fees in exchange for recording transactions in a blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for Ether/Bitcoin and prevent the expansion of the these networks to retail merchants and commercial businesses, resulting in a reduction in the price of Bitcoin, Ether and other cryptoassets that could adversely impact an investment in our securities. Decreased use and demand for Bitcoin, Ether or other cryptoassets that we have accumulated may adversely affect their value and may adversely impact an investment in us.

Because the number of Bitcoin awarded for solving a block in the Bitcoin network blockchain continually decreases, miners must invest in increasing processing power to maintain their yield of Bitcoins, which might make Bitcoin mining uneconomical for us.

The award of new Bitcoin for solving blocks continually declines, so that Bitcoin miners must invest in increasing processing power in order to maintain or increase their yield of Bitcoin. If the pricing of Bitcoin were to decline significantly, there can be no assurance that we would be able to recover our investment in the computer hardware and processing power required to upgrade our mining operations. There can, moreover, be no assurance that we will have the resources to upgrade our processing power in order to maintain the continuing profitability of our mining operations. Also, the developers of the Bitcoin network or other programmers could propose amendments to the network's protocols and software that, if accepted, might require us to modify our Bitcoin operations, and increase our investment in Bitcoin, in order to maintain profitability. There can be no assurance, however, that we will be able to do so. In addition, any decrease in demand for crypto mining resources would adversely impact our investment in, and operation of, our co-hosting facilities and negatively impact our business, operating results and financial condition.

Cryptoasset mining is capital intensive.

Remaining competitive in the cryptoasset mining industry requires significant capital expenditure on new chips and other hardware necessary to increase processing power as the cryptoasset network difficulty increases, as well as commitments for power and co-hosting arrangements. If we are unable to fund our capital expenditures, either through our revenue stream or through other sources of capital, we may be unable to remain competitive and experience a deterioration in our result of operations and financial condition.

The limited rights of legal recourse against us, and our lack of insurance protection expose us and our stockholders to the risk of loss of our cryptoassets for which no person is liable.

The cryptoassets held by us are not insured. Therefore, a loss may be suffered with respect to our cryptoassets which is not covered by insurance and for which no person is liable in damages which could adversely affect our operations and, consequently, an investment in us.

We do not hold our cryptoassets with a banking institution or a member of the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC") and, therefore, our cryptoassets are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions.

Intellectual property rights claims may adversely affect the operation of some or all cryptoasset networks.

Third parties may assert intellectual property claims relating to the holding and transfer of cryptoassets and their source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in some or all cryptoasset networks' long-term viability or the ability of end-users to hold and transfer cryptoassets may adversely affect an investment in us. Additionally, a meritorious intellectual property claim could prevent us and other end-users from accessing some or all cryptoasset networks or holding or transferring their cryptoassets. As a result, an intellectual property claim against us or other large cryptoasset network participants could adversely affect an investment in us.

Cryptoasset Mining Equipment and Technology Related Risks

The open-source structure of the Ethereum and Bitcoin network protocols means that the contributors to the protocol are generally not directly compensated for their contributions in maintaining and developing the protocol. A failure to properly monitor and upgrade the protocol could damage the Ethereum network and an investment in us.

The Ethereum and Bitcoin networks, for example, operates based on an open-source protocol maintainedby contributors. As an open-source projects, Ethereum and Bitcoin are not represented by an official organization or authority. As the network protocol is not sold and its use does not generate revenues for contributors, contributors are generally not compensated for maintaining and updating the network protocols. The lack of guaranteed financial incentive for contributors to maintain or develop the networks and the lack of guaranteed resources to adequately address emerging issues with the networks may reduce incentives to address the issues adequately or in a timely manner. Changes to a cryptoasset network which we are mining on may adversely affect an investment in us.

The further development and acceptance of cryptoasset networks and other cryptoassets, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of cryptoasset systems may adversely affect an investment in us.

The further development and acceptance of cryptoasset networks and other cryptoassets, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of cryptoasset systems may adversely affect an investment in us.

Cryptoassets built on blockchain technology were only introduced in 2008 and remain in the early stages of development. The use of cryptoassets to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs cryptoassets, including Ether and Bitcoin, based upon a computer-generated mathematical and/or cryptographic protocol. The further growth and development of any cryptoassets and their underlying networks and other cryptographic and algorithmic protocols governing the creation, transfer and usage of cryptoassets represent a new and evolving paradigm that is subject to a variety of factors that are difficult to evaluate, including:

- continued worldwide growth in the adoption and use of Ether and Bitcoin as mediums of exchange;
- governmental and quasi-governmental regulation of Ether and Bitcoin and its use, or restrictions on or regulation of access to and operation of the Ethereum and Bitcoin networks or similar cryptoasset systems;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of the network, including software updates and changes to network protocols that could introduce bugs or security risks;
- the increased consolidation of contributors to the Ethereum and Bitcoin blockchains through mining pools;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;

- the use of the networks supporting cryptoassets for developing smart contracts and distributed applications;
- general economic conditions and the regulatory environment relating to cryptoassets; and
- negative consumer sentiment and perception of Ethereum and Bitcoin specifically and cryptoassets generally.

The outcome of these factors could have negative effects on our ability to continue as a going concern or to pursue our business strategy at all, which could have a material adverse effect on our business, prospects or operations as well as potentially negative effect on the value of any Bitcoin, Ether or other cryptoassets we mine or otherwise acquire or hold for our own account, which would harm investors in our securities.

Our reliance on a third-party mining pool service provider for our mining revenue payouts may have a negative impact on our operations such as a result of cyber-attacks against the mining pool operator and/or our limited recourse against the mining pool operator with respect to rewards paid to us.

We receive cryptoasset mining rewards from our mining activity through a third-party mining pool operator. Mining pools allow miners to combine their processing power, increasing their chances of solving a block and getting paid by the network. The rewards are distributed by the pool operator, proportionally to our contribution to the pool's overall mining power, used to generate each block. Should the pool operator's system suffer downtime due to a cyber-attack, software malfunction or other similar issues, it will negatively impact our ability to mine and receive revenue. Furthermore, we are dependent on the accuracy of the mining pool operator's record keeping to accurately record the total processing power provided to the pool for a given cryptoasset mining application in order to assess the proportion of that total processing power we provided.

While we have internal methods of tracking both our power provided and the total used by the pool, the mining pool operator uses its own recordkeeping to determine our proportion of a given reward. We have little means of recourse against the mining pool operator if we determine the proportion of the reward paid out to us by the mining pool operator is incorrect, other than leaving the pool. If we are unable to consistently obtain accurate proportionate rewards from our mining pool operators, we may experience reduced reward for our efforts, which would have an adverse effect on our business and operations.

We may face risks of Internet disruptions, which could have an adverse effect on the price of Bitcoin, Ether and other cryptoassets.

A disruption of the Internet may affect the use of Bitcoin, Ether and other cryptoassets and subsequently the value of our common stock. Generally, Bitcoin, Ether and our business of mining cryptoassets is dependent upon the Internet. A significant disruption in Internet connectivity could disrupt a currency's network operations until the disruption is resolved and have an adverse effect on the price of cryptoassets and our ability to mine them.

The properties included in our mining network may experience damages, including damages that are not covered by insurance.

Our current mining operation is, and any future mining operations we establish will be, subject to a variety of risks relating to physical condition and operation, including:

- the presence of construction or repair defects or other structural or building damage;
- any noncompliance with or liabilities under applicable environmental, health or safety regulations or requirements or building permit requirements;
- any damage resulting from natural disasters, such as hurricanes, earthquakes, fires, floods and windstorms; and
- claims by employees and others for injuries sustained at our properties.

For example, our mining operations could be rendered inoperable, temporarily or permanently, as a result of a fire or other natural disaster or by a terrorist or other attack on the facilities where are miners are located. The security and other measures we take to protect against these risks may not be sufficient. We are currently investigating and expect to obtain property insurance that covers mining equipment, and includes business interruption for mining operations, subject to certain deductibles. The insurance we obtain may not be adequate to cover the losses we suffer as a result of any of these events. In the event of an uninsured loss, including a loss in excess of insured limits, at any of the mines in our network, such mines may not be adequately repaired in a timely manner or at all and we may lose some or all of the future revenues anticipated to be derived from such mines. The potential impact on our business is currently magnified because we are only operating from a single location.

The characteristics of cryptoassets have been, and may in the future continue to be, exploited to facilitate illegal activity such as fraud, money laundering, tax evasion and ransomware scams; if any of our customers do so or are alleged to have done so, it could adversely affect us.

Digital currencies and the digital currency industry are relatively new and, in many cases, lightly regulated or largely unregulated. Some types of digital currency have characteristics, such as the speed with which digital currency transactions can be conducted, the ability to conduct transactions without the involvement of regulated intermediaries, the ability to engage in transactions across multiple jurisdictions, the irreversible nature of certain digital currency transactions and encryption technology that anonymizes these transactions, that make digital currency particularly susceptible to use in illegal activity such as fraud, money laundering, tax evasion and ransomware scams. Two prominent examples of marketplaces that accepted digital currency payments for illegal activities include Silk Road, an online marketplace on the dark web that, among other things, facilitated the sale of illegal drugs and forged legal documents using digital currencies and AlphaBay, another darknet market that utilized digital currencies to hide the locations of its servers and identities of its users. Both of these marketplaces were investigated and closed by U.S. law enforcement authorities. U.S. regulators, including the SEC, Commodity Futures Trading Commission, and Federal Trade Commission, as well as non-U.S. regulators, have taken legal action against persons alleged to be engaged in Ponzi schemes and other fraudulent schemes involving digital currencies. In addition, the Federal Bureau of Investigation has noted the increasing use of digital currency in various ransomware scams.

While we believe that our risk management and compliance framework, which includes thorough reviews we conduct as part of our due diligence process (either in connection with onboarding new customers or monitoring existing customers), is reasonably designed to detect any such illicit activities conducted by our potential or existing customers (or, in the case of digital currency exchanges, their customers), we cannot ensure that we will be able to detect any such illegal activity in all instances. Because the speed, irreversibility and anonymity of certain digital currency transactions make them more difficult to track, fraudulent transactions may be more likely to occur. We or our potential banking counterparties may be specifically targeted by individuals seeking to conduct fraudulent transfers, and it may be difficult or impossible for us to detect and avoid such transactions in certain circumstances. If one of our customers (or in the case of digital currency exchanges, their customers) were to engage in or be accused of engaging in illegal activities using digital currency, we could be subject to various fines and sanctions, including limitations on our activities, which could also cause reputational damage and adversely affect our business, financial condition and results of operations.

The decentralized nature of cryptoasset systems may lead to slow or inadequate responses to crises, which may negatively affect our business.

The decentralized nature of the governance of cryptoasset systems may lead to ineffective decisionmaking that slows development or prevents a network from overcoming emergent obstacles. Governance of many cryptoasset systems is by voluntary consensus and open competition with no clear leadership structure or authority. To the extent lack of clarity in corporate governance of the Ethereum system leads to ineffective decision making that slows development and growth of Bitcoin, Ether or other cryptoassets, the value of our securities may be adversely affected.

The loss or destruction of private keys required to access any cryptoassets held in custody for our own account may be irreversible. If we are unable to access our private keys or if we experience a hack or other data loss relating to our ability to access any cryptoassets, it could cause regulatory scrutiny, reputational harm, and other losses.

Cryptoassets are generally controllable only by the possessor of the unique private key relating to the digital wallet in which the cryptoassets are held. While blockchain protocols typically require public addresses to be published when used in a transaction, private keys must be safeguarded and kept private in order to prevent a third party from accessing the cryptoassets held in such a wallet. To the extent that any of the private keys relating to our hot wallet or cold storage containing cryptoassets held for our own account or for our customers is lost, destroyed, or otherwise compromised or unavailable, and no backup of the private key is accessible, we will be unable to access the cryptoassets held in the related wallet. Further, we cannot provide assurance that our wallet will not be hacked or compromised. Cryptoassets and blockchain technologies have been, and may in the future be, subject to security breaches, hacking, or other malicious activities. Any loss of private keys relating to, or hack or other compromise of, digital wallets used to store our customers' cryptoassets could adversely affect our ability to access or sell our cryptoassets, and subject us to significant financial losses. As such, any loss of private keys due to a hack, employee or service provider misconduct or error, or other compromise by third parties could hurt our brand and reputation, result in significant losses, and adversely impact our business. The total value of cryptoassets in our possession and control is significantly greater than the total value of insurance coverage that would compensate us in the event of theft or other loss of funds.

Cryptoassets face significant scaling obstacles that can lead to high fees or slow transaction settlement times.

Cryptoassets face significant scaling obstacles that can lead to high fees or slow transaction settlement times, and attempts to increase the volume of transactions may not be effective. Scaling cryptoassets is essential to the widespread acceptance of cryptoassets as a means of payment, which widespread acceptance is necessary to the continued growth and development of our business. Many cryptoasset networks, including the Ethereum network, face significant scaling challenges. For example, cryptoassets are limited with respect to how many transactions can occur per second. Participants in the cryptoasset ecosystem debate potential approaches to increasing the average number of transactions per second that the network can handle and have implemented mechanisms or are researching ways to increase scale, such as increasing the allowable sizes of blocks, and therefore the number of transactions per block, and sharding (a horizontal partition of data in a database or search engine), which would not require every single transaction to be included in every single miner's or validator's block. However, there is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of cryptoasset transactions will be effective, or how long they will take to become effective, which could adversely affect an investment in our securities.

There are risks related to technological obsolescence, the vulnerability of the global supply chain to cryptoasset hardware disruption, and difficulty in obtaining new hardware which may have a negative effect on our business.

Our mining operations can only be successful and ultimately profitable if the costs, including hardware and electricity costs, associated with mining Bitcoin, Ether and other cryptoassets are lower than the price of the Bitcoin, Ether and/or other cryptoassets. As our mining facility operates, our miners experience ordinary wear and tear and general hardware breakdown, and may also face more significant malfunctions caused by a number of extraneous factors beyond our control. The physical degradation of our miners will require us to, over time, replace those miners which are no longer functional. Additionally, as the technology evolves, we may be required to acquire newer models of miners to remain competitive in the market. The cost and availability of new machines is unpredictable. As a result, at times, we may obtain miners and other hardware from third parties at premium prices, to the extent they are available. In order to keep pace with technological advances and competition from other mining companies, it will be necessary to purchase new miners, which will eventually need to be repaired or replaced along with other equipment from time to time to stay competitive. This upgrading process requires substantial capital investment, and we may face challenges in doing so on a timely and cost-effective basis. Also, because we expect to depreciate all new miners, our reported operating results will be negatively affected.

The global supply chain for mining equipment is presently constrained due to unprecedented demand coupled with a global semiconductor shortage, with a significant portion of available miners being acquired by companies with substantial resources. Prices for both new and older models of miners have been on the rise and these supply constraints are expected to continue for the foreseeable future. China, a major supplier of cryptoasset miners, has seen a production slowdown as a result of COVID-19. Should similar outbreaks or other disruptions to the China-based global supply chain for hardware occur, we may not be able to obtain adequate replacement parts for our existing miners or to obtain additional miners on a timely basis, if at all, or we may only be able to acquire miners at premium prices. Such events could have a material adverse effect on our ability to pursue our strategy, which could have a material adverse effect on our business and the value of our securities.

We may not be able to realize the benefits of forks. Forks in a cryptoasset network may occur in the future which may affect the value of cryptoassets held by us.

To the extent that a significant majority of users and miners on a cryptoasset network install software that changes the cryptoasset network or properties of a cryptoasset, including the irreversibility of transactions and limitations on the mining of new cryptoasset, the cryptoasset network would be subject to new protocols and software. However, if less than a significant majority of users and miners on the cryptoasset network consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "fork" of the network, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the cryptoasset running in parallel, yet lacking interchangeability and necessitating exchange-type transaction to convert currencies between the two forks. Additionally, it may be unclear following a fork which fork represents the original asset and which is the new asset. Different metrics adopted by industry participants to determine which is the original asset include: referring to the wishes of the core developers of a cryptoasset, blockchains with the greatest amount of hashing power contributed by miners or validators; or blockchains with the longest chain. A fork in the Ethereum network could adversely affect an investment in our securities or our ability to operate.

We may not be able to realize the economic benefit of a fork, either immediately or ever, which could adversely affect an investment in our securities. If we hold Bitcoin, Ether or other cryptoassets at the time of a hard fork into two cryptoassets, industry standards would dictate that we would be expected to hold an equivalent amount of the old and new assets following the fork. However, we may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. For instance, we may determine that there is no safe or practical way to custody the new asset, that trying to do so may pose an unacceptable risk to our holdings in the old asset, or that the costs of taking possession and/or maintaining ownership of the new cryptoasset exceed the benefits of owning the new cryptoasset. Additionally, laws, regulation or other factors may prevent us from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset.

There is a possibility of Ethereum mining algorithms transitioning to proof of stake validation and other mining related risks, which could make us less competitive and ultimately adversely affect our business and the value of our stock.

Proof of stake is an alternative method for validating Ethereum transactions. Should the algorithm shift from a proof of work validation method to a proof of stake method, mining would require less energy and may render any company that maintains advantages in the current climate (for example, from lower priced electricity, processing, real estate, or hosting) less competitive. We, as a result of our efforts to optimize and improve the efficiency of our Ethereum mining operations, may be exposed to the risk in the future of losing the benefit of our capital investments and the competitive advantage we hope to gain form this as a result, and may be negatively impacted if a switch to proof of stake validation were to occur. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have

a material adverse effect on our business, prospects or operations and potentially the value of any Bitcoin, Ether and other cryptoassets we mine or otherwise acquire or hold for our own account.

If a malicious actor or botnet obtains control in excess of 50% of the processing power active on any cryptoasset network, it is possible that such actor or botnet could manipulate the blockchain in a manner that adversely affects an investment in us.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networkedsoftware coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on any cryptoasset network, including the Ethereum network, it may be able to alter the blockchain by constructing alternate blocks if it is able to solve for such blocks faster than the remainder of the miners on the blockchain can add valid blocks. In such alternate blocks, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new cryptoassets or transactions using such control. Using alternate blocks, the malicious actor could "double-spend" its own cryptoassets (i.e., spend the same cryptoassets in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintains control. To the extent that such malicious actor or botnet does not yield its majority control of the processing power or the cryptoasset community does not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Such changes could adversely affect an investment in us.

The approach towards and possible crossing of the 50% threshold indicate a greater risk that a single mining pool could exert authority over the validation of cryptoasset transactions. To the extent that the cryptoassets ecosystems do not act to ensure greater decentralization of cryptoasset mining processing power, the feasibility of a malicious actor obtaining in excess of 50% of the processing power on any cryptoasset network (e.g., through control of a large mining pool or through hacking such a mining pool) will increase, which may adversely impact an investment in us.

Cryptoassets, including those maintained by or for us, may be exposed to cybersecurity threats and hacks.

As with any computer code generally, flaws in cryptoasset codes, including Ethereum codes, may be exposed by malicious actors. Several errors and defects have been found previously, including those that disabled some functionality for users and exposed users' information. Exploitations of flaws in the source code that allow malicious actors to take or create money have previously occurred. Despite our efforts and processes to prevent breaches, our devices, as well as our miners, computer systems and those of third parties that we use in our operations, are vulnerable to cyber security risks, including cyber-attacks such as viruses and worms, phishing attacks, denial-of-service attacks, physical or electronic break-ins, employee theft or misuse, and similar disruptions from unauthorized tampering with our miners and computer systems or those of third parties that we use in our operations. Such events could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and potentially the value of any cryptoasset we mine or otherwise acquire or hold for our own account.

Our cryptoassets may be subject to loss, damage, theft or restriction on access.

There is a risk that part or all of our cryptoassets could be lost, stolen or destroyed. We believe that our cryptoassets will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal our cryptoassets. We cannot guarantee that we will prevent loss, damage or theft, whether caused intentionally, accidentally or by act of God. Access to our cryptoassets could also be restricted by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack). Any of these events may adversely affect our operations and, consequently, an investment in us.

We may become reliant on Internet bandwidth and data center providers and other third parties for key aspects of our cryptoasset mining, and any failure or interruption in the services and products provided by these third parties could harm our business.

Until our first hosting facility is operational and our equipment relocated to such facility, we will continue to rely on a third-party vendor, a co-hosting facility, for maintenance of our Internet capabilities, electricity and physical location for our mining equipment. Any disruption in the colocation or other services provided by such third-party co-hosting facility or any failure of the co-hosting provider to handle current or higher volumes of use could significantly harm our business. Any financial or other difficulties our provider faces may have negative effects on our business, the nature and extent of which we cannot predict. We exercise little control over the third-party vendor, which increases our vulnerability to problems with the services they provide. Any errors, failures, interruptions or delays experienced in connection with the third-party services could adversely affect our business.

Risks Related to our Common Stock

An active, liquid trading market for our common stock does not currently exist and may not develop after this offering, and as a result, you may not be able to sell your common stock at or above the public offering price, or at all.

A relatively inactive trading market exists for our common stock on the OTC Pink Market. No assurance can be given as to the following:

- that we will be successful in causing our common stock to become listed on the NYSE American, any other national securities exchange or OTCQB or OTCQX;
- the likelihood that a more active trading market for shares of our common stock will develop or be sustained;
- the liquidity of any such market;
- the ability of our stockholders to sell their shares of common stock; or
- the price that our stockholders may obtain for their shares of common stock.

If an active market does not develop for our common stock or is not maintained, the market price of our common stock may decline and you may not be able to sell your shares. The market price of our common stock may be highly volatile and subject to wide fluctuations. Our financial performance, government regulatory action, tax laws, interest rates and market conditions in general could have a significant impact on the future market price of our common stock.

The price of our common stock may have little or no relationship to the historical bid prices of our common stock on the OTC Pink.

There has been no public market for our capital stock other than the OTC Pink. Given the limited history of sales and the lack of publicly available information about our business, financing and financial results available, among other factors, this information may have little or no relation to broader market demand for our common stock and thus the price of our common stock. As a result, you should not rely on these historical sales prices as they may differ materially from the opening price of the common stock and subsequent prices of our common stock. For more information about how the public offering price of our common stock will be determined, see the section titled "Plan of

Distribution."

We do not expect to declare or pay dividends in the foreseeable future.

Except for PIK Dividends that we may be required to issue to holders of our Series C Preferred Stock and Series D Preferred Stock if we fail to timely perform our obligations under the Registration Rights Agreement entered in connection with the private placement of our Series C Preferred Stock or the Registration Rights Agreement entered into in connection with the private placement of our Series D Preferred Stock (as described in our Amended and Restated Certificate of Incorporation, the Certificates of Designation and the Registration Rights Agreements entered into), we do not expect to declare or pay dividends in the foreseeable future, as we anticipate that we will invest future earnings in the development and growth of our business. Therefore, holders of our common stock may not receive any return on their investment in our common stock unless and until the value of such common stock increases and they are able to sell such shares of common stock, and there is no assurance that any of the foregoing will occur.

If our common stock does not become publicly traded on the NYSE American, another national securities exchange, OTCQB or OTCQX, our access to the capital markets will be limited.

Although we intend to file an application to list our common stock on the NYSE American, there is no guarantee that our common stock will be listed on any national securities exchange or traded on OTCQB or OTCQX. If we are unable to have our common stock listed on the NYSE American, another national securities exchange, or traded on OTCQB or OTCQX, our access to capital markets will be limited and we will have to rely on funding from private sources. Such limited access to the capital markets could impair our ability to finance our operations and any potential acquisitions and could have a material adverse effect on our business, operating results and financial condition.

Failure to establish and maintain effective internal control over financial reporting could have a material adverse effect on our business, operating results and stock value.

As a privately held company, we are not currently required to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Following the effectiveness of the registration statement of which this prospectus forms a part, we will be a public company and be required to comply with the SEC's rules implementing Section 302 of Sarbanes-Oxley, which will require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. We will not be required to make our first assessment of our internal control over financial reporting until the year following our first annual report required to be filed with the SEC, likely beginning with the fiscal year ending May 31, 2023. To comply with the requirements of being a public company, we will need to upgrade our systems, including information technology, implement additional financial and management controls, reporting systems and procedures and hire additional accounting, finance and legal staff.

Our efforts to develop and maintain our internal controls may not be successful, and we may be unable to maintain effective controls over our financial processes and reporting in the future and comply with the certification and reporting obligations under Sections 302 and 404 of Sarbanes-Oxley. Any failure to maintain effective controls or any difficulties encountered in our implementation or improvement of our internal controls over financial reporting could result in material misstatements that are not prevented or detected on a timely basis, which could potentially subject us to sanctions or investigations by the SEC, NYSE American, or other regulatory authorities. Ineffective internal controls could also cause investors to lose confidence in our reported financial information.

We will incur increased costs as a result of closing this offering and later becoming a public reporting company.

We are not currently a public reporting company, and as such, we will not be responsible for thecorporate governance and financial reporting practices and policies required of a public company. Following the effectiveness of the registration statement of which this prospectus forms a part, we will be a public company. As a public company with listed equity securities, we will need to comply with new laws, regulations and requirements, certain corporate governance provisions of Sarbanes–Oxley Act of 2002 ("Sarbanes-Oxley"), related regulations of the SEC and the requirements of the NYSE American. Complying with these statutes, regulations and requirements will occupy a significant amount of time of our Board and management and will significantly increase our costs and expenses. We will need to:

- institute a more comprehensive compliance function;

- design, establish, evaluate and maintain a system of internal controls over financial reporting in compliance with the requirements of Section 404 of Sarbanes-Oxley and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board;
- comply with rules promulgated by the NYSE American or any other national securities exchange or over the counter market on which our common stock is listed or traded;
- prepare and distribute periodic public reports in compliance with our obligations under the federal securities laws;
- establish new internal policies, such as those relating to disclosure controls and procedures and insider trading;
- involve in and retain to a greater degree outside counsel and accountants for the above activities; and
- establish an investor relations function.

In addition, we expect that being a public reporting company subject to these rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. If adequate director and officer liability insurance coverage is not available, it may require us to retain substantial cash balances and further restrict our ability to invest in the business. These factors could also make it more difficult for us to attract and retain qualified members of our Board, particularly to serve on our audit committee, and qualified executive officers.

You may experience dilution of your ownership interest because of the future issuance of additional equity in our company.

In the future, we may issue additional shares of capital stock in our company, resulting in the dilution of the investors' relative ownership. We may also issue other securities that are convertible into or exercisable for equity in our company in connection with hiring or retaining employees or consultants, future acquisitions or future sales of our securities.

Provisions in our Article, our Bylaws, and Nevada law may discourage a takeover attempt even if a takeover might be beneficial to our stockholders.

Provisions contained in our Articles and Bylaws could make it more difficult for a third party to acquire us if we have become a publicly traded company. Provisions of our Articles and Bylaws impose various procedural and other requirements, which could make it more difficult for stockholders to effect certain corporate actions. For example, our Articles authorize our Board to determine the rights, preferences, privileges and restrictions of unissued series of preferred stock without any vote or action by our stockholders. Thus, our Board can authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our other series of capital stock. These rights may have the effect of delaying or deterring a change of control of our company. Additionally, our Bylaws establish limitations on the removal of directors and on the ability of our stockholders to call special meetings.

For a more complete understanding of these provisions, please refer to the Nevada Revised Statutes and our Articles and Bylaws.

Though not now, we may be or in the future we may become subject to Nevada's control share law. A corporation is subject to Nevada's control share law if it has more than 200 stockholders, at least 100 of whom are stockholders of record and residents of Nevada, and it does business in Nevada or through an affiliated corporation. The law focuses on the acquisition of a "controlling interest" which means the ownership of outstanding voting shares sufficient, but for the control share law, to enable the acquiring person to exercise the following proportions of the voting power of the corporation in the election of directors: (i) one-fifth or more but less than one-third; (ii) one-third or more but less than a majority; or (iii) a majority or more. The ability to exercise such voting power may be direct or indirect, as well as individual or in association with others.

The effect of the control share law is that the acquiring person, and those acting in association with it, obtains only such voting rights in the control shares as are conferred by a resolution of the stockholders of the corporation, approved at a special or annual meeting of stockholders. The control share law contemplates that voting rights will be considered only once by the other stockholders. Thus, there is no authority to strip voting rights from the control shares of an acquiring person once those rights have been approved. If the stockholders do not grant voting rights to the control shares acquired by an acquiring person, those shares do not become permanent non-voting shares. The acquiring person is free to sell its shares to others. If the buyers of those shares themselves do not acquire a controlling interest, their shares do not become governed by the control share law.

If control shares are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of the voting power, any stockholder of record, other than an acquiring person, who has not voted in favor of approval of voting rights is entitled to demand fair value for the redemption of such stockholder's shares.

Nevada's control share law may have the effect of discouraging takeovers of the corporation.

In addition to the control share law, Nevada has a business combination law which prohibits certain business combinations between Nevada corporations and "interested stockholders" for two years after the "interested stockholder" first becomes an "interested stockholder," unless our Board approves the combination in advance or thereafter by both the Board and 60% of the disinterested stockholders. For purposes of Nevada law, an "interested stockholder" is any person who is (i) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the corporation, or (ii) an affiliate or associate of the corporation and at any time within the two previous years was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then outstanding shares of the corporation. The definition of the term "business combination" is sufficiently broad to cover virtually any kind of transaction that would allow a potential acquiror to use the corporation's assets to finance the acquisition or otherwise to benefit its own interests rather than the interests of the corporation and its other stockholders.

The effect of Nevada's business combination law is to potentially discourage parties interested in taking control of us from doing so if it cannot obtain the approval of our Board.

The regulation of penny stocks by the SEC and FINRA may have an effect on the tradability of our securities.

Our shares of common stock are currently listed for trading on the OTC Pink Market. Our common stock is subject to a Securities and Exchange Commission rule that imposes special sales practice requirements upon broker-dealers who sell such securities to persons other than established customers or accredited investors. For purposes of the rule, the phrase "accredited investors" means, in general terms, institutions with assets in excess of $5,000,000, or individuals having a net worth in excess of $1,000,000 or having an annual income that exceeds $200,000 (or that, when combined with a spouse's income, exceeds $300,000).

For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell our securities and also may affect the ability of sellers to sell their securities in any market that might therefore develop.

In addition, the Securities and Exchange Commission has adopted a number of rules to regulate "penny stocks." Such rules include Rules 3a51-1, 15g-1, 15g-2, 15g-3, 15g-4, 15g-5, 15g-6, 15g-7, and 15g-9 under the Exchange Act. Because our securities constitute "penny stocks" within the meaning of the rules, the rules would apply to us and to our securities. The rules may further affect the ability of owners of our common stock to sell our securities in any market that might develop for them.

Stockholders should be aware that, according to Securities and Exchange Commission, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) "boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (iv) excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities.

The shares of our common stock may be thinly traded on the OTC Pink Market, meaning that the number of persons interested in purchasing our shares of common stock at or near ask prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including the fact that we are a small company which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven, early stage company such as ours or purchase or recommend the purchase of our shares of common stock until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares of common stock is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on the price of our common stock.

We are a shell company and as such stockholders cannot rely on the provisions of Rule 144 for the resale of their shares until certain conditions are met.

We are a shell company as defined under Rule 405 of the Securities Act of 1933 as a registrant that has no or nominal operations and either no or nominal assets, or assets consisting only of cash or cash equivalents and/or other nominal assets. As securities issued by a shell company, the securities issued by us can only be resold pursuant to an

effective registration statement by for the sale of such securities or utilizing the provisions of Rule 144 once certain conditions are met, including that: (i) we have ceased to be a shell company (ii) we are subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, (iii) we have filed all required reports under the Exchange Act of the preceding 12 months and (iv) one year has elapsed since we filed "Form 10" information (e.g. audited financial statements, management information and compensation, stockholder information, etc.).

Thus, a stockholder of the ours will not be able to sell its shares until such time as a registration statement for those shares is filed or we have ceased to be a shell company either by effecting a business combination or by developmental growth, we have remained current on its Exchange Act filings for 12 months and we have filed the information as would be required by a "Form 10" filing.

In addition, because we are a shell company, a person selling restricted or control securities may not use Rule 144 unless certain conditions have been met.
Rule 144(i) provides that Rule 144 may only become available for the resale of securities by a person selling restricted or control securities that were originally issued by a shell company if certain conditions are met. These conditions are: (a) that the issuer is no longer a shell company of the company; (b) that the issuer is an SEC reporter; (c) that the issuer has filed all required reports during the preceding 12 months or any shorter period during which the company has been subject to reporting requirements; and (d) has filed current Form 10 information with the SEC reflecting that it is no longer a shell company.

Furthermore, as a shell company, we will not become eligible to use Form S-8 to register offerings of our securities until 60 calendar days after we cease to be a shell company and we file information equivalent to what it would be required to file if we filed Form 10 information with the SEC.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common stock, its trading price and volume could decline.

We expect the trading market for our common stock to be influenced by the research and reports that industry or securities analysts publish about us, our business or our industry. As a new public company, we do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our stock may be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline and our common stock to be less liquid. Moreover, if one or more of the analysts who cover us downgrades our stock or publishes inaccurate or unfavorable research about our business, or if our results of operations do not meet their expectations, our stock price could decline.

USE OF PROCEEDS

All the Registered Shares offered by the Selling Stockholders will be sold by them for their respective accounts. We will not receive any of the proceeds from these sales.

The Selling Stockholders will pay any underwriting fees, discounts, selling commissions, stock transfer taxes and certain other legal expenses incurred by such Selling Stockholders in disposing of their Registered Shares, and we will bear all other costs, fees and expenses incurred in effecting the registration of such Registered Shares, including, without limitation, all registration and filing fees, NYSE American listing fees or OTCQB quotation fees, and fees and expenses of our counsel and our independent registered public accountants.

DIVIDEND POLICY

We may become obligated to issue paid-in-kind dividends ("PIK Dividends") to holders of our Series C Preferred Stock and our Series D Preferred Stock if we fail to timely cause the registration statement of which this prospectus forms a part to be filed or become effective or to cause our common stock to be listed on a national securities exchange or traded on the OTCQX or OTCQB, in each case in accordance with the terms of the Series C Preferred Stock and Series D Preferred Stock (as described in our Articles, and the certificates of designations of the Series C Preferred Stock and Series D Preferred Stock) and the related Registration Rights Agreements filed as exhibits hereto. The registration statement of which this prospectus forms a part was filed timely on August 13, 2021. At the time the registration statement of which this prospectus forms a part becomes effective and our shares of common stock are listed on a national securities exchange or traded on OTCQX or OTCQB, our obligation to issue further PIK Dividends will cease. We intend to apply to have our common stock listed on the NYSE American under the symbol "APLD." However, there is no assurance that this registration statement will become effective or that our common stock will be listed on NYSE American or another national securities exchange or traded on OTCQX or OTCQB, at the expected times or at all. Except for such PIK Dividends we do not expect to declare or pay dividends in the foreseeable future, as we anticipate that we will invest future earnings in the development and growth of our business.

Until such PIK Dividends are required we intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our capital stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions, and other factors that our Board may deem relevant.

CAPITALIZATION

The following table sets forth cash and cash equivalents, as well as our capitalization, as of May 31, 2021 on:

- an actual basis; and
- a pro forma as adjusted basis, giving effect to the automatic conversions of all outstanding shares of our Series C Preferred Stock and Series D Preferred Stock as of May 31, 2021 into 205,863,636 shares of our common stock, as if such conversions had occurred on May 31, 2021 and giving effect to this offering.

You should read this table together with our consolidated financial statements and related notes, and the sections titled "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," each included elsewhere in this prospectus.

	As of May 31, 2021	
	Actual	Pro Forma As Adjusted
	(in thousands)	
Cash and cash equivalents	$ 11,750	$ 44,250
Mezzanine equity:		

Series C convertible and redeemable preferred stock, $.001 par value, 660,000 shares authorized, issued and outstanding and 0 shares outstanding	15,135	-
Series D convertible and redeemable preferred stock, $.001 par value, 132,000,000 shares authorized, issued and not outstanding	-	-
Stockholders' equity		
Series A, convertible preferred stock, $.001 par value, authorized 70,000 shares, 27,195 shares issued and outstanding	3,370	-
Series B, convertible preferred stock, $.001 par value, authorized 50,000 shares, 17,087 shares issued and outstanding	1,849	-
Common stock, $.001 par value, 500,000,000 shares authorized, 39,569,335 shares issued and 9,066,363 actual shares and 387,521,848 pro forma shares outstanding	9	387,522
Additional paid-in capital	13,874	52,489,419
Treasury Stock, 36,300 shares, at cost	(62)	(62)
Accumulated deficit	(21,623)	(21,623)
Total stockholders' equity	(2,583)	52,855,255
Total capitalization	(12,552)	52,855,255

The number of shares of our common stock to be outstanding following the effectiveness of this registration statement includes:

- 320,381,519shares of our common stock outstanding as of May 31, 2021;
- 132,000,000 shares of our common stock issuable on the automatic conversion of our Series C Preferred Stock upon effectiveness of the Resale Registration Statement expected to become effective simultaneously with or prior to effectiveness of this registration statement; and
- 73,863,636 shares of our common stock issuable on the automatic conversion of our Series D Preferred Stock upon effectiveness of the Resale Registration Statement expected to become effective simultaneously with or prior to effectiveness of this registration statement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes appearing elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should read the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Company History

Applied Blockchain, Inc. was incorporated in Nevada in May 2001 under the name of Reel Staff, Inc. to provide staffing services to film, video and television production companies. In September 2002, in connection with a share exchange with the stockholders of Flight Safety Technologies, Inc. ("FSTO"), we discontinued previous operations and changed our name to FSTO, FSTO became our subsidiary and stockholders of FSTO acquired approximately 53% of our outstanding common stock. In June 2003, FSTO merged into us, and we became the owners of certain patents related to air travel safety technology which we planned to develop and market. On July 29, 2009, we filed a Form 15 with the SEC to terminate the registration of our common stock and our obligations to file annual, quarterly and other periodic reports with the SEC in order to conserve financial and other resources for the continuing development and commercialization of our business.

On September 2, 2008, we formed a subsidiary, Advanced Plasma Products, that acquired certain intellectual property and laboratory equipment for the development of products based on patented atmospheric plasma technology. We designed, produced and sold air purification products. The company also spent significant resources developing a medical device for chronic wound treatment. On October 23, 2009, we filed a certificate of amendment to our Articles with the Secretary of State of the State of Nevada to change our name to Applied Science Products, Inc.

On January 13, 2009, we acquired Cummins Family Produce, Inc., an Idaho Corporation ("CFP"). CFP was a fresh produce processing and packaging business. The purpose of the acquisition was to acquire a cash generating business to further fund the development of plasma-based products at our other subsidiary, Advanced Plasma Products. Operations ceased in 2013 and the facilities leased by CFP were sold to another company. Thereafter, we were not able to secure additional funding needed to complete development and testing of the wound treatment device and operations ceased in 2014.

Since that time, all of our then existing subsidiaries have been dissolved or have become defunct.

On December 3, 2020, we filed a Certificate of Reinstatement/Revival with the Secretary of State of the State of the State of Nevada in order reinstate us. At that time, we began investigating opportunities to acquire, or otherwise build, an operating business. We determined to build a business focused on cryptoassets, and specifically participate in Ethereum (Ether) mining. On March 19, 2021, we entered into the Services Agreement with GMR Limited, a British Virgin Islands limited liability company ("GMR"), Xsquared Holding Limited, a British Virgin Islands limited liability company ("SparkPool"), and Valuefinder, a British Virgin Islands limited liability company ("Valuefinder" and, together with GMR and SparkPool, each a "Service Provider" and collectively, the "Service Providers"). Pursuant to the Services Agreement, we engaged the Service Providers to provide cryptoasset mining management and analysis and to secure equipment to be purchased by us as consideration for 44,640,889 shares of common stock to be issued to GMR and SparkPool or their designees and 18,938,559 shares of common stock to be issued to Valuefinder or its designee, in each case upon the occurrence of certain events.

On April 7, 2021, we filed a certificate of amendment to our Articles with the Secretary of State of Nevada, to, among other things, change our name to Applied Blockchain, Inc.

To raise funds to purchase crypto mining equipment and begin building our business, on April 15, 2021, we filed our Articles with the Secretary of State of Nevada, to, among other things, establish Series C Convertible Redeemable Preferred Stock and to file the Certificate of Designations related thereto. Also on April 15, 2021, pursuant to that certain placement agent agreement, dated as of April 7, 2021, by and between us and B. Riley Securities, Inc., we issued 660,000 shares of Series C Convertible Redeemable Preferred Stock (the "Series C Preferred Stock") to certain investors for gross proceeds of $16,500,000. We used the net proceeds from the offering, among other things, to purchase cryptoasset mining equipment and pay for co-hosting services from Coinmint, LLC.

Also on April 15, 2021 holders of a majority of the shares of Series A Preferred Stock and Series B Preferred Stock to opted to convert such shares which triggered a mandatory conversion of all outstanding Series A Convertible Preferred Stock and Series B Convertible Preferred Stock into an aggregate of 172,591,849 shares of our common stock. Additionally, on April 15, 2021, we entered into an Exchange Agreement with certain noteholders, including Wes Cummins, our chairman of the Board, chief executive officer, secretary and treasurer, pursuant to which we agreed to exchange all outstanding notes into an aggregate of 30,502,970 shares of our common stock.

In June 2021, we entered into a Co-Hosting and Services Agreement with Coinmint, LLC pursuant to which Coinmint hosts certain of our crypto mining equipment. We subsequently took delivery of our crypto mining equipment, installed the equipment at Coinmint's co-hosting facility and began mining operations in June 2021.

On July 29, 2021, we filed a certificate of amendment to our Articles with the Secretary of State of Nevada, to increase our authorized capital stock to 1,005,000,000 shares and designate 1,000,000,000 as common stock. On the same day, we filed with the Secretary of State of Nevada the certificate of designations to establish Series D Convertible Redeemable Preferred Stock (the "Series D Preferred Stock").

To raise funds to lease land, purchase and install the physical building on such land to house our co-hosting facility, make deposits for our energy services agreement and purchase additional crypto mining equipment to continue to expand our mining business and build our co-hosting business, on July 30, 2021, pursuant to that certain placement agent agreement, dated as of July 30, 2021, by and between us and B. Riley Securities, Inc., we issued 1,300,000 shares of Series D Preferred Stock to certain investors for gross proceeds of $32,500,000. We are using the proceeds from the offering, among other things, to lease property on which to locate our first co-hosting facility, pay amounts needed to secure an energy services agreement, order the prefabricated building that will be installed and serve as our first co-hosting location and to purchase additional mining equipment.

During the year ended May 31, 2021, we formed two subsidiaries, Shanghai Sparkly Ore Tech, Ltd and Applied Blockchain, Ltd. Shanghai Sparkly Ore Tech, Ltd is a wholly owned foreign entity in China that is currently dormant. Applied Blockchain, Ltd. is a wholly owned subsidiary formed in Grand Cayman. Applied Bockchain, Cayman is currently dormant except that it holds a digital wallet which we might use in the future if we undertake crypto mining outside of the U.S. In June 2021, we formed a wholly-owned subsidiary, APLD Hosting, LLC, in Nevada. APLD Hosting is entering into agreements to own and operate our co-hosting facilities.

Trends and Uncertainties

On June 2021, we began our crypto mining operations. Prior to that time, we had no operating business or revenues since 2014. As a result we are currently deemed to be a shell company. During June 2021, we also began planning and executing a strategy to develop co-hosting operations to meet the changing challenges and needs of the cryptoasset industry. As our business operations continue or commence and grow, and because of the rapidly changing nature of our industry, our business will continue to change.

The COVID-19 virus has had unpredictable and unprecedented impacts in the United States and around the world. The World Health Organization has declared the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease. Many countries around the world have imposed quarantines and restrictions on travel and large gatherings to slow the spread of the virus. In the United States, federal, state and local governments have enacted restrictions on travel, gatherings, and workplaces, with exceptions made for essential workers and businesses. We are still assessing potential effects on our business from COVID-19 and any actions implemented by the federal, state and local governments. We may experience disruptions to our business operations resulting from quarantines, self-isolations, or other restrictions on the movement or ability of our employees and consultants to perform their jobs. Such restrictions could impact our ability to construct our co-hosting facilities or take delivery of, or effectively service and maintain, our own and our customers' crypto mining equipment.

China has also limited the shipment of products in and out of its borders, which could negatively impact our ability to receive mining equipment from China-based suppliers. Third-party manufacturers, suppliers, sub-contractors and customers have been and will continue to be disrupted by worker absenteeism, quarantines, restrictions on employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, or other travel or health-related restrictions. Depending on the magnitude of such effects on our supply chain, shipments of parts for our existing miners, as well as any new equipment we purchase, may be delayed. As our equipment requires repair or becomes obsolete and requires replacement, our ability to obtain adequate replacements or repair parts from their manufacturer may therefore be hampered. Supply chain disruptions could therefore negatively impact our operations.

The implications of the COVID-19 pandemic on our results of operations and overall financial performance remain uncertain. The economic effects of the pandemic and resulting societal changes are currently not predictable, and the future financial impacts could vary from those foreseen.

Components of Results of Operations

Operating Expenses

Our operating expenses consist primarily of expenses related to salaries of employees hired to develop and start our operating business and costs related to our activities in starting an operating business.

Net Loss

Our net loss is primarily attributable to interest expense and the increase in our net loss from fiscal year 2020 to fiscal year 2021 was primarily due to expenses related to starting our business which was dormant in fiscal year 2020.

Liquidity and Capital Resources

Sources of Liquidity

We have only generated cash from the sale of our convertible preferred stock. Since December 2020, when we began planning to acquire or build an operational business, we have raised aggregate gross proceeds of $49.0 million from issuances of our convertible preferred stock. On April 15, 2021, we received $16.5 million in gross proceeds from the issuance of our Series C Convertible Redeemable Preferred Stock and on July 30, 2021, we received $32.5 million in gross proceeds from the issuance of our Series D Preferred Stock. During fiscal year 2021, we did not generate any revenue from crypto mining, co-hosting or otherwise. We have incurred net losses from operations. In June 2021, as a result of commencement of our crypto mining operations, we began to generate revenue. As of May 31, 2021 and May 31, 2020, we had cash of $11.8 million and $0, respectively, and an accumulated deficit of $21.6 million and $21.1 million, respectively.

Funding Requirements

Having ceased our operations in 2014, we have experienced net losses since then. Our transition to profitability is dependent on the successful mining of crypto assets, the purchase and installation of additional crypto mining equipment and/or the successful operation of one or more of our own co-hosting facilities. We believe that amounts we received from our April 2021 and July 2021 sales of convertible preferred stock, together with revenue we have begun to achieve in our crypto mining operations, after planned expenditures to purchase new crypto mining equipment and commence building our co-hosting operations, will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months.

We expect that our general and administrative expenses and our operating expenditures will continue to increase as we continue to expand our operations and as we become a public company when the registration statement of which this prospectus forms a part becomes effective. We also expect that our revenues will increase as we bring online additional crypto mining equipment and open our first operational co-hosting facility. We expect to need additional capital to fund continued growth, which we may obtain through one or more equity offerings, debt financings or other third-party funding. Because of the numerous risks and uncertainties associated with the crypto mining industry, we are unable to estimate the amount of increased capital we may need to raise to continue to purchase additional or new crypto mining equipment or parts or build additional co-hosting facilities and we may use our available capital sooner that we currently expect.

We believe that our existing cash, together with the anticipated revenues from current operations, will enable us to fund our operating expenses and capital expenditure requirements through at least 12 months. We have based our estimates as to how long we expect we will be able to fund our operations on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect, in which case, we would be required to obtain additional financing sooner than currently projected, which may not be available to us on acceptable terms, or at all. Our failure to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy.

Cash Flows

The net cash used by operating activities for fiscal year 2021 consisted primarily of a net loss of $5.7 million due to operating costs associated with wages, consulting expenses, professional fees and general administrative expenses.

The net cash used in investing activities for fiscal year 2021 represents computers and office equipment and the deposits for mining equipment purchase agreements.

The net cash provided by financing activities for fiscal year 2021 represents proceeds from issuance of our Series C Preferred Stock.

In fiscal year 2020 there was no cash used by operating activities, no cash used in investing activities and no cash from financing activities.

Off Balance Sheet Arrangements

None.

Significant Accounting Pronouncements

None.

Recent Accounting Pronouncements

We continually assesses any new accounting pronouncements to determine their applicability. When it is determined that a new accounting pronouncement affects our financial reporting, we undertake a study to determine the consequences of the change to its consolidated financial statements and assures that there are proper controls in place to ascertain that our consolidated financial statements properly reflect the change.

In December 2019, the FASB issued ASU No. 2019-12, “Income Taxes” (Topic 740): Simplifying the Accounting for Income Taxes” (“ASU 2019-12”), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted.

In August 2020, the FASB issued ASU No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity, which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, and it also simplifies the diluted earnings per share calculation in certain areas. This ASU is effective for annual reporting periods beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. This update permits the use of either the modified retrospective or fully retrospective method of transition. We are currently evaluating the impact this ASU will have on its consolidated financial statements and related disclosures.

BUSINESS

Overview

Our Business

We are a participant in the dynamic Cryptoeconomy, actively mining cryptoassets and developing hosting services offered to other cryptoasset (crypto) miners. We are positioning ourself to play an active role in increasing acceptance of cryptoassets, recognizing cryptoassets as a currency and store of value. While crypto itself is not new, demand for it in the recent years has led to many financial institutions giving clients exposure through various investment vehicles, retail investors allocating portions of their portfolios to crypto, merchants accepting crypto as a form of payment, crypto ATM machines becoming more readily available around the world, and at least one government approving Bitcoin as legal tender requiring merchants to be able to accept Bitcoin as well as other forms of currency. As the Cryptoeconomy expands, we are positioning ourselves to support the growth via our multi-pronged strategy, which consists of:

- ***Mining Ethereum, Bitcoin and other Cryptoassets*****:** gives us the ability to deploy resources toward Ethereum and Bitcoin, while opportunistically mining other Altcoins.
- ***Scaling Hosting Operations*****:** leveraging partnerships to support scalable, low-cost mining solutions to support crypto and blockchain infrastructure.
- ***Expansion of Mining Hardware and Related Infrastructure:*** rapidly deploying capital to expand mining operations.
- ***Proprietary Quantitative Models:*** allow us to calculate mining returns in real-time and adjust mining hash power as needed. We believe that the models developed

with our strategic partners allow us to deploy our hardware to mine the cryptocurrencies that will drive high returns on investment.

- ***Strategic Crypto Asset Management:*** allows us to utilize trading strategies to maximize asset value and hedge against downside risk.
- ***Fleet Management***: opportunistic trading of mining equipment in secondary markets to locate inefficient hardware and replace it with more efficient hardware.

Mining Operation

Our mission is to quickly scale a large mining operation focused primarily on mining Bitcoin, Ethereum (Ether) and other cryptoassets. With a specialized algorithm provided by strategic partners, we are able to mine the most profitable cryptoassets in the market and adjust in real-time if needed when more financially lucrative opportunities arise. With the first deployment of GPUs initially set to become operational in China during the summer of 2021, we pivoted operations due to the uncertain regulatory climate in China surrounding cryptoasset mining operations. Shortly after making the decision to move the mining hardware to a mining facility in North America, China began the crackdown on mining facilities in locations across the country. These events pushed us to explore other co-hosting locations. By July 2021, we had entered into a co-hosting agreement with Coinmint LLC, had our initial order of mining equipment delivered and installed at Coinmint's co-hosting facility and began our mining operations. We also determined that constructing our own hosting co-hosting facilities would enable us to generate a stable cash flow stream through long-term hosting agreements, lower the cost of power for our own mining operations and eliminate risks to us of relying on a third party host. We have ordered additional mining equipment, which we expect to be delivered and installed at our first co-hosting facility once built in the fourth quarter of calendar year 2021. We do not plan to utilize third-party co-hosting facilities for our equipment other than what is currently hosted by Coinmint.

Hosting Operation

Our mission includes building co-hosting facilities in which our customers will lease space and access to electricity and in which we will also install our own crypto mining equipment providing us with fees from customers and less expensive access to power to run our crypto mining business. We have expect to enter into a lease for property on which we will build our first co-hosting facility. We have also entered into an Energy Services Agreement with respect to 100 megawatts to be used by us and our co-hosting customers. We have also entered into agreements with 2 customers which will account for greater than 50% of the available energy under the Energy Services Agreement. Working with expert advisors in the fields of power, crypto mining operations, procurement, and construction, we have designed a plan for a prefabricated facility and organization within the facility that can be delivered and installed quickly and maximize performance and efficiency of the facility and the our and our customers' crypto mining equipment. We expect delivery and installation of our first co-hosting facility to be completed in the fourth quarter of calendar year 2021. With low-cost energy powering our co-hosting facilities, our customers can expect an agile and cost competitive crypto mining solution. We have identified at least two additional sites for additional facilities and several potential customers to fill our first facility and beyond. We are negotiating leases and/or purchases of such property, energy agreements to support such facilities and agreements with potential additional co-hosting customers.

Our Competitive Strengths

*Premier strategic partnerships with leading industry participants. We believe that o*ur partnerships with SparkPool and GMR provide the us with a significant competitive advantage. SparkPool operates one of the largest Ethereum mining pools in the world, and is one of the leading software developers for mining software globally. SparkPool provides mining software, hardware selection, analytics, and purchasing power. SparkPool also assists us in engineering and designing our sites. GMR has deep crypto mining experience, in particular with Ether and Bitcoin. GMR provides the proprietary algorithms to optimize mining activities in real-time. Under the terms of our agreement with GMR, we receive mining asset selection, asset management, trading, and hedging services. GMR has also been a proponent of our hosting strategy, having signed a contract for 100MW of power as part of our hosting operation under development. Bitmain, our newest partner, provides us with preferred access to miners as well as leads for potential hosting customers. SparkPool, GMR, and Bitmain are each strategic equity investors in our company.

*Access to low-cost power with long-term services agreement.*One of the main benefits of our Electric Service Agreement is the low cost of power for mining, which allows us to focus on our core mining competency as opposed to operating power generation assets. Even prior to the crypto mining restrictions in China, power capacity available for Bitcoin mining was scarce, especially at scalable sites with over 100MW+ of potential capacity. This scarcity of mining power allows us to realize attractive hosting rates in the current market, in particular given our ability to provide long-term (5-year) hosting contracts. For the first 100MW buildout, we secured 5-year power from a utility that pre-filled the 100MW of planned capacity before breaking ground.

Access to miners during shortage of mining equipment. Independent of our Bitmain partnership, we secured an order for Nvidia GPUs from a third-party. The new Bitmain partnership has only reinforced our access to miners, as evident by the Bitmain order for 200PH of rigs due late in calendar year 2021. As we continue to scale, we expect to leverage our strategic partnerships in order to ensure that we receive timely access to the highest quality equipment.

Hosting provides predictable, sticky revenue and cash flow to complement more volatile mining operations. The financial performance of mining operations is linked to the value of the underlying cryptocurrencies mined, which can result in volatility in financial results. However, through the recently executed Electric Service Agreement with a utility in the upper Midwest, we have locked in a ceiling for our energy costs. The Electric Service Agreement has also enabled us to launch our hosting business with long-term customer contracts. We intend for the steady cash flows generated by our hosting operations to be reinvested into the hosting business or re-deployed into our mining business in order to opportunistically mine the most profitable crypto currencies.

Strong management team and board of advisors with deep experience in crypto mining and hosting operations. We have recently expanded our leadership team by attracting top talent in the crypto mining and hosting space. Recent hires from both publicly traded and private company competitors have allowed us to build a team capable of designing hosting data centers, constructing hosting facilities, and efficiently running mining operations at scale. In addition, our board of advisors includes luminaries in the crypto space, including the co-founders of SparkPool and GMR.

Our Growth Strategies

Acquire mining equipment and build scale in our mining operations. Leveraging our strategic partners and their industry relationships, we intend to source and receive mining equipment to scale our operation as quickly as possible. Our diversified mining strategy allows us to opportunistically deploy capital into mining hardware that will provide the highest return on investment, including through mining Ethereum, Bitcoin, and many other alternative coins. Our partnership with Bitmain also provides us with access to high quality and efficient mining equipment from the leading manufacturer of crypto hardware in the world. Furthermore, we have added the leadership team to expand our mining operations through strategic hiring. We believe that we are positioned to benefit from our experienced team as well as our strategic relationships to accelerate the buildout of our mining operations and to optimize any hardware we deploy.

Leverage partners to grow hosting operations while minimizing risk. Our strategic partners GMR and Bitmain have entered into hosting contracts with us that will utilize the available capacity from our first planned 100MW hosting site, enabling us to pre-fill our initial site before breaking ground. Beyond their own use of our hosting capabilities, our partners have strong relationships across the cryptocurrency ecosystem, and we believe that we will be able to leverage their networks to identify leads for our expansion of hosting operations. In fact, we believe that we have sufficient demand to fill our planned hosting expansion to approximately 500MW, which should minimize the risk of accelerating expansion.

*Secure scalable power sites in areas favorable for crypto mining.*We have developed a pipeline of potential power sources. We are currently developing our first hosting

site in the Midwest, and we have visibility into two additional sites in the Midwest as well as solar and wind assets in Texas. Through our build-out of our first Midwest facility and the prior experience our leadership team brings to our initiatives, we believe that we have developed a repeatable power strategy to significantly scale our operations. In addition, we are currently focused on and will continue to target states that have favorable laws and regulations for the crypto mining industry, which we believe further de-risks the scaling of our operations.

Vertically integrate power assets. With recent additions to our management team, we are increasingly looking at various types of power assets to support the growth of our mining and hosting operations. This also includes power generation assets, which longer-term could be used to reduce our cost of power. Our management team has experience in not only in evaluating and acquiring power assets, but also in the conversion of power assets to crypto mining/hosting operations and the construction of data centers with the specific purpose of mining crypto currency assets.

Expand into other cryptocurrency assets. In addition to mining different types of cryptocurrencies, we see great potential value in the ecosystems developing around Ethereum. Decentralized finance (DeFi) allows for a 24 hour marketplace, and consists of financial products or services that operate on the blockchain. Ethereum is one of the most widely used blockchains for DeFi applications. DeFi apps are disruptive, as they challenge the traditional financial system comprised of banks and exchanges. Additionally, new asset classes such as Non-fungible tokens (NFTs) have increasingly gained acceptance. An NFT allows for representation of something unique as an Ethereum-based asset. In the first three months of 2021, NFT sales were over $2 billion, with volumes up approximately 20x compared to the $93 million in sales during the final three months of 2020 according to reporting by CNBC.

[Citation for NFT volume: https://www.cnbc.com/2021/04/13/nft-sales-top-2-billion-in-first-quarter-with-interest-from-newcomers.html]

Strategic Relationships

Company's Crypto Mining

The strategic relationships between APLD, SparkPool, and GMR provide APLD access to hardware needed to grow our mining operations. SparkPool is one of the largest mining pools in the world, controlling nearly 26% of the Ethereum hashrate and serves as our mining pool manager. They are leaders in the evolution and governance of Ethereum and are leading mining software developers for other major Altcoin networks. SparkPool is instrumental to our hardware selection and procurement, purchasing power and analytics. GMR's proprietary algorithm optimizes mining in real-time to maximize return on deployment assets. The GMR team provides services to us with respect to mining asset selection, asset management, trading, hedging, etc. We have also entered into an agreement with Bitmain Technologies Limited from whom we are purchasing additional mining equipment.

Company's Hosting Operations

On August 4, 2021, we entered into an Energy Services Agreement with respect to 100 megawatts to be used by us and our co-hosting customers. We have also entered into agreements with two customers which will account for greater than 50% of the available energy under the Energy Services Agreement.

Future Business Expansion

Fiscal year 2022:

- In the second or third quarter of fiscal year 2022, we expect to complete installation of our facility and have customer equipment and our own equipment, including additional purchased equipment, installed in our facility, together utilizing at least 50% of the capacity of the first facility.
- We are negotiating additional customer agreements which we expect to be entered into during the second or third quarter of fiscal year 2022.
- In the third quarter of fiscal year 2021 we intend to scale our utilization at our first co-hosting site to 100% if we haven't already reached 100% utilization.
- By the end of fiscal year 2022, we intend to have entered into an agreement to lease or purchase a second property and enter into an energy services agreement with respect to such location.
- Purchase and install additional mining equipment.

Fiscal year 2023:

- Install a facility at the second facility site and enter into contracts to utilize 100% of the capacity at such location.
- Enter into agreements with respect to a third co-hosting facility location, install the facility and customer equipment.
- Assess the state of our mining operations and purchase additional mining equipment if feasible and beneficial. The crypto asset mining market changes quickly and future expansion of the mining business will depend on then current status of the market and technology.

Fiscal year 2024 and beyond

- Our current plan is to continue to expand the number of facilities we operate and our own mining operations. However, the crypto asset mining market changes quickly and future expansion of our business will depend on then current status of the market and technology.

- [Other types of expansion of the business into new crypto asset adjacent business, i.e., lending?]

Industry History

[History of the industry of cryptoassets to be revised and inserted]

Why Ethereum

Enables New Version of the Internet: Global distributed computing network and growing demand for permissionless platforms without centralized toll takers.

Largest and Most Attractive Ecosystem for DeFi (decentralized finance): decentralized finance ecosystem is capturing market share and offers protocol platforms for borrowing and lending, asset exchange, payments, insurance, and asset management.

Use of Non Fungible Tokens ("NFTs") on Ethereum is rising: represents anything digitally unique and scarce, with current excitement centered around digital art. NFTs are unique and verifiable on the blockchain, they are permanent and programmable and it is a digital ownership that is freely tradable.

Diverse Altcoin Opportunity: there is a multitude of Altcoins that can be mined on the Ethereum network.

Competitive Advantage

There are a multitude of cost components to crypto mining operations. Some components are cost of hardware, like ASICS used to mine Bitcoin and GPUs used to mine Ether; electrical costs, and the cost a miner pays to have its crypto mining equipment hosted. Our competitive advantages are:

1. Our priority access to hardware procurement resulting from vendor relationships secured by strategic partners.

2. The high demand for co-hosting services which we expect to serve as a steady income stream for us once our facilities are operational.

3. Once our co-hosting facilities are operational, we will reduce high electrical and hosting fees by plugging our own crypto mining equipment into our own co-hosting facilities.

Co-hosting and mining operations are tightly integrated. The demand for co-hosting skyrocketed following restrictions and prohibitions on crypto mining imposed by China. As a result of this unprecedented demand, we have begun to enter into long-term contracts that will allow us to scale and maintain low costs. We have also entered into long-term agreements with [two] customers and we have identified additional suppliers and customers with whom we are negotiating additional agreements.

Employees and Human Capital

As of August 5, 2021 we had four employees, all of whom are full time. We also have five independent contractors who focus full time on our business and one independent contractor who works on a part time basis on our business. We have relied and plan on continuing to rely on independent organizations, advisors and consultants to perform certain services for us, including obtaining opportunities for us to purchase additional crypto mining equipment and managing our mining pool. Such services may not always be available to us on a timely basis, on commercially reasonable terms or at all. Our future performance will depend in part on our ability to successfully integrate newly hired employees and to engage and retain consultants, as well as our ability to develop an effective working relationship with our employees and consultants.

DESCRIPTION OF PROPERTIES

We lease approximately 10,699 square feet of office space at 3811 Turtle Creek Blvd., Suite 2100, Dallas, Texas 75219. We use this location as our principal offices.

LEGAL PROCEEDINGS

As of the date of this prospectus, we are not involved in legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following table provides information regarding our executive officers and directors as of May 31, 2021:

Name	Age	Position(s)
Executive Officers		
Wes Cummins	43	Chief Executive Officer, Secretary, Treasurer, Chairman of the Board
David Rench	43	Chief Financial Officer
Regina Ingel	34	Executive Vice President of Operations
Non-Employee Directors		
Chuck Hastings (1)(3)	43	Director
Kelli McDonald (2)(3)	43	Director
Douglas Miller (1)(2)	64	Director
Virginia Moore (2)(3)	48	Director
Richard Nottenburg	67	Director
Jason Zhang	28	Director

(1)Member of the audit committee.
(2)Member of the compensation committee.
(3)Member of the nominating and corporate governance committee.

Executive officers

Wes Cummins

Mr. Cummins has served as a member of our Board from 2007 until 2020 and from March 11, 2021 through present. During that time Mr. Cummins also served in various executive officer positions and he is currently serving as our chairman of the Board, chief executive officer, president, secretary and treasurer. Mr. Cummins was also the founder and CEO of 272 Capital LP, a registered investment advisor, which he sold to B. Riley Financial, Inc. (Nasdaq: RILY) in August 2021. Following the sale Mr. Cummins joined B. Riley as President of B. Riley Asset Management. Mr. Cummins intends to spend at least 40 hours per week on our business. Mr. Cummins has been a technology investor for over 20 years and held various positions in capital markets including positions at investment banks and hedge funds. Prior to founding 272 Capital and starting our operating business, Mr. Cummins was an analyst with Nokomis Capital, L.L.C., an investment advisory firm, a position he held from October 2012 until February 2020. Mr. Cummins also serves as a member of the Board of Sequans Communications S.A. (NYSE: SQNS), a fabless designer, developer and supplier of cellular semiconductor solutions for massive, broadband and critical Internet of Things ("IoT") markets. He holds a BSBA from Washington University in St. Louis where he majored

in finance and accounting. We believe Mr. Cummins' experience building a business and as a chief executive officer and his experience investing in technology gives him insight and perspective into creating and building a technology based company as well as operating as a public company and enables him to be an effective board member

David Rench

Mr. Rench became our chief financial officer in March 2021 and continues to serve in that capacity. Prior to joining us, Mr. Rench co-founded in 2010, and from 2010 to 2017 served as the VP of Finance and Operations of, a software startup company, ihiji, until the company was acquired by Control4 in 2017. After the acquisition of ihiji, Mr. Rench joined and served as Chief Financial Officer of Hirzel Capital, an investment management company, from 2017 to 2020. Mr. Rench holds a BBA from the Neeley School of Business at Texas Christian University in Fort Worth, Texas, and an MBA from the Cox School of Business at Southern Methodist University in Dallas, Texas. He is skilled in talent management and focused on long-term business growth, revenue, and profitability. He has strong experience leading the full spectrum of accounting, budgets, financial analysis, forecast planning, IT strategy, and reporting processes to achieve and exceed corporate financial goals. He has demonstrated expertise in developing and implementing streamlined tools and procedures to maximize departmental efficiency.

Regina Ingel

Ms. Ingel became our Vice President of Operations in [March 2021]. Her experience is in marketing and operations to support growth of companies across sectors. From 2016 to 2018, Ms. Ingel worked with operations in the corporate buying offices at Neiman Marcus, a large department store chain, where she worked closely with the executive team on projections, marketing and planning for the web business. Ms. Ingel also founded an event planning company in Dallas in 2019, which she grew through creative marketing and sales despite a nationwide pandemic. Ms. Ingel sold her company in early 2021 to pursue the a career in the cryptocurrency marketplace and specifically as our vice president of operations.

Non-employee directors

Chuck Hastings

Mr. Hastings currently serves as Chief Executive Officer of B. Riley Wealth Management. Mr. Hastings joined B. Riley Financial in 2013 as a portfolio manager and became Director of Strategic Initiatives at B. Riley Wealth Management in 2018 and President in 2019. Prior to joining B. Riley, Mr. Hastings served as Portfolio Manager at Tri Cap LLC and was Head Trader at GPS Partners, a Los Angeles-based hedge fund, where he managed all aspects of trading and process including price and liquidity discovery and trade execution from 2005 to 2009. While at GPS Partners, Mr. Hastings was instrumental in growing the fund with the founding partners from a small start-up to one of the largest funds on the West Coast. Earlier in his career, Mr. Hastings served as a convertible bond trader at Morgan Stanley in New York. Mr. Hastings also serves as a Board member for IQvestment Holdings. Mr. Hastings holds a B.A. in political science from Princeton University. He is a recognized leader in the financial industry with more than two decades of global financial and business expertise. We believe Mr. Hastings' experience and expertise will be of tremendous value as we pursue opportunities to leverage our initial investment and further scale our mining operations and build our co-hosting operations and enables him to be an effective board member.

Kelli McDonald

Ms. McDonald has a passion for high impact charity work in her local community as well as social and environmental causes. Ms. McDonald has been active in early childhood education since 2006. She has served as the Fundraising Chairperson and Social Media Manager for KSD NOW since 2019 and works in merchandising for an independent bookseller. In addition to work in non-profit development, early childhood education and the Literacy Project from 2017 to 2020, Ms. McDonald founded NG Gives Back - a community service and engagement program focused on the St. Louis area. She earned a Bachelor of Arts degree from The University of Wisconsin Oshkosh. We believe Ms. McDonald's education and community outreach background bring a unique perspective to the Board and enables her to be an effective board member.

Douglas Miller

Mr. Miller has served as a member of the board of directors of three public companies over the past nine years: Telenav, Inc (NASDAQ: TNAV), CareDx, Inc. (NASDAQ: CDNA) and Procera Networks. He has chaired the Audit Committee for each of these companies, and has also served as Lead Independent Director and as chair or committee member on Compensation, Nominating and Governance and Special committees. Prior to his roles as board member, Mr. Miller served as senior vice president, chief financial officer and treasurer of Telenav, a wireless application developer specializing in personalized navigation services, from 2006 to 2012. From 2005 to 2006, Mr. Miller served as vice president and chief financial officer of Longboard, Inc., a privately held provider of telecommunications software. Prior to that, from 1998 to 2005, Mr. Miller held various management positions, including senior vice president of finance and chief financial officer, at Synplicity, Inc., a publicly traded electronic design automation company. Mr. Miller also served as chief financial officer of 3DLabs, Inc., a publicly held graphics semiconductor company, and as an audit partner at Ernst & Young LLP, a professional services organization. Mr. Miller is a certified public accountant (inactive). He holds a B.S.C. in Accounting from Santa Clara University. We believe Mr. Miller's experience as a chief financial officer and board member of public companies gives him insight and perspective into how other boards function and enables him to be an effective board member.

Virginia Moore

Ms. Moore is the Co-founder, and CEO since 2017, of Catavento, a home textiles company based in Los Angeles. For 7 years prior to that, Ms. Moore was a partner and Vice President of Corbis Global, a 100-person architectural and engineering outsourcing firm. Earlier in her career she held positions in Marketing and Category Management with Coca-Cola, ACNielsen and Universal Studios Home Entertainment. Ms. Moore earned a Business Administration degree from Universidad Católica de Cordoba in her native Argentina and an MBA from ESADE Business School in Barcelona, Spain. Ms. Moore's business and entrepreneurial experience brings a unique perspective to our Board and enable her to be an effective board member.

Richard Nottenburg

Dr. Nottenburg is currently on the board of directors of Cognyte Software Ltd., (NASDAQ: CGNT),a global leader in security analytics software and Verint Systems Inc. (NASDAQ: VRNT), a customer engagement company. He serves as chairman of the compensation committee of both companies. He is also a member of the board of Sequans Communications S.A. (NYSE: SQNS), a leading developer and provider of 5G and 4G chips and modules for massive, broadband and critical IoT applications where he serves on both the audit and compensation committees. Dr. Nottenburg is also Executive Partner at OceanSoundPartners LP, a private equity firm, and an investor in various early stage technology companies. Previously, Dr. Nottenburg served as President and Chief Executive Officer and a member of the board of directors of Sonus Networks, Inc. from 2008 through 2010. From 2004 until 2008, Dr. Nottenburg was an officer with Motorola, Inc., ultimately serving as its Executive Vice President, Chief Strategy Officer and Chief Technology Officer. We believe that Dr. Nottenberg's deep experience in global technology-focused businesses and will be a valuable resource to us as we look to leverage our supply chain and scale our operations and enable him to be an effective member of the Board.

Jason Zhang

Mr. Zhang is an investor and entrepreneur in the technology sector. Mr. Zhang has been involved in cryptocurrency mining for the last 4 years, focused on Bitcoin and Ethereum. Before that, he was an investment professional at Sequoia Capital, where he focused on investments in enterprise software, internet, and hardware (public & private). Prior to Sequoia Capital, Jason worked for Michael Dell at MSD Capital, where he was responsible for public market investments, venture investments, and the Dell/EMC deal. Jason graduated from Harvard College in 2015.

Appointment of Officers

Our executive officers are appointed by, and serve at the discretion of, our board of directors. There are no family relationships among any of our executive officers or directors.

Board of Directors Composition

Our board of directors currently consists of seven members.

Each of our current directors serves until the election and qualification of his or her successor, or his or her earlier death, resignation, or removal.

Director Independence

Lead Independent Director

Our Board has not yet appointed a lead independent director. Once appointed, our lead independent director is expected to provide leadership to our Board if circumstances arise in which the role of chief executive officer and chairperson of our Board may be, or may be perceived to be, in conflict, and perform such additional duties as our board of directors may otherwise determine and delegate.

Committees of the Board of Directors

Our Board has established an audit committee, a compensation committee, and a nominating and corporate governance committee, each of which have the composition and responsibilities described below. Members serve on these committees until their resignation or until otherwise determined by our Board. Each committee operates under a written charter approved by our Board that satisfies the applicable rules of the SEC and the listing standards of the NYSE American. Copies of each committee's charter are posted on the Investor Relations section of our website.

Audit committee

Our audit committee is comprised of Messrs. Miller and Hastings. Mr. Miller is the chairperson of our audit committee. Each audit committee member meets the requirements for independence under the current NYSE American listing standards and SEC rules and regulations. Our Board has not determined whether any of our directors qualify as "audit committee financial experts" as defined in Item 407(d) of Regulation S-K promulgated under the Securities Act. Prior to listing on the NYSE American, our Board will ensure that at least one member of our Audit Committee meets the requirements of the NYSE American and has accounting or related financial management expertise. This designation does not impose any duties, obligations, or liabilities that are greater than are generally imposed on members of our audit committee and our Board. Each member of our audit committee is financially literate. Our audit committee is directly responsible for, among other things:

- selecting a firm to serve as the independent registered public accounting firm to audit our consolidated financial statements;
- ensuring the independence of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to anonymously submit concerns about questionable accounting or audit matters;

- considering the adequacy of our internal controls and internal audit function;
- inquiring about significant risks, reviewing our policies for risk assessment and risk management, including cybersecurity risks, and assessing the steps management has taken to control these risks;
- reviewing and overseeing our policies related to compliance risks;
- reviewing related party transactions that are material or otherwise implicate disclosure requirements; and
- approving or, as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm.

Compensation committee

Our compensation committee is comprised of Ms. McDonald, Mr. Miller and Ms. Moore. Ms. McDonald is the chairperson of our compensation committee. The composition of our compensation committee meets the requirements for independence under the current NYSE American listing standards and SEC rules and regulations. Each member of this committee is a non-employee director, as defined in Rule 16b-3 promulgated under the Exchange Act. Our compensation committee is responsible for, among other things:

- reviewing and approving, or recommending that our Board approve, the compensation and the terms of any compensatory agreements of our executive officers;
- reviewing and recommending to our Board the compensation of our directors;
- administering our stock and equity incentive plans;
- reviewing and approving, or making recommendations to our Board with respect to, incentive compensation and equity plans; and
- establishing our overall compensation philosophy.

Nominating and corporate governance committee

Our nominating and corporate governance committee is comprised of Ms. Moore, Ms. McDonald and Mr. Hastings. Ms. Moore is the chairperson of our nominating and corporate governance committee. The composition of our nominating and corporate governance committee meets the requirements for independence under the current NYSE

American listing standards and SEC rules and regulations. Our nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending candidates for membership on our Board;
- recommending directors to serve on board committees;
- reviewing and recommending our corporate governance guidelines and policies;
- reviewing succession plans for senior management positions, including the chief executive officer;
- reviewing proposed waivers of the code of business conduct and ethics for directors, executive officers, and employees (with waivers for directors or executive officers to be approved by the Board);
- evaluating, and overseeing the process of evaluating, the performance of our Board and individual directors; and
- advising our Board on corporate governance matters.

Board's Role in Risk Oversight

Our Board of directors is primarily responsible for overseeing our risk management processes. Our Board, as a whole, determines our appropriate level of risk, assesses the specific risks that we face, and reviews management's strategies for adequately mitigating and managing the identified risks. Although our board of directors administers this risk management oversight function, the committees of our Board support our Board in discharging its oversight duties and address risks inherent in their respective areas. The audit committee reviews our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our procedures and related policies with respect to risk assessment and risk management. Our audit committee also reviews matters relating to compliance, cybersecurity, and security and reports to our Board regarding such matters. The compensation committee reviews risks and exposures associated with compensation plans and programs. We believe this division of responsibilities is an effective approach for addressing the risks we face and that our Board leadership structure supports this approach.

Board Diversity

Each year, our nominating and corporate governance committee will review, with the Board, the appropriate characteristics, skills, and experience required for the Board as a whole and its individual members. In evaluating the suitability of individual candidates, our nominating and corporate governance committee will consider factors including, without limitation, an individual's character, integrity, judgment, potential conflicts of interest, other commitments, and diversity. While we have no formal policy regarding board diversity for our Board as a whole nor for each individual member, the nominating and corporate governance committee does consider such factors as gender, race, ethnicity and experience, area of expertise, as well as other individual attributes that contribute to the total diversity of viewpoints and experience represented on the Board.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of our employees, officers, and directors. The full text of our code of business conduct and ethics is posted on the Investor Relations section of our website. We intend to disclose future amendments to certain provisions of our code of business conduct and ethics, or waivers of these provisions, on our website or in public filings.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has been our officer or employee. None of our executive officers currently serves, or during the year ended May 31, 2021 served, as a member of the Board, or as a member of the compensation or similar committee, of any entity that has one or more executive officers serving on our Board or compensation committee.

Legal Proceedings

To our knowledge, (i) no director or executive officer has been a director or executive officer of any business which has filed a bankruptcy petition or had a bankruptcy petition filed against it during the past ten years; (ii) no director or executive officer has been convicted of a criminal offense or is the subject of a pending criminal proceeding during the past ten years; (iii) no director or executive officer has been the subject of any order, judgment or decree of any court permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities during the past ten years; and (iv) no director or officer has been found by a court to have violated a federal or state securities or commodities law during the past ten years.

EXECUTIVE AND DIRECTOR COMPENSATION

We are a "smaller reporting company" under applicable SEC rules and are providing disclosure regarding our executive compensation arrangements pursuant to the rules applicable to emerging growth companies, which means that we are not required to provide a compensation discussion and analysis and certain other disclosures regarding our executive compensation. The following discussion relates to the compensation of our named executive officers for fiscal year ended May 31, 2021, consisting of Wes Cummins, our Chief Executive Officer, Secretary, Treasurer, Chairman of the Board, David Rench, our Chief Financial Officer, and Regina Ingel, our Vice President of Operations.

We did not pay any compensation to any employees in the fiscal year ended May 31, 2020.

Summary Compensation **Table**

Name and position	Year	Salary ($)	Bonus ($)	Total ($) (a)
Wes Cummins	2021	52,083	-	52,083
CEO, President, Secretary and Treasurer	2020	-	--	-
David Rench,	2021	41,667	-	41,667
Chief Financial Officer	2020	-	-	-
Regina Ingel	2021	12,500	-	12,500
Vice President of Operations	2020	-	-	-

(a) Amounts represent compensation for partial year service from March 2021 through May 31, 2021.

Employment Agreements and Severance Arrangements

None of our employees have employment agreements or severance arrangements.

Outstanding Equity Awards at Fiscal Year End

There were no outstanding equity awards held by our named executive officers on May 31, 2021.

Employee Benefit Plans

While we believe that our ability to grant equity-based awards is a valuable compensation tool that will enable us to attract, retain, and motivate our employees, consultants, and directors by aligning their financial interests with those of our stockholders, we have not yet adopted an equity incentive plan.

Welfare and other benefits

We provide health, dental, and vision insurance benefits to our named executive officers, on the same terms and conditions as provided to all other eligible U.S. employees.

We also sponsor a broad-based 401(k) plan intended to provide eligible U.S. employees with an opportunity to defer eligible compensation up to certain annual limits. As a tax-qualified retirement plan, contributions (if any) made by us are deductible by us when made, and contributions and earnings on those amounts are generally not taxable to the employees until withdrawn or distributed from the 401(k) plan. Our named executive officers are eligible to participate in our employee benefit plans, including our 401(k) plan, on the same basis as our other employees.

Fiscal Year ended May 31, 2021 Director Compensation

None of our non-employee members of our Board who served on our Board during the year ended May 31, 2021 received compensation during the year ended May 31, 2021.

Director Compensation

We do not currently have a formal policy with respect to compensating non-employee directors for service as directors. Upon or prior to the consummation of this offering, we anticipate that directors who are not also our officers or employees will receive compensation for their service on our Board and committees thereof. The amount and form of such compensation has not yet been determined. Each non-employee director will be reimbursed for out-of-pocket expenses incurred in connection with attending Board and committee meetings.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements discussed in the sections titled “Management” and “Executive Officer and Director Compensation,” the following is a description of each transaction since June 1, 2018 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or will exceed $120,000; and
- any of our directors, executive officers, or holders of more than 5% of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest.

During 2009, we entered into notes payable with Mr. Wesley Cummins, our chairman of the Board, chief executive officer, president, secretary and treasurer, for $220,000. The notes had accrued interest of approximately $713,000 as of May 31, 2021. The notes were exchanged for 14,277,986 shares of our common stock pursuant to that certain Exchange Agreement, dated as of April 15, 2021, by and between certain noteholders and us.

Jason Zhang, a member of our Board, is the sole equity holder and manager of Valuefinder, a British Virgin Island limited liability company (“Valuefinder”). On March 19, 2021, Valuefinder, us, GMR and SparkPool, entered into a services agreement pursuant to which, among other things, each of Valuefinder, GMR and SparkPool were engaged to provide cryptoasset mining management and analysis and to secure cryptoasset mining equipment to be purchased by us, as consideration for such services, to issue shares of its common stock to each of GMR, SparkPool and Valuefinder, or any of their designees, upon the consummation of the issuance of ourSeries C Preferred Stock. Valuefinder subsequently designated Mr. Zhang as designee to receive Valuefinder’s shares of our common stock and we issued to Mr. Zhang 18,938,559 shares of common stock.

Review, Approval, or Ratification of Transactions with Related Parties

In July 2021, we adopted a charter of the audit committee, pursuant to which all related party transactions including those between us, our directors, executive officers, majority stockholders and each of our respective affiliates or family members will be reviewed and approved by our audit committee, or if no audit committee exists, by a majority of the independent members of our Board. Our existing policies in order to comply with applicable rules and regulations of the SEC and the listing requirements and rules of the NYSE American.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock, as of August 5, 2021, by:

- each of our named executive officers;
- each of our directors;
- all of our directors and executive officers as a group; and
- each stockholder known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock.

We have determined beneficial ownership in accordance with the rules of the SEC. Unless otherwise indicated below, to our knowledge, based on information furnished to us, the persons and entities named in the table have sole voting and investment power with respect to all shares that they beneficially own, subject to applicable community property laws. Shares of common stock issuable upon conversion of our Series C Preferred Stock or Series D Preferred Stock within 60 days of August 5, 2021 are deemed to be outstanding and to be beneficially owned by the person holding the shares of restricted stock for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

We have based our calculation of the percentage ownership of our common stock before this offering on 526,245,156 shares of our common stock which includes (1) 320,381,519 shares of our common stock outstanding as of August 5, 2021, (2) 132,000,000 shares of our common stock resulting from the conversion of 666,000 outstanding shares of our Series C Preferred Stock at a conversion price of $0.13 and (3) 73,863,636 shares of our common stock resulting from the conversion of 1,300,000 shares of our Series D Preferred Stock at an assumed conversion price of $0.44, as if these conversions had occurred as of August 5, 2021. Such conversions will occur upon the effectiveness of the registration statement of which this prospectus forms a part.

		Percentage beneficially owned	
Name and Address (a)	Total (Common As-if Preferred was Converted)	Before offering (1)	After offering (2)
Directors and Officers:			
Wes Cummins	124,272,414(b)	23.61%	23.61%
David Rench	-	*%	*%
Chuck Hastings	2,007,000	*%	*%
Kelli McDonald	-	*%	*%
Doug Miller	-	*%	*%
Virginia Moore	3,711,818(c)	*%	*%
Richard Nottenburg	-	*%	*%
Jason Zhang	18,838,559	3.60%	3.60%
Regina Ingel	-	*%	*%
Officers and Directors	(b)		
As a group (9 people)	148,929,791(c)	28.3%	2.83%
5% Holders:			
Xsquared Holding Limited c/o Vistra Corporate Services Center Wikhams Cay II Tortola British Virgin Islands	44,640,889	8.48%	8.48%
GMR Limited Trinity Chamber PO BOX 4301 Tortola British Virgin Islands	44,640,889	8.48%	8.48%

(a) Unless otherwise indicated, the business address of each person or entity named in the table is c/o Applied Blockchain, Inc., 3811 Turtle Creek Blvd., Suite 2100, Dallas, TX 75219.

(b) Includes (i) 105,541,428 shares of common stock held by Cummins Family Ltd, of which Mr. Cummins is the CEO and (ii) 4,453,000 shares of common stock held by Wesley Cummins IRA Account.

(c) Includes (i) 357,455 shares of common stock held or issuable to B. Riley Securities, Inc., of which Andrew Moore, Ms. Moore's spouse, is the Chief Executive Officer, of which 2,645,455 shares of common stock issuable upon the conversion of 46,560 shares of Series D Preferred Stock and (ii) 136,364 shares of common stock issuable upon the conversion of 2,400 shares of Series D Preferred Stock held directly by Mr. Moore.

SELLING STOCKHOLDERS

This prospectus relates to the resale by the Selling Stockholders from time to time of up to 205,863,636 shares of our common stock, (the Registered Shares, including:

- up to 132,000,000 shares of common stock issuable upon automatic conversion of 660,000 shares of our Series C Convertible Redeemable Preferred Stock when the registration statement of which this prospectus forms a part is declared effective by the Securities Exchange Commission, or the SEC. The shares of Series C Preferred Stock were issued in a private placement pursuant to subscription agreements entered into on April 15, 2021; and

- up to 73,863,636 shares of common stock issuable upon automatic conversion of 1,300,000 shares of our Series D Convertible Redeemable Preferred Stock when the registration statement of which this prospectus forms a part is declared effective by the SEC. The shares of Series D Preferred Stock were issued in a private placement pursuant to subscription agreements entered into on April 15, 2021.

The Selling Stockholders may from time to time offer and sell any or all of the Registered Shares set forth below pursuant to this prospectus and any accompanying prospectus supplement. When we refer to the "Selling Stockholders" in this prospectus, we mean the persons listed in the table below, and the pledgees, donees, transferees, assignees, successors, designees and others who later come to hold any of the Selling Stockholders' interest in the Registerable Shares other than through a public sale.

The following table sets forth, as of the date of this prospectus, the names of the Selling Stockholders, the aggregate number of shares of common stock beneficially owned, the aggregate number of shares of Registered Shares that the Selling Stockholders may offer pursuant to this prospectus and the number of shares our common stock beneficially owned by the Selling Stockholders after the sale of the Registered Shares offered hereby. We have based percentage ownership on 320,381,519 shares of common stock outstanding as of August 5, 2021 plus the aggregate 205,863,636 shares which will be issued upon the automatic conversion of our Series C Preferred Stock and Series D Preferred Stock when the registration statement of which this prospectus forms a part is declared effective.

We have determined beneficial ownership in accordance with the rules of the SEC and the information isnot necessarily indicative of beneficial ownership for any other purpose. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all securities that they beneficially own, subject to community property laws where applicable.

We cannot advise you as to whether the Selling Stockholders will in fact sell any or all of their RegisteredShares. In addition, the Selling Stockholders may sell, transfer or otherwise dispose of, at any time and from time to time, the Registered Shares or other shares of our common stock in transactions exempt from the registration requirements of the Securities Act after the date of this prospectus.

Selling Stockholder information for each additional Selling Stockholder, if any, will be set forth by prospectus supplement to the extent required prior to the time of any offer or sale of such Selling Stockholder's shares pursuant to this prospectus. Any prospectus supplement may add, update, substitute, or change the information contained in this prospectus, including the identity of each Selling Stockholder and the number of shares registered on its behalf. A Selling Stockholder may sell or otherwise transfer all, some or none of such shares in this offering. See "Plan of Distribution."

Name of Selling Stockholder	Shares of Common Stock Beneficially owned Prior to the Sale of Registered Shares (a)(b)	Registered Shares being Offered(b)	Shares of Common Stock Beneficially Owned after the Sale of Registered Shares	
			Shares (c)	%
Deep Field Opportunities Fund, LP	14,000,000	14,000,000	-	*
Knott Partners LP	13,481,818	13,481,818	-	*
William Herbert Hunt Trust, Estate	12,000,000	12,000,000	-	*
Voss Value Master Fund, L.P.	9,600,000	9,600,000	-	*
Voss Value-Oriented Special Situations Fund	1,136,364	1,136,364	-	*
Keen Microcap Fund LP	7,368,182	7,368,182	-	*
Anson Investments Master Fund LP	7,704,545	7,704,545	-	*
Nokomis Capital Master Fund LP	5,742,364	5,742,364	-	*
AFOB FIP MS, LLC	7,868,182	7,868,182	-	*
David S. Hunt	4,500,000	4,500,000	-	*
Hunt Technology Ventures, LP	4,000,000	4,000,000	-	*
Kingdom Investments, Limited	4,500,000	4,500,000	-	*
Placid Ventures, L.P.	4,500,000	4,500,000	-	*
Bond E Oman	3,400,000	3,400,000	-	*
Granite Point Capital Master Fund, LP	4,536,364	4,536,364	-	*
Granite Point Capital Scorpion Focused Ideas Fund	4,536,364	4,536,364	-	*
Bradley L. Radoff	3,600,000	3,600,000	-	*
Harvey Master Fund, LP	3,118,452	3,118,452	-	*
Patrice McNicoll	2,881,818	2,881,818	-	*
Jimmy Baker	320,000	320,000	-	*
Star V Partners LLC	3,255,364	3,255,364	-	*
Anson East Master Fund LP	2,568,182	2,568,182	-	*
Redcap Investments LP	2,500,000	2,500,000	-	*
Lyda Hunt-Herbert Trusts – Bruce William Hunt	2,500,000	2,500,000	-	*
Kenneth R. Werner Revocable Trust	1,456,818	1,456,818	-	*
Peter Levinson	1,570,455	1,570,455	-	*
Brian Smoluch	2,643,636	2,643,636	-	*
Andrew Moore	1,256,364	1,256,364	-	*
Bryant and Carleen Riley JTWROS	1,120,000	1,120,000	-	*
Joseph R. Nardini	1,347,273	1,347,273	-	*
Harvey SMIDCAP Fund, LP	2,136,094	2,136,094	-	*
Kelleher Family Trust	2,462,498	840,000	1,622,498	*
TKL Global Investments LLC	2,102,000	800,000	1,302,000	*
Ziyao Wang	640,000	640,000	-	*
Lance Cannon	776,364	776,364	-	*
Rohan Kumar	867,273	867,273	-	*
Alan N. Forman	560,000	560,000	-	*
Bradley Silver	560,000	560,000	-	*
Daniel Ondeck	560,000	560,000	-	*
Eric Rajewski	696,364	696,364	-	*
Manuel Jesus Bueno	628,182	628,182	-	*
Pinnacle Investment Group LLC	1,241,818	1,241,818	-	*
Samantha Gumenick	560,000	560,000	-	*

Name of Selling Stockholder	Shares of Common Stock Beneficially owned Prior to the Sale of Registered Shares (a)(b)	Registered Shares being Offered(b)	Shares of Common Stock Beneficially Owned after the Sale of Registered Shares	
			Shares (c)	%
Terri Scott Peterson	719,091	719,091	-	*
Michael Schlotman	440,000	440,000	-	*
Andrew Russell	513,636	513,636	-	*
John C. Rijo	513,636	513,636	-	*
David J. Morton	256,818	256,818	-	*

BGBY Investments LLC	256,818	256,818	-	*
Dominic Riley	160,000	160,000	-	*
1334 Partners LP	568,182	568,182	-	*
Alexander M. McWilliams III	56,818	56,818	-	*
Allan Weine	227,273	227,273	-	*
Allison Wolford	27,727	27,727	-	*
Alta Fundamental Advisers Master LP	217,045	217,045	-	*
Andrew Aziz	56,818	56,818	-	*
Ardsley Ridgecrest Partners Fund, L.P.	227,273	227,273	-	*
Austin D. Hunt	113,636	113,636	-	*
B. Riley Securities Inc.	3,575,455	2,645,455	930,000	*
Bansbach Capital Group, LLC Louise P. Bansbach	1,704,545	1,704,545	-	*
Bitmain Delaware Holding Company, Inc.	6,818,182	6,818,182	-	*
Black Maple Capital Partners LP	2,272,727	2,272,727	-	*
Blackwell Partners LLC	1,455,682	1,455,682	-	*
Boardman Bay Master, Ltd.	795,455	795,455	-	*
Brett Chiles	45,455	45,455	-	*
Brian Herman	227,273	227,273	-	*
Cavalry Fund I LP	909,091	909,091	-	*
Cavalry Special Ops Fund, LLC	227,273	227,273	-	*
CBH Bahamas Ltd. as Trustee of the Pardiac Trust	681,818	681,818	-	*
Columbus Capital Partners, L.P.	4,545,455	4,545,455	-	*
David Bum Park	22,727	22,727	-	*
David Durkin	454,545	454,545	-	*
David G. Swank	909,091	909,091	-	*
Dawn M. Farrell	22,727	22,727	-	*
Drew Rossi	11,364	11,364	-	*
EJS Investment Holdings LLC	681,818	681,818	-	*
F2Pool Mining Inc.	11,363,636	11,363,636	-	*
Frederick Baily Dent III	454,545	454,545	-	*
James M. Clamage	56,818	56,818	-	*
Jason Alabaster	18,182	18,182	-	*
John B. Berding	909,091	909,091	-	*
Jon D. and Linda W. Gruber Trust	2,272,727	2,272,727	-	*
Jonathan Talcott	56,818	56,818	-	*
Joseph Robert Nardini Jr.	27,273	27,273	-	*
Knut Grevle	56,818	56,818	-	*
Mark C. Koontz	227,273	227,273	-	*

Name of Selling Stockholder	Shares of Common Stock Beneficially owned Prior to the Sale of Registered Shares (a)(b)	Registered Shares being Offered(b)	Shares of Common Stock Beneficially Owned after the Sale of Registered Shares	
			Shares (c)	%
Martin Friedman	113,636	113,636	-	*
MC Opportunities Fund LP	795,455	795,455	-	*
Michael Cavanaugh	170,455	170,455	-	*
Millbrook Consulting Group LLC	113,636	113,636	-	*
Ohsang Kwon	2,272,727	2,272,727	-	*
Pacific Capital Management LLC	568,182	568,182	-	*
Patrick Hanniford	56,818	56,818	-	*
Paul Choi	28,409	28,409	-	*
Precept Special Situation Fund, LP	2,272,727	2,272,727	-	*
Puritan Partners LLC	1,136,364	1,136,364	-	*
Richard Marks	568,182	568,182	-	*
Ryan Aceto	17,045	17,045	-	*
Spencer Gottshall	11,364	11,364	-	*
Spencer Hemplemen	227,273	227,273	-	*
Veriton Multi-Strategy Master Fund Ltd	3,409,091	3,409,091	-	*

(a) Assumes the effectiveness of the registration statement of which this prospectus forms a part and the automatic conversion of all shares of our Series C Preferred Stock and Series D Preferred Stock upon effectiveness.

(b) Based on $0.13 conversion price for the Series C Preferred Stock and $0.44 for the Series D Preferred Stock, in each case pursuant to the terms of the Series C Preferred Stock and Series D Preferred Stock, as applicable and as further described under “Description of Securities”.

(c) Assumes that the Selling Stockholders will have sold all of the securities covered by this prospectus upon the completion of the offering.

In 2009, certain affiliates of B. Riley Securities, Inc., including members ofsenior management, purchased preferred shares of, and funded certain loans to, us. Such shares and loans have been converted into an aggregate of approximately 21.7 million shares of our common stock. In April 2021, certain employees of B. Riley Securities, Inc. purchased an aggregate of 67,400 shares of our Series C Preferred Stock. B. Riley Securities, Inc. provided investment banking services in connection with the offering of our Series C Preferred Stock. Additionally, in July 2021, certain employees of B. Riley Securities, Inc. purchased an aggregate of 85,960 shares of our Series D Preferred Stock. B.

Riley Securities, Inc. provided investment banking services in connection with the offering of our Series D Preferred Stock.

On August 4, 2021, our chairman of the Board, chief executive officer and president, Wes Cummins, sold a majority interest in 272 Capital LP, a registered investment adviser controlled by him, to B. Riley Financial, Inc. and became the CEO and President of B. Riley Capital Management, LLC. In addition, Chuck Hastings, CEO of B. Riley Wealth Management, Inc., serves on our Board and Virginia Moore, a member of the Board, is the spouse of the CEO of B. Riley Securities, Inc.

DESCRIPTION OF CAPITAL STOCK

The following descriptions are summaries of the material terms of our Articles and our Bylaws. Reference is made to the more detailed provisions of, and the descriptions are qualified in their entirety by reference to, our Articles and Bylaws, forms of which are filed with the SEC as exhibits to the registration statement of which this prospectus is a part, and applicable law.

General

We are authorized to issue 1,005,000,000 shares of capital stock, $0.001 par value per share, of which 1,000,000,000 are designated as common stock and 5,000,000 are designated as preferred stock.

Common Stock

As of August 5, 2021, there are an aggregate of 320,381,519 shares of our shares of common stock issued and outstanding. 132,000,000 shares of our common stock are reserved for issuance upon the conversion of our issued and outstanding Series C Preferred Stock and 78,409,090 shares of our common stock are reserved for issuance upon conversion of our issued and outstanding Series D Preferred Stock.

Dividend Rights

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by our Board out of legally available funds.

Voting Rights

Each holder of our common stock is entitled to one vote for each share owned of record on all matters voted upon by stockholders subject to any rights of our preferred stock, or series of our preferred stock, to vote together as a single class.

Liquidation Rights

In the event of our liquidation, dissolution or winding-up, the holders of our common stock are entitled to share equally and ratably in our assets, if any, remaining after the payment of all of our debts and liabilities and the liquidation preference of any outstanding preferred stock.

Other Rights

Our common stock has no preemptive rights, no cumulative voting rights and no redemption, sinking fund or conversion provisions.

Preferred Stock

We are authorized to issue 5,000,000 shares of Preferred Stock at $0.001 par value per share. Of such shares, 70,000 were classified as Series A Convertible Preferred Stock, of which 63,491 were issued and subsequently cancelled or converted, 35,045 were classified as Series B Convertible Preferred Stock, of which 17,087 were issued and subsequently converted, 660,000 were classified as Series C Preferred Stock all of which are issued outstanding and 1,380,000 were classified as Series D Convertible Redeemable Preferred Stock (the "Series D Preferred Stock"), of which 1,300,000 are issued and outstanding.

Series A Preferred Stock and Series B Preferred Stock

As of the date hereof no shares of Series A Convertible Preferred Stock and no shares of Series B Convertible Preferred Stock are outstanding.

Pursuant to their terms, shares of Series A Preferred Stock and Series B Preferred Stock issued and subsequently converted cannot be reissued.

Series C Preferred Stock

As of the date hereof 660,000 shares of Series C Preferred Stock are outstanding. The shares of Series C Preferred Stock are convertible into shares of our common stock. These shares were offered and sold to certain "accredited investors" in a private placement without registration of the shares under Rule 506 of the Securities Act and the rules and regulations promulgated thereunder.

The Series C Preferred stock ranks senior in all respects of our Series A Preferred Stock and Series B Preferred Stock (together, the "Junior Preferred Stock") and pari passu with the Series D Preferred Stock. All Junior Preferred Stock was converted in connection with the issuance of the Series C Preferred Stock and no shares of Series A Preferred Stock or Series B Preferred Stock are outstanding.

Liquidation, Dissolution or Winding Up, Certain Mergers, Consolidations and Asset Sales

In the event of our voluntary or involuntary liquidation, dissolution or winding up or any certain events deemed to be liquidation events, before any payment is made to the holders of the Junior Preferred Stock or common stock, holders of Series C Preferred Stock will be entitled to be paid out of the funds and assets available for distribution, an amount per share equal to the "Stated Value," or $25, plus an amount per share that is issuable as the result of accrued or unpaid Paid-in-Kind ("PIK") dividends as defined the Certificate of Designations of the Series C Preferred Stock.

Payments to the holders of Junior Preferred Stock and common stock. After payment to the holders of Series C Preferred Stock, the remaining funds and assets available

for distribution to our stockholders shall be distributed among the holders of shares of the Junior Preferred Stock according to the terms thereof and then among the holders of the shares of common stock, pro rata based on the number of shares of common shares held by each such holder.

A Significant Transaction Event shall not be considered a Deemed Liquidation Event. A "Significant Transaction Event" means a merger, share exchange, sale of all or substantially all of the assets of the corporation or other business combination, restructuring or change of control transaction, including any such transactions intended to result in us becoming subject to the reporting requirements of Section 13 of 15d of Exchange Act (or becoming a voluntary filer under the Exchange Act), a business combination intended to increase the number of our stockholders to facilitate listing or trading on a national securities exchange, the OTCQB or OTCQX (each a "Trading Market"), a business combination with a special purpose acquisition company, or a business combination with a company that is listed on a Trading Market.

Voting

Holders of Series C Preferred Stock shall vote together with holders of common stock on an as-if converted to common stock basis, except in certain circumstances when the "Requisite Holders" (meaning the holders of a majority of the Series C Preferred Stock) must approve of the action as well, such as if we were to:

- Materially change the principal business of the corporation unless in connection with significant transaction event;

- Except in connection with a Significant Transaction Event, sell, lease, transfer, exclusively license or otherwise dispose of all or substantially all of the assets or permit any direct/indirect subsidiary to do so, except no consent or vote of the Requisite Holders shall be required in connection with sales of mining equipment in the ordinary course of the business.

Dividends

The Series C Preferred Stockholders shall be entitled to receive dividends on an as-if converted to common stock basis, equal to, in the same form as, and when, dividends are paid on to holders of our common stock. Except as noted below, no other dividends shall be paid on Series C Preferred Stock.

PIK Dividends: We will be required to pay a dividend in fully paid and non-assessable shares of Series C Preferred Stock (PIK Dividends) as follows:

- *Failure to File*: If we have not filed or confidentially submitted a registration statement to register the shares of common stock issuable upon conversion of Series C Preferred Stock on or before August 15, 2021, we will accrue a daily PIK Dividend equal to 10% per annum of Stated Value;

- *Failure to be Declared Effective and to List* If such registration statement has not been declared effective by the SEC on or before December 15, 2021 and/or our common stock is not listed or traded on a Trading Market on or before December 15, 2021, we will accrue daily PIK Dividend of 12% per annum of the Stated Value or 15% per annum of the Stated Value for each day such failure continues after October 15, 2022. Such PIK Dividend shall be instead of, and not in addition to PIK Dividends pursuant to "Failure to File" above.

Termination of PIK Dividends

- Upon the conversion (whether optional or mandatory) of the Series C Preferred Stock, our obligation to accrue PIK Dividends is terminated.

- If, on or prior to October 15, 2021, we enter into a binding definitive agreement or binding instrument relating to a Significant Transaction Event then we will have no further obligation to accrue PIK Dividends or to pay any PIK Dividends accrued or payable through such date.

- If we have entered into a binding definitive agreement or binding instrument relating to a Significant Transaction Event on or prior to October 15, 2021 and have consummated the significant Transaction Event on or prior to February 22, 2022, we will have no obligation to pay any PIK Dividends accrued or payable through such date.

Conversion

Automatic Conversion

On the the Conversion Date, all shares of Series C Preferred Stock will be automatically converted (without payment of additional consideration) into such number of fully paid and non-assessable shares of common stock as determined by dividing the Stated Value by the Conversion Price in effect on such Conversion Date. All rights with respect to the Series C Preferred Stock will terminate on the Conversion Date.

The "Conversion Price" shall be initially equal to $0.13 per share, subject to adjustments.

We are required to reserve and keep available shares of common stock out of our authorized and unissued shares of common stock for the sole purpose of issuance upon conversion of the Series C Preferred Stock, free from preemptive rights or any other actual contingent purchase rights.

Optional Conversion

Each holder of shares of Series C Preferred Stock is entitled to convert any portion of the outstanding Series C Preferred Stock and any PIK Dividends held by such holder, without the payment of additional consideration, into such number of fully paid and non-assessable shares of common stock by dividing (A) the sum of (1) the Stated Value of all outstanding shares of Series C Preferred Stock being converted, (2) the aggregate Stated Value of all shares of Series C Preferred Stock due as PIK Dividends to such holder being converted and (3) any cash dividends accrued and payable to such holder by (B) the Conversion Price in effect on the date of conversion, as adjusted.

Mandatory Redemption

Unless prohibited by Nevada law, shares of Series C Preferred Stock shall be redeemed (a "Mandatory Redemption") at a price equal to Stated Value of such Series C Preferred Stock, plus an amount per share equal to the Stated Value of each share of Series C Preferred Stock issuable as a result of accrued but unpaid PIK Dividends (the "Redemption Price"), if the Requisite Holders provide written notice of redemption to us on or after the October 15, 2022, which notice may only be so provided if on or after such date our common stock is not listed on a Trading Market. The date of redemption will be selected by us and occur within 30 days following the date that we receive such notice.

If we fail to redeem the Series C Preferred Stock as set forth above, PIK Dividends will continue to accrue.

Series D Preferred Stock

As of the date hereof, 1,300,000 shares of Series D Preferred Stock are issued and outstanding. The shares of Series D Preferred Stock are convertible into shares of our common stock. These shares were offered and sold to certain "accredited investors" and non-U.S. Persons in a private placement without registration of the shares under Regulation D and Regulation S of the Securities Act.

The Series D Preferred stock ranks pari passu with the Series C Preferred Stock.

Liquidation, Dissolution or Winding Up, Certain Mergers, Consolidations and Asset Sales

In the event of our voluntary or involuntary liquidation, dissolution or winding up or any Deemed Liquidation Event, before any payment is made to the holders of the common stock, holders of Series D Preferred Stock will be entitled to be paid out of the funds and assets available for distribution, an amount per share equal to the "Stated Value," or $25, plus an amount per share that is issuable as the result of accrued or unpaid PIK Dividends as defined the Certificate of Designations of the Series D Preferred Stock.

Payments to the holders of common stock: After payment to the holders of Series D Preferred Stock and Series C Preferred Stock, the remaining funds and assets available for distribution to our stockholders shall be distributed among the holders of shares of common stock, pro rata based on the number of shares of common stock held by each such holder.

A Significant Transaction Event shall not be considered a Deemed Liquidation Event. A "Significant Transaction Event" means a merger or other business combination designed to increase the number of our stockholders in order to facilitate a listing on a Trading Market, a business combination with a special purpose acquisition company, or a business combination with a company that is listed on a Trading Market.

Voting

Holders of our Series D Preferred Stock vote together with holders of Series C Preferred Stock and holders of our common stock on an as-if converted to common stock basis, except in certain circumstances when the Requisite Holders (holders of a majority of the Series D Preferred Stock) must approve of the action as well:

- Materially change our principal business unless in connection with Significant Transaction Event;
- Except in connection with a Significant Transaction Event, sell, lease, transfer, exclusively license or otherwise dispose of all or substantially all of the assets or permit any direct/indirect subsidiary to do so, except no consent or vote of the Requisite Holders shall be required in connection with sales of mining equipment in the ordinary course of the business.

Dividends

Holders of our Series D Preferred Stock shall be entitled to receive dividends on an as-if converted to common stock basis, equal to, in the same form as, and when, dividends are paid on to holders of our common stock. Except as noted below, no other dividends shall be paid on Series D Preferred Stock.

PIK Dividends: We will be required to pay a dividend in fully paid and non-assessable shares of Series D Preferred Stock (PIK Dividends) as follows:

- *Failure to File*: If we have not filed or confidentially submitted a registration statement to register the shares of common stock issuable upon conversion of Series D Preferred Stock on or before August 15, 2021, we will accrue a daily PIK Dividend equal to 10% per annum of Stated Value;
- *Failure to be Declared Effective and to List* If the registration statement of which this prospectus is a part has not been declared effective by the SEC on or before December 15, 2021 and/or our common stock is not listed or traded on a Trading Market on or before December 15, 2021, we shall accrue daily PIK Dividend of 12% per annum of the Stated Value or 15% per annum of the Stated Value for each day such failure continues after October 15, 2022. Such PIK Dividend shall be instead of, and not in addition to PIK Dividends pursuant to "Failure to File" above.

Termination of PIK Dividends

- Upon the conversion (whether optional or mandatory) of the Series D Preferred Stock, our obligation to accrue PIK Dividends is terminated.
- If, on or prior to October 15, 2021, we enter into a binding definitive agreement or binding instrument relating to certain transactions, then we have no further obligation to accrue PIK Dividends or to pay any PIK Dividends accrued or payable through such date.
- If we have entered into a binding definitive agreement or binding instrument on or prior to October 15, 2021 and have consummated the such a transaction on or prior to February 15, 2022, we shall have no obligation to pay any PIK Dividends accrued or payable through such date.

Conversion

Automatic Conversion

On the date that an event triggers an automatic conversion, including the date on which this registration statement is declared effective by the SEC (the "Conversion Date"), all shares of Series D Preferred Stock will be automatically converted (without payment of additional consideration) into such number of fully paid and non-assessable shares of common stock as determined by dividing the Stated Value by the Conversion Price in effect on such Conversion Date. All rights with respect to the Series D Preferred Stock will terminate on the Conversion Date.

The conversion price shall be a price per share equal to the least of (i) $0.44 per share, (ii) 75% of the price per share to be sold in certain offerings, including our an initial public offering, (iii) 75% of the opening public price per share in a direct listing of our common stock on a Trading Market, or (iv) 75% of the per share amount to be paid for each share of our common stock in a sale of all or substantially all of our stock or assets, in each case subject to adjustment.

We are required to reserve and keep available shares of common stock out of its authorized and unissued shares of common stock for the sole purpose of issuance upon conversion of the Series D Preferred Stock, free from preemptive rights or any other actual contingent purchase rights.

Optional Conversion

Each holder of shares of Series D Preferred Stock is entitled to convert any portion of the outstanding Series D Preferred Stock and any PIK Dividends held by such holder, without the payment of additional consideration, into such number of fully paid and non-assessable shares of common stock by dividing (A) the sum of (1) the Stated Value of all outstanding shares of Series D Preferred Stock being converted, (2) the aggregate Stated Value of all shares of Series D Preferred Stock due as PIK Dividends to such holder being converted and (3) any cash dividends accrued and payable to such holder by (B) the conversion price in effect, as adjusted.

Mandatory Redemption

Unless prohibited by Nevada law, shares of Series D Preferred Stock shall be redeemed (a "Mandatory Redemption") at a price equal to Stated Value of such Series D Preferred Stock, plus an amount per share equal to the Stated Value of each share of Series D Preferred Stock issuable as a result of accrued but unpaid PIK Dividends (the "Redemption Price"), if the Requisite Holders provide written notice of redemption to us on or after the October 15, 2022, which notice may only be so provided if on or after such date our common stock is not listed on a Trading Market. The date of redemption will be selected by us and occur within 30 days following the date that we receives such notice.

If the we fail to redeem the Series D Preferred Stock as set forth above, PIK Dividends will continue to accrue.

Limitations on Liability and Indemnification Matters

Our amended and restated bylaws contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by the Nevada Revised Statute, or NRS.

Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law;
- under the NRS for the unlawful payment of dividends; or
- for any transaction from which the director derives an improper personal benefit.

Our Bylaws require us to indemnify our directors and officers to the maximum extent not prohibited by the NRS and allows us to indemnify other employees and agents as set forth in the NRS. Subject to certain limitations, our amended and restated bylaws also require us to advance expenses incurred by our directors and officers for the defense of any action for which indemnification is required or permitted.

We believe that provisions of our amended and restated bylaws are necessary to attract and retain qualified directors, officers, and key employees. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, executive officers, or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Transfer Agent

The transfer agent and registrar for our common shares is Pacific Stock Transfer Company. The transfer agent's address and phone number is: 6725 Via Austi Pkwy, Suite 300, Las Vegas, Nevada 89119, telephone number: (800) 785-7782.

Listing

Our common stock is presently quoted on the OTC Pink Market, operated by OTC Markets Group Inc., under the symbol "APLD." At present, there is a limited market for our common stock.

We intend to apply to have our common stock listed on the NYSE American under the symbol "APLD." No assurance can be given that our application will be approved.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, shares of our common stock were quoted on the OTC Pink under the symbol "APLD." Future sales of substantial amounts of our common stock in the public market, or the perception that such sales may occur, could adversely affect market prices prevailing from time to time. Further, because only a limited number of shares will be available for sale shortly after this offering due to existing contractual and legal restrictions on resale as described below, there may be sales of substantial amounts of our common stock in the public market after the restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, 526,281,452 shares of our common stock will be outstanding. We currently have 7,703,873 shares of common stock outstanding that are unrestricted and may be readily sold by the various holders thereof. After effectiveness of this registration statement, 213,567,688 will be freely transferable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining 320,381,519 shares of our common stock outstanding are "restricted shares" as defined in Rule 144. Restricted shares may be sold in the public market only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144.

Rule 144

In general, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell such securities, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, the sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, the sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of the following:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our common stock on the Nasdaq Capital Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale and notice provisions of Rule 144 to the extent applicable.

However, because we are a shell company, a person selling restricted or control securities may not use Rule 144 unless certain conditions have been met. Rule 144(i) provides that Rule 144 may only become available for the resale of securities by a person selling restricted or control securities that were originally issued by a shell company if certain conditions are met. These conditions are: (a) that the issuer is no longer a shell company of the company; (b) that the issuer is an SEC reporter; (c) that the issuer has filed all required reports during the preceding 12 months or any shorter period during which we have been subject to reporting requirements; and (d) has filed current Form 10 information with the SEC reflecting that it is no longer a shell company.

SALE PRICE HISTORY OF OUR CAPITAL STOCK

Our common stock is presently quoted on the OTC Pink Market, operated by OTC Markets Group Inc., under the symbol "APLD." At present, there is a limited market for our common stock.

The table below shows the high and low bid and ask prices for our common stock, for the indicated periods. This information may have little or no relation to broader market demand for our common stock and thus the opening public price and subsequent public price of our common stock on the NYSE American, if we become listed on the NYSE American. As a result, you should not place undue reliance on these historical sales prices as they may differ materially from the opening public price and subsequent public price of our common stock on the NYSE American. See the section titled "Risk Factors—Risks Related to Ownership of Our Common Stock—The price of our common stock may have little or no relationship to the historical sales prices of our capital stock on the OTC Pink."

	Per Share Bid Price	
	High	Low
Annual		
Year Ended May 31, 2021	$ 2.25	$ 0.0071
Quarterly		
Year Ended May 31, 2021		
First Quarter	$ 0.025	$ 0.0071
Second Quarter	$ 0.03	$ 0.0085
Third Quarter	$ 0.3499	$ 0.0153
Fourth Quarter	$ 2.25	$ 0.14

As of August 5, 2021, there were approximately 291 holders of record of our common stock.

As of August 5, 2021, there were approximately 49 holders of record of our Series C Preferred Stock and 87 holders of record of our Series D Preferred stock, all of which is convertible into an aggregate of 205,863,636 shares of our common stock upon registration of the resale of such common stock. We are contractually obligated to register the resale of shares of common stock underlying our Series C Preferred Stock and Series D Preferred Stock as further explained in this prospectus under "Description of Securities."

CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following summary describes the material U.S. federal income tax consequences of the ownership and disposition of our common stock acquired pursuant to in this offering. This discussion does not describe all of the tax considerations that may be relevant to a particular holder's acquisition, ownership or disposition of the common stock such as the potential application of the alternative minimum tax or Medicare contribution tax on net investment income. In addition, this discussion does not deal with state or local taxes, U.S. federal gift, and estate tax laws, except to the limited extent provided below, or any non-U.S. tax consequences that may be relevant to holders of our common stock in light of their particular circumstances.

Special rules different from those described below may apply to certain holders that are subject to special treatment under the Internal Revenue Code of 1986 (the "Code"), such as:

- insurance companies, banks, and other financial institutions;
- tax-exempt organizations (including private foundations) and tax-qualified retirement plans;
- foreign governments and international organizations;
- broker-dealers and traders in securities;
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- persons required for U.S. federal income tax purposes to conform the timing of income accruals to their financial statements under Section 451(b) of the Code;
- persons that own, or are deemed to own, more than five percent of our capital stock;

- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- persons who acquire our common stock through the exercise of an option or otherwise as compensation;
- persons that hold our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security," or integrated investment or other risk reduction strategy;
- persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment purposes); and
- partnerships and other pass-through entities, and investors in such pass-through entities (regardless of their places of organization or formation).

Such holders are urged to consult their own tax advisors to determine the U.S. federal, state, local, and other tax consequences that may be relevant to them.

Furthermore, the discussion below is based upon the provisions of the Code, and Treasury regulations, rulings, administrative guidance, and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked, or modified, possibly retroactively, and are subject to differing interpretations which could result in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the Internal Revenue Service, or IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions or will not take a contrary position regarding the tax consequences described herein, or that any such contrary position would not be sustained by a court.

PERSONS CONSIDERING THE PURCHASE OF OUR COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF ACQUIRING, OWNING, AND DISPOSING OF OUR COMMON STOCK IN LIGHT OF THEIR PARTICULAR SITUATIONS AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION, INCLUDING ANY STATE, LOCAL, OR NON-U.S. TAX CONSEQUENCES OR ANY U.S. FEDERAL NON-INCOME TAX CONSEQUENCES, AND THE POSSIBLE APPLICATION OF TAX TREATIES.

If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership that holds our common stock is urged to consult its own tax advisor with regard to the U.S. federal income tax consequences of the ownership of the common stock.

For purposes of this section, a "U.S. Holder" means a beneficial owner of our common stock (other than a beneficial owner that is an entity treated as a partnership for U.S. federal income tax purposes) that is, for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

An individual non-U.S. citizen may, in some cases, be deemed to be a resident alien (as opposed to a nonresident alien) by virtue of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. Generally, for this purpose, all the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year, are counted.

Resident aliens are generally subject to U.S. federal income tax as if they were U.S. citizens. Individuals who are uncertain of their status as resident or nonresident aliens for U.S. federal income tax purposes are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership or disposition of our common stock.

A "Non-U.S. Holder" means a beneficial owner of our common stock (other than a beneficial owner that is an entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder.

Distributions on the common stock

We do not expect to make any distributions on our common stock in the foreseeable future. If we do make distributions on our common stock, however, such distributions made to a Non-U.S. Holder of our common stock will constitute dividends for U.S. tax purposes to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that is applied against and reduces, but not below zero, a Non-U.S. Holder's adjusted tax basis in our common stock. Any remaining excess will be treated as gain realized on the sale or exchange of our common stock as described below under "—Gain on Disposition of Our Common Stock."

Any distribution on our common stock that is treated as a dividend paid to a Non-U.S. Holder that is not effectively connected with the holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment that the holder maintains in the United States) will generally be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and the Non-U.S. Holder's country of residence. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide the applicable withholding agent with a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or other appropriate form, certifying the Non-U.S. Holder's entitlement to benefits under that treaty. Such form must be provided prior to the payment of dividends and must be updated periodically. If a Non-U.S. Holder holds stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to such agent. The holder's agent will then be required to provide certification to the applicable withholding agent, either directly or through other intermediaries. Non-U.S. Holders who are eligible for a reduced rate of U.S. withholding tax under an income tax treaty, should consult with their own tax advisor to determine if they are able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

We and the applicable withholding agents generally are not required to withhold tax on dividends paid to a Non-U.S. Holder that are effectively connected with the holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment that the holder maintains in the United States) if a properly executed IRS Form W-8ECI, stating that the dividends are so connected, is furnished us (or to the applicable withholding agent). In general, such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates applicable to U.S. persons. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional "branch profits tax," which is imposed, under certain circumstances,

at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder's effectively connected earnings and profits, subject to certain adjustments.

See also the section below titled "—Foreign Accounts" for additional withholding rules that may apply to dividends paid to certain foreign financial institutions or non-financial foreign entities.

Gain on disposition of our common stock

Subject to the discussions below under the sections titled "—Backup Withholding and Information Reporting," a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax with respect to gain realized on a sale or other disposition of our common stock unless (i) the gain is effectively connected with a trade or business of the holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment that the holder maintains in the United States), (ii) the Non-U.S. Holder is a nonresident alien individual and is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or (iii) we are or have been a "United States real property holding corporation" within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or the holder's holding period in the common stock.

Non-U.S. Holders described in (i) above, will be required to pay tax on the net gain derived from the sale at the regular graduated U.S. federal income tax rates applicable to U.S. persons. Corporate Non-U.S. Holders described in (i) above may also be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Individual Non-U.S. Holders described in (ii) above, will be required to pay a flat 30% tax on the gain derived from the sale, which gain may be offset by U.S. source capital losses (even though such holder is not considered a resident of the United States), provided such holder has timely filed U.S. federal income tax returns with respect to such losses. With respect to (iii) above, in general, we would be a United States real property holding corporation if United States real property interests (as defined in the Code and the Treasury Regulations) comprised (by fair market value) at least half of our assets. We believe that we are not, and do not anticipate becoming, a United States real property holding corporation. However, there can be no assurance that we will not become a United States real property holding corporation in the future. Even if we are treated as a United States real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our common stock will not be subject to U.S. federal income tax so long as the Non-U.S. Holder is a "qualified foreign pension fund" as defined in Section 897(l)(2) of the Code or an entity all of the interests of which are held by qualified foreign pension funds, or (i) the Non-U.S. Holder owned, directly, indirectly, or constructively, no more than five percent of our common stock at all times within the shorter of (a) the five-year period preceding the disposition or (b) the holder's holding period and (ii) our common stock is regularly traded on an established securities market. There can be no assurance that our common stock will qualify as regularly traded on an established securities market.

U.S. federal estate tax

The estates of nonresident alien individuals generally are subject to U.S. federal estate tax on property with a U.S. situs. Because we are a U.S. corporation, our common stock will be U.S. situs property and, therefore, will be included in the U.S. taxable estate of a nonresident alien decedent, unless an applicable estate tax treaty between the United States and the decedent's country of residence provides otherwise. The terms "resident" and "nonresident" are defined differently for U.S. federal estate tax purposes than for U.S. federal income tax purposes. Investors are urged to consult their own tax advisors regarding the U.S. federal estate tax consequences of the ownership or disposition of our common stock.

Backup withholding and information reporting

Generally, we or certain financial middlemen must report information to the IRS with respect to any distributions we pay on our common stock, including the amount of any such distributions, the name and address of the recipient, and the amount, if any, of tax withheld, regardless of whether such distributions constitute dividends or whether any tax was actually withheld. A similar report is sent to the holder to whom any such dividends are paid. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Dividends paid by us (or our paying agents) to a Non-U.S. Holder may also be subject to U.S. backup withholding tax (currently, at a rate of 24%). U.S. backup withholding tax generally will not apply to a Non-U.S. Holder who provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or otherwise establishes an exemption, provided that the applicable withholding agent does not have actual knowledge or reason to know the holder is a U.S. person.

Under current U.S. federal income tax law, U.S. information reporting and backup withholding requirements generally will apply to the proceeds of a disposition of our common stock effected by or through a U.S. office of any broker, U.S. or non-U.S., unless the Non-U.S. Holder provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or otherwise meets documentary evidence requirements for establishing non-U.S. person status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding requirements will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. Information reporting and backup withholding requirements may, however, apply to a payment of disposition proceeds if the broker has actual knowledge, or reason to know, that the holder is, in fact, a U.S. person. For information reporting purposes only, certain U.S. related brokers may be treated in a manner similar to U.S. brokers.

Backup withholding is not an additional tax. Rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If backup withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

Foreign accounts

In addition, U.S. federal withholding taxes may apply under the Foreign Account Tax Compliance Act, or FATCA, on certain types of payments, including dividends on our common stock, made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (i) the foreign financial institution agrees to undertake certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. The 30% federal withholding tax described in this paragraph cannot be reduced under an income tax treaty with the United States. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (i) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock, and also would generally apply to payments of gross proceeds from the sale or other disposition of such stock. However, under proposed U.S. Treasury Regulations, withholding under FATCA will not apply to the gross proceeds from any sale or disposition of our common stock. Withholding agents may, but are not

required to, rely on the proposed Treasury Regulations until final Treasury Regulations are issued. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAW, AS WELL AS TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL, NON-U.S. OR U.S. FEDERAL NON-INCOME TAX LAWS SUCH AS ESTATE AND GIFT TAX.

PLAN OF DISTRIBUTION

The Selling Stockholders, which, as used herein, includes their permitted transferees, may, from time to time, sell, transfer or otherwise dispose of any or all of their Registered Shares on the OTC Pink or the NYSE American, OTCQB or any other stock exchange, market or trading facility on which our commons stock is listed or traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale or at negotiated prices.

The Selling Stockholders may use any one or more of the following methods when disposing of their Registered Shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- in underwritten transactions;

- settlement of short sales entered into after the date of this prospectus;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price;
- distribution to members, limited partners or stockholders of Selling Stockholders;
- “at the market” or through market makers or into an existing market for the shares;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of our common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell their Registered Shares, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b) or other applicable provision of the Securities Act amending the list of Selling Stockholders to include the pledgee, transferee or other successors in interest as Selling Stockholders under this prospectus. The Selling Stockholders also may transfer their shares in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of our Registered Shares, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of our securities in the course of hedging the positions they assume. The Selling Stockholders may also sell their securities short and deliver these securities to close out their short positions, or loan or pledge such securities to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of the shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the Selling Stockholders from the sale of our Registered Shares offered by them will be the purchase price of the Registered Shares less discounts or commissions, if any. The Selling Stockholders reserve the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of our Common Stock or Warrants to be made directly or through agents. We will not receive any of the proceeds from any offering by the Selling Stockholders.

The Selling Stockholders also may in the future resell a portion of our common stock in open market transactions in reliance upon Rule 144 under the Securities Act, provided that they meet the criteria and conform to the requirements of that rule, or pursuant to other available exemptions from the registration requirements of the Securities Act.

The Selling Stockholders and any underwriters, broker-dealers or agents that participate in the sale of our Registered Shares or interests therein may be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of Registered Shares may be underwriting discounts and commissions under the Securities Act. If any Selling Stockholder is an “underwriter” within the meaning of Section 2(11) of the Securities Act, then the Selling Stockholder will be subject to the prospectus delivery requirements of the Securities Act. Underwriters and their controlling persons, dealers and agents may be entitled, under agreements entered into with us and the Selling Stockholders, to indemnification against and contribution toward specific civil liabilities, including liabilities under the Securities Act.

To the extent required, the Registered Shares to be sold, the respective purchase prices and public offering prices,the names of any agent, dealer or underwriter, and any applicable discounts, commissions, concessions or other compensation with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

To facilitate an offering of the securities, certain persons participating in the offering may engage in transactions that stabilize, maintain, or otherwise affect the price of the securities. This may include over-allotments or short sales of the securities, which involves the sale by persons participating in the offering of more securities than we sold to them. In these circumstances, these persons would cover the over-allotments or short positions by making purchases in the open market or by exercising their over-allotment option. In addition, these persons may stabilize or maintain the price of the securities by bidding for or purchasing securities in the open market or by imposing penalty bids, whereby selling concessions allowed to dealers participating in the offering may be reclaimed if securities sold by them are repurchased in connection with stabilization transactions. The effect of these transactions may be to stabilize or maintain the market price of the securities at a level above that which might otherwise prevail in the open market. These transactions may be discontinued at any time.

We have agreed to maintain the effectiveness of this registration statement until all such securities have been sold under this registration statement or Rule 144 under the Securities Act or are no longer outstanding. We are required to pay all fees and expenses incident to the registration of the shares of our Common Stock and Warrants to be offered and sold pursuant to this prospectus. The Selling Stockholders will bear all commissions and discounts, if any, attributable to their sale of Registered Shares.

The Selling Stockholders may use this prospectus in connection with resales of the Registered Shares. This prospectus and any accompanying prospectus supplement will identify the Selling Stockholders, the terms of the Registered Shares and any material relationships between us and the Selling Stockholders. The Selling Stockholders may be deemed to be underwriters under the Securities Act in connection with the Registered Shares they resell and any profits on the sales may be deemed to be underwriting discounts and commissions under the Securities Act. Unless otherwise set forth in a prospectus supplement, the Selling Stockholders will receive all the net proceeds from the resale of the Registered Shares.

A Selling Stockholder that is an entity may elect to make an in-kind distribution of the Registered Shares to its members, partners or stockholders pursuant to the registration statement of which this prospectus is a part by delivering a prospectus. To the extent that such members, partners or stockholders are not affiliates of ours, such members, partners or stockholders would thereby receive freely tradable common stock pursuant to the distribution through a registration statement.

LEGAL MATTERS

The validity of the securities offered in this prospectus is being passed upon for us by Kelley Drye & Warren LLP. Wick Phillips, LLP has also acted as counsel to us in connection with this offering.

EXPERTS

The consolidated financial statements of Applied Blockchain, Inc. as of May 31, 2021 and May 31, 2020and for the years ended May 31, 2021 and 2020, included in this prospectus and elsewhere in the registration statement have been audited by Marcum, LLP, an independent registered public accounting firm, as stated in their report. Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock covered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information about us and our common stock, we refer you to the registration statement and the exhibits filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and in each instance, we refer you to the copy of such contract or other document filed as an exhibit to the registration statement. The SEC maintains a website that contains reports, proxy, and information statements, and other information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

Immediately upon the effectiveness of the registration statement of which this prospectus forms a part, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements, and other information with the SEC. These periodic reports, proxy statements, and other information will be available for inspection and copying at the website of the SEC referred to above. We also maintain a website at www.appliedblockchaininc.com. You may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The inclusion of our website address in this prospectus is an inactive textual reference only. The information contained in or accessible through our website is not part of this prospectus or the registration statement of which this prospectus forms a part, and investors should not rely on such information in making a decision to purchase shares of our common stock.

APPLIED BLOCKCHAIN, INC and Subsidiaries

Consolidated Financial Statements

As of and for the Years Ended
May 31, 2021 and 2020

APPLIED BLOCKCHAIN INC. AND SUBSIDIARIES
Consolidated Financial Statements
Years Ended May 31, 2021 and 2020

APPLIED BLOCKCHAIN INC. AND SUBSIDIARIES
Consolidated Financial Statements
Years Ended May 31, 2021 and 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Applied Blockchain, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Applied Blockchain, Inc. (the " Company") as of May 31, 2021 and 2020, the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended May 31, 2021, and the related notes (collectively referred to as the " financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended May 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Marcum llp

Marcum llp

We have served as the Company's auditor since 2021.

New York, NY
August 13, 2021

APPLIED BLOCKCHAIN, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except number of shares and par value data)

	May 31, 2021	May 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 11,750	$ -
Prepaid expenses and other current assets		-
Total current assets	11,750	-

Deposit on equipment	3,282	-
Property and equipment, net	20	-
TOTAL ASSETS	$ 15,052	$ -
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 249	$ -
Accrued dividends	116	116
Related party notes payable	2,135	1,899
Total current liabilities	2,500	2,015
Commitments and contingencies (Note 10)		
Mezzanine equity:		
Series C, convertible and redeemable preferred stock, $.001 par value, 660,000 shares authorized, issued and outstanding	15,135	-
Shareholders' equity:		
Series A, convertible preferred stock, $.001 par value, authorized 70,000 shares, 27,195 issued and outstanding	$ 3,370	$ 3,370
Series B convertible preferred stock, $.001 par value, authorized 50,000 shares, 17,087 issued and outstanding	1,849	1,849
Common stock, $.001 par value, 500,000,000 shares authorized, 39,569,335 and 9,066,363 shares issued and outstanding, respectively	9	9
Additional paid in capital	13,874	13,874
Treasury stock, 36,300 shares, at cost	(62)	(62)
Accumulated deficit	(21,623)	(21,055)
Total shareholders' equity	(2,583)	(2,015)
Total Mezzanine and shareholders' equity	12,552	(2,015)
TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY	$ 15,052	$ -

See Accompanying Notes to the Financial Statements

APPLIED BLOCKCHAIN, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(In thousands, except per share data)

	Fiscal Year Ended	
	May 31, 2021	**May 31, 2020**
Total Revenue	$ -	$ -
Costs and expenses:		
Selling, General and Administrative	(331)	-
Depreciation	(1)	-
Total costs and expenses	(332)	
Operating income (loss)	(332)	
Other income (expense)		
Interest Expense	(236)	(263)
Total Other Income (Expense)	(236)	(263)
Net Income (loss) attributable to Common Shareholders	$ (568)	$ (263)
Basic and Diluted net loss per share	(0.06)	(0.03)
Basic and Diluted weighted average number of shares outstanding	9,066,363	9,066,363

See Accompanying Notes to the Financial Statements

APPLIED BLOCKCHAIN INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended May 31, 2021 and 2020
(In thousands, except per share data)

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid		Accumulated	Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	in Capital	Treasury Stock	Deficit	Equity
Balance, May 31, 2019	27,195	$ 3,370	17,087	$ 1,849	9,066,363	$ 9	$ 13,874	$ (62)	$ (20,792)	$ (1,752)
Net Income (Loss)	-	-	-	-	-		-	-	(263)	(263)
Balance, May 31, 2020	27,195	$ 3,370	17,087	$ 1,849	9,066,363	$ 9	$ 13,874	$ (62)	$ (21,055)	$ (2,015)
Net Income (Loss)	-	-	-	-	-	-	-	-	(567)	$ (567)
Balance, May 31, 2021	27,195	$ 3,370	17,087	$ 1,849	9,066,363	$ 9	$ 13,874	$ (62)	$ (21,622)	$ (2,582)

See Accompanying Notes to the Financial Statements

APPLIED BLOCKCHAIN INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands of dollars)

	Fiscal Years Ended	
	May, 31, 2021	**May, 31, 2020**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (568)	$ (263)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1	-
Accrued paid in kind interest	236	263
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	248	-
NET CASH USED BY OPERATING ACTIVITIES	(83)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(20)	-
Deposit on equipment	(3,282)	-
NET CASH USED IN INVESTING ACTIVITIES	(3,302)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Sale of preferred stock	16,500	-
Issuance cost for preferred stock	(1,365)	-
NET CASH PROCEEDS FROM FINANCING ACTIVITIES	15,135	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,750	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 11,750	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ -	$ -

See Accompanying Notes to the Financial Statements

1. BUSINESS AND ORGANIZATION

Applied Blockchain, Inc. (the "Company"), is established to operate a proprietary algorithm cryptocurrency mining operation utilizing specialized computers (also known as "miners") to solve complex cryptographic algorithms to support the Ethereum and Altcoin blockchain in exchange for cryptocurrency rewards. The Company will participate in a mining pool with SparkPool, one of the largest Ethereum mining pools available. The Company's revenue will be generated through holding the cryptocurrency it mines and selling it in the market for its own account.

The Company was originally incorporated in Nevada in May 2001. Effective April 14, 2021, the Company's name was changed to Applied Blockchain, Inc. from Applied Science Products, Inc. During the year ended May 31, 2021, the Company formed two subsidiaries, Shanghai Sparkly Ore Tech, Ltd and Applied Blockchain, Cayman. Shanghai Sparkly Ore Tech, Ltd is a wholly owned foreign entity in China. Applied Blockchain, Cayman entity will hold and manage the digital wallet.

2. LIQUIDITY AND FINANCIAL CONDITION

As of May 31, 2021, the Company had approximate cash and cash equivalent of $11.7 million and working capital of $11.5 million. In July 2021, the Company raised $34.5 million funds through private stock sale. Historically the Company has incurred losses and has relied on equity financings to fund its operations. Based on analysis of cash flows, current net working capital, and expected operations revenue, the Company believes its current cash on hand is sufficient to meet its operating and capital requirement for at least next twelve months from the date these financial statements are issued.

The Company's Series C and Series D preferred stock redemption feature is contingent on the event the Company is not able to register its common stock for trading on or after October 15, 2022 and requisite holders provide a written redemption notice. In case the Company is unsuccessful in registering its common stock and the requisite holders provide written notice to redeem stock, the Company will have to disburse $49 million cash at stated value of $25 per share. The Company does not anticipate any issues meeting these requirements and believes it will be successful in registering its common stock timely.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation:

The accompanying consolidated financial statements of the Company include the accounts of the Company and its wholly owned and controlled subsidiaries. Consolidated subsidiaries results are included from the date the subsidiary was formed or acquired. Intercompany investments, balances and transactions have been eliminated in consolidation. The company's consolidated operating subsidiaries include wholly owned Shanghai Sparkly Ore Technology and Applied Blockchain Limited, Cayman.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ significantly from those estimates. The most significant accounting estimates inherent in the preparation of the Company's financial statements include estimates associated with asset valuations, and the valuation allowance associated with the Company's deferred tax assets.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

Fair Value of Financial Instruments

The Company accounts for financial instruments under Financial Accounting Standards Board ("FASB") ASC 820, Fair Value Measurements. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Observable inputs are based on market data obtained from independent sources, while unobservable inputs are based on the Company's market assumptions. Unobservable inputs require significant management judgment or estimation. In some cases, the inputs used to measure an asset or liability may fall into different levels of the fair value hierarchy. In those instances, the fair value measurement is required to be classified using the lowest level of input that is significant to the fair value measurement. Such determination requires significant management judgment. As of May 31, 2021 and 2020, there were no financial assets or liabilities measured at fair value. The note payable is a current liability and is recorded at fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally two years for cryptocurrency mining equipment and three years for computer related assets and office equipment. The cost of maintenance and repairs is charged to operations as incurred, whereas significant repairs are capitalized.

Income Taxes

The Company accounts for income taxes pursuant to the provision of Accounting Standard Codification ("ASC") 740, Accounting for Income Taxes" which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is required to the extent any deferred tax assets may not be realizable.

ASC Topic 740, Income Taxes, ("ASC 740"), also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The benefit of a tax position is recognized in the financial statements in the period during which based on all available evidence, management believes it is most likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure, and transition.

Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's consolidated financial statements.

The COVID-19 pandemic has a global reach, and many countries are introducing measures that provide relief to taxpayers in a variety of ways. In March 2020, the U.S. government enacted tax legislation containing provision to support business during the COVID-19 pandemic, including deferment of the employer portion of certain payroll taxes, refundable payroll tax credits, and technical amendments to tax depreciation methods for qualified improvement property, and adjusts business interest limitations under IRC section 163(j) from 30 percent to 50 percent. The Company will have no impact as a result of the CARES Act during the years ended May 31, 2021 and 2020.

Per Share Data

Basic net earnings (loss) per share ("EPS") of common stock is computed by dividing the Company's net earnings (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted EPS reflects the potential dilution that could occur if the securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. For the years ended May 31, 2021 and 2020, the Company did not have securities or contracts that were exercised or converted into common stock or resulted in the issuance of common stock.

Potentially dilutive securities are excluded from the computation of diluted net loss per share as their inclusion would be anti-dilutive and consist of the following:

Class of Stock	Common Share Conversion Ratio	Shares	May 31, 2021	May 31, 2020
Convertible Series A preferred shares	1 to 1429	27,195	38,861,655	38,861,655
Convertible Series B preferred shares	1 to 1000	17,087	17,087,000	17,087,000
Convertible and Redeemable Series preferred shares	1 to 200	660,000	132,000,000	-
Total			187,948,655	55,948,655

Recent Accounting Pronouncements

The Company continually assesses any new accounting pronouncements to determine their applicability. When it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequences of the change to its consolidated financial statements and assures that there are proper controls in place to ascertain that the Company's consolidated financial statements properly reflect the change.

In December 2019, the FASB issued ASU No. 2019-12, "*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12")*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted.

In August 2020, the FASB issued ASU No. 2020-06,*Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*: Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, and it also simplifies the diluted earnings per share calculation in certain areas. This ASU is effective for annual reporting periods beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. This update permits the use of either the modified retrospective or fully retrospective method of transition. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements and related disclosures.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of May 31, 2021 and 2020:

	May 31 2021	May 31 2020
Office and computer equipment	$ 21	$ -
Total cost of property and equipment	21	
Accumalated depreciation	(1)	
Property and equipment, net	$ 20	$ -

Depreciation expense totaled $1 thousand and $0 for the years ended May 31, 2021 and 2020, respectively. Depreciation is computed on the straight-line basis for the period assets are in service.

5. RELATED PARTY NOTES PAYABLE

Related party note payable is held by the CEO of the Company. As of May 31, 2021 and 2020, the outstanding notes principal and accrued interest held by the parties is outlined below. On April 15, 2021, the Company executed an Exchange Agreement whereby outstanding debt principal and accrued interest will be converted to 30.5 million aggregate Common Stock shares at a fair value price of $.13 per share. Upon the consummation of the Exchange Agreement, the notes will be surrendered and cancelled; and all rights including rights to accrued interest due will be extinguished.

Holder	Interest Rate	Status	Principal Amount	May 31, 2021 Accrued Interest Payable	Total
Related Party	16%	Default	$ 220	$ 828	$ 1,048
Non-Related Party	16%	Default	250	837	1,087
Total			$ 470	$ 1,665	$ 2,135

Holder	Interest Rate	Status	Principal Amount	May 31, 2020 Accrued Interest Payable	Total
Related Party	16%	Default	$ 220	$ 713	$ 933
Non-Related Party	16%	Default	250	717	967
Total			$ 470	$ 1,429	$ 1,899

The notes incurred interest expense of $236 and $263 as of May 31, 2021 and 2020, respectively.

6. INCOME TAXES

The following is a summary of the components of the provision for income taxes:

	Year ended May 31, 2021	Year ended May 31, 2020
Current expense (benefit)		
Federal	$ -	$ -
State	-	-
Total current expense	$ -	$ -
Deferred expense (benefit)		
Federal	$ -	$ -
State	-	-

Total deferred expense (benefit)	-	-
Total income tax expense (benefit)	$ -	$ -

Effective Tax Rate Reconciliation:

	May 31, 2021	May 31, 2020
Expected income tax expense (benefit) at U.S. statutory rate	21%	21%
State Tax Expense	0%	0%
Change in Valuation Allowance	-21%	-21%
Income Tax Expense / (Benefit)	0%	0%

Deferred income taxes reflect the temporary differences between the amounts at which assets and liabilities are recorded for financial reporting purposes and the amounts utilized for tax purposes. The primary components of the temporary differences that gave rise to the Company's deferred tax assets and liabilities are as follows for the year ended May 31, 2021, and May 31, 2020:

	May 31, 2021	May 31, 2020
Deferred Tax Assets:		
Federal Net Operating Loss	$ 175	$ 55
Valuation Allowance	(175)	(55)
Total Net Deferred Tax Assets/(Liabilities)	$ -	$ -

The Company had federal tax net operating losses of $568 and $263 at May 31, 2021 and 2020, respectively. The May 31, 2020 net operating loss expires in 2040 while the May 31, 2021 loss can be carried forward indefinitely.

A valuation allowance is provided when it is more likely than not that some portion or the entire net deferred tax asset will not be realized. The Company has recorded an increase in the valuation allowance of $120 and $55 as of May 31, 2021 and 2020, respectively. The Company has provided a valuation allowance for the full amount of net deferred tax assets as the realization of the deferred tax assets is determined to be not more likely than not.

The valuation allowance is primarily attributable to deferred tax assets for net operating losses that management believes are more likely than not to expire prior to being realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income of the appropriate character (i.e., capital or ordinary) during the period in which the temporary differences become deductible. Management considers, among other things, the scheduled reversals of deferred tax liabilities and the history of positive taxable income in evaluating the realizability of the deferred tax assets. Management believes that it is not likely that the results of future operations will generate sufficient taxable income to realize its deferred tax assets. Under the provisions of the Internal Revenue Code, certain substantial changes in the Company's ownership, including a sale of the Company or significant changes in ownership due to sales of equity, may have limited, or may limit in the future, the amount of net operating loss carryforwards that could be used annually to offset future taxable income.

The Company did not have any unrecognized tax benefits for the years ended May 31, 2021, and 2020, respectively. The Company recognizes interest expense related to unrecognized tax benefits in income tax expense. The Company did not have any interest expense or expense for penalties related to unrecognized tax benefits for the reported periods.

The Company is subject to U.S. federal income tax. Tax years ending May 31, 2021 and May 31, 2020 are open to examination by the major taxing jurisdictions to which the Company is subject, as carryforward attributes generated in these years may still be adjusted upon examination by the Internal Revenue Service (IRS) or other authorities if they have or will be used in a future period. The Company is not currently under examination by the IRS or any other taxing jurisdictions for any tax years.

7. REDEEMABLE EQUITY

Series C Convertible Redeemable Preferred Stock

In April, 2021, pursuant to the terms and conditions of a private placement agreement, the Company raised $16.5 million funds by issuing 660,000 shares of Series C Convertible Redeemable Preferred Stock.

The Company's Series C Convertible Redeemable Preferred Stock (Series C Preferred Stock), par value $.001 per share, and stated value of $25 per share (stated value), ranks senior in all respects to Series A Preferred Stock and Series B Preferred Stock (together referred to as "Junior Stock"). Each share of Series C Preferred Stock is convertible into 200 shares of Company's Common Stock.

Liquidation Preference:

In the event of liquidation, before any payment is made to the holders of the Junior Stock, Series C Preferred Stockholders will be paid, an amount equal to the stated value of $25 per share plus unpaid PIK dividends, defined as fully paid and non-assessable shares of Series C Preferred Stock. If funds and assets are insufficient to pay full entitled amount, shareholders will share ratably in distribution of funds and assets available in proportion to respective entitled amounts.

Dividends:

The Series C Preferred Stockholders shall be entitled to receive dividends on an as if converted to Common Stock basis, equal to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock.

Additionally, paid in kind (PIK) dividends of Series C Preferred Stock will accrue equal to the percentage of stated value as follows: i) At 10% per annum upon failure to file a registration statement to register the shares of Common Stock issuable upon conversion of Series C Preferred Stock (The Registrable Securities) on or before the four months following the original issue date, ii) At 12% per annum if registration statement has not been declared effective by the U.S. Securities and Exchange Commission on or before 8 months after the original issue date and/or the registrable securities are not listed on the Trading Market on or before the date that is 13 months after the original issue date or 15% per annum of the stated value for each day such failure continues after 18 months of original issue date. Such PIK dividend shall be instead of, and not in addition to PIK dividend per failure to file requirement, iii) At 12% per annum, if Company fails to complete the redemption option when

required to do upon receiving written notice from the shareholders (see redemption criteria below).

The PIK dividends will accrue as if only one triggering event has occurred and shall cease cumulating and accruing upon the earliest to occur of a) the date of the satisfaction of the above noted conditions, and b) any conversion date or optional conversion date (defined below).

Contingent Redemption Option:

The Series C Preferred Stock are redeemable if the Company has failed to list its Common Stock on a Trading Market within 18 months and the holders of at least a majority of the outstanding shares of Series C Preferred Stock provide a written notice of redemption to the Company on or after the 18 months anniversary of the original issue date. This notice may only be provided if on or after such date the Common Stock of the Company is not listed on a Trading Market. The redemption date will be the date selected by the Company that is within 30 days following the date the Company receives such notice. The Series C Preferred Stock shall be redeemed at the redemption price of stated value of such shares plus accrued and unpaid PIK dividends.

The Company shall have no obligation to pay any accrued PIK dividends, if within 6 months of the original issue date, the Company enters into a binding definitive agreement to a Significant Transaction Event and if the Company has consummated the Significant Transaction Event within 10 months of the original issue date. A Significant Transaction Event means a merger, share exchange, sale of all or substantially all of the assets of the Company or other business combination, restructuring or change of control transaction, including such transaction intended to result in the Company becoming a voluntary filer under the Exchange Act, a business combination intended to increase the number of shareholders of the Company to facilitate listing on a Trading Market, a business combination with a special purpose acquisition company, or a business combination with a company that is listed on a Trading Market.

Conversion Options:

Each share of Series C Preferred Stock automatically converts into such number of fully paid and non-assessable shares of Common Stock at initial conversion price of $0.13, subject to adjustments, upon conversion date. The conversion date is either a) the date that the Registration Statement is declared effective by the U.S. Securities and Exchange Commission or b) the date on which a Significant Transaction Event occurs.

Each holder of Series C Preferred Stock also has the optional conversion rights to convert any portion of the outstanding shares and any PIK dividends into such number of fully paid and non-assessable shares of Common stock as determined by dividing the sum of stated value of all outstanding shares of Series C Preferred Stock being converted, accrued and unpaid PIK and cash dividends by the conversion price.

Voting Rights:

The Series C Preferred Stockholder shall vote together with Common Stockholders on an as-if converted to Common Stock basis, except for any material changes to the principal business or if the Company plans to sell, lease, transfer, exclusively license or otherwise dispose of all or substantially all of the assets, unless in connection with a Significant Transaction Event, the Company is required to obtain written consent or affirmative vote from Series C Preferred Stockholders as a separate class.

Preferred stock dividends in the amount $116,000 as of May 31, 2021 and 2020, were accrued from the date of receipt of investors' funds.

Liquidation preferences and valuation summary table:

Class of Stock	Ranking	Liquidation Preferences	
Redeemable and Convertible Series C shares	Priority 1	Cash equal to $25 per share plus accrued or unpaid Paid in Kind dividends	Ratably share in distribution of assets in proportion to preferential entitled amounts
Convertible Series A preferred shares	Priority 2	Cash equal to $100 per share plus declared or accrued and unpaid dividends	Ratably share in distribution of assets in proportion to preferential entitled amounts
Convertible Series B preferred shares	Priority 3	Cash equal to $100 per share plus declared or accrued and unpaid dividends	Ratably share in distribution of assets in proportion to preferential entitled amounts

Class of Stock	Carrying Value	Accrued Dividends	Accumulating Dividends not Declared	Liquidation Amount
Redeemable and Convertible Series C shares	$ 16,500,000	$ -	$ -	$ 16,500,000
Convertible Series A preferred shares	$ 2,719,500	$ 70,821	$ 767,500	$ 3,557,821
Convertible Series B preferred shares	$ 1,708,700	$ 45,279	$ 402,400	$ 2,156,379

8. STOCKHOLDERS' EQUITY

Common Stock

The Company is authorized to issue 500,000,000 shares of Common Stock at $.001 par value per share. As of May 31, 2021 and 2020, 9,066,363 shares of Common Stock were outstanding.

Series A Convertible Preferred Stock

Each share of Series A Convertible Preferred Stock ("Series A Preferred Stock") has a liquidating value of $100 per share, is convertible into 1,429 shares of Common Stock of the Company (subject to adjustment) and pays a cash dividend of 8% or a dividend in kind of 10%. The dividends are accrued quarterly and are based on the original purchase price of the Series A Preferred Stock. No dividends will accrue or be paid for any fiscal quarter where shares of our common stock, on a volume

weighted average price, trade in excess of $0.14.

Initially, each share of Series A Preferred Stock will have the equivalent voting rights of 1,429 shares of common stock and will vote with our existing common shareholders as a group on all matters subject to shareholder vote. However, the Series A Preferred Stock shareholders will not be able to vote on issues involving redemption or a liquidation event until there has been an affirmative vote on such issues by our common stock shareholders. In that event, they will be allowed to vote as a group with the common stock shareholders on such issues, in effect, giving them a veto right.

In the event of a liquidation of the Company, the Series A Preferred Stock will have a liquidating preference and will participate in any remaining liquidating proceeds on an as-converted basis with the common shareholders after receiving the liquidating value of their Series A Preferred Stock.

Each share of Series A Preferred Stock is convertible at the option of the holder at any time into shares of Company's common stock by dividing the liquidation value of $100 by a conversion price of $0.07 per share of common stock. The number of shares of common stock issuable upon conversion is subject to antidilution protections if Company issues additional shares of common stock at less than $0.07 per share and upon stock splits, dividends and certain other events.

As of May 31, 2021 and 2020, the shareholders of Series A Convertible Preferred Stock had accrued dividends-in-kind of 7,675 shares and 6,274 shares, respectively. As these have not been declared as payable by the board, the shares are not listed on the company's Statement of Changes in Stockholders' Equity.

Series B Convertible Preferred Stock

Each share of Series B Convertible Preferred Stock ("Series B Preferred Stock") has a liquidating value of $100 per share, is convertible into 1,000 shares of Common Stock of the Company (subject to adjustment) and pays a cash dividend of 8% or a dividend in kind of 10%. The dividends are accrued quarterly and are based on the original purchase price of the Series B Preferred Stock. No dividends will accrue or be paid for any fiscal quarter where shares of our common stock, on a volume weighted average price, trade in excess of $0.14.

Initially, each share of Series B Preferred Stock will have the equivalent voting rights of 1,000 shares of common stock and will vote with our existing common shareholders as a group on all matters subject to shareholder vote. However, the Series B Preferred Stock shareholders will not be able to vote on issues involving redemption or a liquidation event until there has been an affirmative vote on such issues by our common stock shareholders. In that event, they will be allowed to vote as a group with the common stock shareholders on such issues, in effect, giving them a veto right.

In the event of a liquidation of the Company, the Series B Preferred Stock will have a liquidating preference following that of Series A Preferred Shareholders and will participate in any remaining liquidating proceeds on an as-converted basis with the common shareholders after receiving the liquidating value of their Series B Preferred Stock.

Each share of Series B Preferred Stock is convertible at the option of the holder at any time into shares of our common stock by dividing the liquidation value of $100 by a conversion price of $0.10 per share of common stock. The number of shares of common stock issuable upon conversion is subject to antidilution protections if we issue additional shares of common stock at less than $0.10 per share and upon stock splits, dividends, and certain other events.

As of May 31, 2021 and 2020, the shareholders of Series B Convertible Preferred Stock had accrued dividends-in-kind of 4,024 shares and 3,290 shares, respectively. As these have not been declared as payable by the board, the shares are not listed on the company's Statement of Changes in Stockholders' Equity.

Liquidation preferences and valuation summary for the Preferred Stock:

Class of Stock	Ranking	Liquidation Preferences	
Convertible Series A preferred shares	Priority 1	Cash equal to $100 per share plus declared or accrued and unpaid dividends	Ratably share in distribution of assets in proportion to preferential entitled amounts
Convertible Series B preferred shares	Priority 2	Cash equal to $100 per share plus declared or accrued and unpaid dividends	Ratably share in distribution of assets in proportion to preferential entitled amounts

Class of Stock	Carrying Value	Accrued Dividends	Accumulating Dividends not Declared	Liquidation Amount
Convertible Series A preferred shares	$ 2,719,500	$ 70,821	$ 767,500	$ 3,557,821
Convertible Series B preferred shares	$ 1,708,700	$ 45,279	$ 402,400	$ 2,156,379

9. RELATED PARTY TRANSACTIONS

Parties are considered related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions.

In March 2021, the Company executed a strategy planning and portfolio advisory services agreement with an entity that is controlled by a board member of the Company. Compensation for the services provided will be through issuance of 19.0 million shares of Company' fully diluted and outstanding common stock. As of May 31, 2021, no services were provided, and no expenses were incurred pursuant to this agreement.

10. COMMITMENTS AND CONTINGENCIES

Commitments

Service Agreement:

In March 2021, the Company entered into commitments to issue Common Stock shares to third parties in return for services to be provided during 2021 and 2022 as listed below.

Service Provider	Common Stock Shares Committed
Valuefinder	18,938,559
SparkPool	44,640,889
GMR	44,649,889
Total	108,220,337

Purchase agreements:

The Company has entered into equipment purchase agreements totaling $13.4 million, which includes $3.3 million pre- payment as of May 31, 2021. The remaining balance of $10.1 million is due to be paid through July 2022, per the payment schedule set forth in the applicable purchase agreements.

The summary of purchase agreement commitments, deposits, and expected delivery timing (remaining balances are payable in advance of shipping) is as follows:

Agreement Date *	Purchase Commitment	Deposit Paid	Expected Shipping
May 27, 2021	$ 4,968	$ -	
April 13, 2021	$ 8,512	$ 3,277	August 2021 - July 2022
Total	$ 13,480	3,277	

* The Company is responsible for all shipping charges incurred in connection with the delivery of the equipment.

Lease agreement:

The Company signed an office lease with the lease commencement date of June 1, 2021. The lease term of 62 months ends on October 31, 2026. Monthly rent payment schedule is:

Lease Period	Monthly Base Rent
Months 1-13	$ 25,856
Months 14-25	$ 26,525
Months 26-37	$ 27,193
Months 38-49	$ 27,862
Months 50-61	$ 28,531
Month 62-(10/31/26)	$ 29,199

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of May 31, 2021 and 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no legal proceedings in which any of the Company's management or affiliates is an adverse party or has a material interest adverse to the Company's interest.

11. SUBSEQUENT EVENTS

Subsequent to fiscal year-end, the Company issued 30.5 million shares of common stock to settle the related party notes payable ("notes payable") and accrued interest. As of the date of issuance of common stock, the notes payable is extinguished.

On April 15, 2021, the majority shareholders of the Series A Preferred Stock and the Series B Preferred Stock, voted together as a single class to convert their Series A and Series B Preferred Shares into Common Stock pursuant to Section 4 of the certificates of designations setting forth the terms of the Series A Preferred Stock and Series B Preferred Stock. Such provisions provide that consent of a majority of each series of Preferred Stock (the "Shareholder Consent") triggers a mandatory conversion of all shares of such series of Preferred Stock. The issuance of all such converted or sold stock occurred on July 16, 2021 upon authorization of the Company's name change by FINRA so that the shares would be issued under the legal name of the Company.

In July, 2021, pursuant to the terms and conditions of a private placement agreement, the company raised $32.5 million funds by issuing 1,300,000 shares of Series D Convertible Redeemable Preferred Stock.

205,863,636 Shares of Common Stock

(Add) APPLIED BLOCKCHAIN

PRELIMINARY PROSPECTUS

, 2021

Through and including , 2021 (25 days after the date of this prospectus), all dealers that effect transactions in our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses payable by us in connection with the issuance and distribution of the securities being registered hereunder. All of the amounts shown are estimates, except for the SEC Registration Fee. All fees shall be added by amendment.

SEC Registration Fee	$	31,219.01
FINRA Filing Fee	$	*
NYSE American Listing Fee	$	*
Printing Fees and Expenses	$	*
Accounting Fees and Expenses	$	*
Legal Fees and Expenses	$	*
Transfer Agent and Registrar Fees	$	*
Miscellaneous Fees and Expenses	$	*
Total	$	*

* To be provided by amendment.

ITEM 14. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Neither our second amended and restated articles of incorporation, nor our amended and restated bylaws, prevent us from indemnifying our officers, directors and agents to the extent permitted under the Nevada Revised Statutes ("NRS"). NRS Section 78.7502, provides that a corporation may indemnify any director, officer, employee or agent of a corporation against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with any defense to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to Section 78.7502(1) or 78.7502(2), or in defense of any claim, issue or matter therein.

NRS 78.7502(1) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

NRS Section 78.7502(2) provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals there from, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

NRS Section 78.747 provides that except as otherwise provided by specific statute, no director or officer of a corporation is individually liable for a debt or liability of the corporation, unless the director or officer acts as the alter ego of the corporation. The court as a matter of law must determine the question of whether a director or officer acts as the alter ego of a corporation.

Our bylaws provide that we will indemnify our directors, officers, employees and agents to the extent and in the manner permitted by the provisions of the NRS, as amended from time to time, subject to any permissible expansion or limitation of such indemnification, as may be set forth in any stockholders' or directors' resolution or by contract. Any repeal or modification of these provisions approved by our stockholders will be prospective only and will not adversely affect any limitation on the liability of any of our directors or officers existing as of the time of such repeal or modification. We are also permitted to apply for insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the NRS would permit indemnification.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

During the past three years, we have issued securities in the following transactions, each of which was exempt from the registration requirements of the Securities Act:

1. On March 19, 2021, the Company and certain consultants entered into a Services Agreement pursuant to which the consultants agreed to provide specified services to the Company and the Company agreed to issue shares of common stock to each consultant in connection with the closing of the offering of Series C Preferred Stock by the Company. In satisfaction of the Company's obligations under the Services Agreement, the Company issued an aggregate of 108,220,162 common shares to the consultants pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act").

2. On April 15, 2021, pursuant to the terms and conditions of a private placement agreement, the Company sold 660,000 shares of Series C Convertible Redeemable Preferred Stock, par value $0.001 per share, ("Series C Preferred Stock") for $16.5 million. The Company's Series C Preferred Stock has a stated value of $25 per share ("Stated Value"). The Series C Preferred Stock was issued without registration based on the exemption from registration provided under Regulation D of the Securities Act. B. Riley Securities, Inc. acted as placement agent in connection with the offering of the Company's Series C Preferred Stock.

3. Also on April 15, 2021, the holders of a majority of the shares of the Company's Series A Convertible Preferred Stock and Series B Convertible Preferred Stock, voted to convert their Series A Convertible Preferred Stock and Series B Convertible Preferred Stock which caused a mandatory conversion of all such Series A Convertible Preferred Stock and Series B Convertible Preferred Stock. As a result of the mandatory conversion, the Company issued an aggregate of 172,591,850 shares of common stock. The conversions were undertaken pursuant to the exemption from registration provided by Rule 3a-9 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

4. Also on April 15, 2021, the Company and certain holders of the Company's notes entered into an Exchange Agreement pursuant to which the Company exchanged all such notes for an aggregate of 18,938,528 shares of the Company's common stock. The exchange was undertaken pursuant to the exemption from registration provided by Rule 3a-9 of the Exchange Act.

5. On July 30, 2021, pursuant to the terms and conditions of a private placement agreement, the Company issued an aggregate of 1,300,000 shares of Series D Convertible Redeemable Preferred Stock, par value $0.001 per share, ("Series D Preferred Stock") for $32.5 million. The Company's Series D Preferred Stock has a stated value of $25 per share ("Stated Value"). The Series D Preferred Stock was issued without registration based on the exemptions from registration provided under Regulation D and Regulation S of the Securities Act. B. Riley Securities, Inc. acted as placement agent in connection with the offering of the Company's Series D Preferred Stock.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following exhibits are filed with this registration statement.

Exhibit No.	Description
3.1	Second Amended and Restated Articles of Incorporation, as amended from time to time
3.2	Amended and Restated Bylaws, as amended from time to time
4.1	Registration Rights Agreement, dated April 15, 2021, by and between the Company and B. Securities, Inc., for the benefit of B. Riley Securities, Inc. and the Investors
4.2	Registration Rights Agreement, dated July 30, 2021, by and between the Company and B. Securities, Inc., for the benefit of B. Riley Securities, Inc. and the Investors
4.3	Right of First Refusal and Co-Sale Agreement, dated as of April 15, 2021, by and between the Company, the Key Holders and Investors
4.4	Right of First Refusal and Co-Sale Agreement, dated as of July 30, 2021, by and between the Company, the Key Holders and Investors
5.1*	Opinion of Kelley Drye & Warren LLP
10.1	Services Agreement, dated March 19, 2021, by and among the Company, GMR Limited, Xsquared Holding Limited, and Valuefinder
10.2	Master Professional Services Agreement between Ulteig Engineers, Inc. and APLD Hosting, LLC
10.3	Non-Fixed Price Sales and Purchase Agreement, dated April 13, 2021, between Bitmain Technologies Limited and the Company
10.4	Coinmint Colocation Mining Services Agreement dated as of June 15, 2021 by and between Coinmint, LLC and the Company
10.5*	Service Framework Agreement, dated July 5, 2021, by and between JointHash Holding Limited and APLD Hosting, LLC
10.6**	Electric Services Agreement, dated August 4, 2021, by and between APLD Hosting, LLC and [Redacted]
10.7	Sublease Agreement, dated as of May 19, 2021, by and between the Company and Encap Investments L.P.
21	Subsidiaries
23.1	Consent of Marcum, LLP
23.2*	Consent of Kelley Drye & Warren LLP (included in Exhibit 5.1)
24.1	Power of Attorney (included on signature page to this Registration Statement)

* To be filed with an amendment to this Form S-1.

** Portions of this exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

ITEM 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance

upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, Texas on August 13, 2021

APPLIED BLOCKCHAIN, INC.

By: /s/ Wes Cummins
Name: Wes Cummins
Title: Chief Executive Officer, Secretary, Treasurer, Chairperson of the Board and Director (Principal Executive Officer)

By: /s/ David Rench
Name: David Rench
Title: Chief Financial Officer (Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned constitutes and appoints each of Wes Cummins and David Rench his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign this Registration Statement on Form S-1 (including all pre-effective and post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act of 1933), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that such attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Person	Capacity	Date
/s/ Wes Cummins Wes Cummins	Chairperson of the Board and Director (Principal Executive Officer)	August 13, 2021
/s/ Chuck Hastings Chuck Hastings	Director	August 13, 2021
/s/ Kelli McDonald Kelli McDonald	Director	August 13, 2021
/s/ Doug Miller Doug Miller	Director	August 13, 2021
/s/ Virginia Moore Virginia Moore	Director	August 13, 2021
/s/ Richard Nottenburg Richard Nottenburg	Director	August 13, 2021
/s/ Jason Zhang Jason Zhang	Director	August 13, 2021

Exhibit 3.1

Filed in the Office of	Business Number
Barbara K. Cegavske	**C13283-2001**
Secretary of State	Filing Number
State Of Nevada	**20211673333**
	Filed On
	7/28/2021 10:57:00 AM
	Number of Pages
	2

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775)
684-5708
Website: www.nvsos.gov

Certificate of Correction

NRS 78, 78A, 80, 81, 82, 84, 86, 87, 87A, 88, 88A, 89 and 92A

(Only one document may be corrected per certificate.)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

INSTRUCTIONS:

1. Enter the current name as on file with the Nevada Secretary of State and enter the Entity or Nevada Business Identification Number (NVID).
2. Name of document with inaccuracy or defect.
3. Filing date of document with inaccuracy or defect.
4. Brief description of inaccuracy or defect.
5. Correction of inaccuracy or defect.
6. Must be signed by Authorized Signer. Form will be returned if unsigned.

1. Entity Information:	Name of entity as on file with the Nevada Secretary of State: Applied Blockchain, Inc. Entity or Nevada Business Identification Number (NVID): C13283-2001
2. Document:	Name of document with inaccuracy or defect: Second Amended and Restated Articles of Incorporation
3. Filing Date:	Filing date of document which correction is being made: April 15, 2021
4. Description:	Description of inaccuracy or defect: Section 1.1(c)(ii)(B) of Exhibit C to the Second Amended and Restated Articles of Incorporation contains an incorrect reference in the first sentence of the paragraph.
5. Correction:	Correction of inaccuracy or defect: Section 1.1(c)(ii)(B) of Exhibit C to the Second Amended and Restated Articles of Incorporation is corrected to remove the reference (12) twelve months and change it to (8) eight months.
6. Signature: (Required)	/s/ David Rench — 07/28/2021 **Signature** — Date

This form must be accompanied by appropriate fees.

Filed in the Office of	Business Number
Barbara K. Cegavske	**C13283-2001**
Secretary of State	Filing Number
	20211638120

State Of Nevada	Filed On **7/28/2021 9:49:00 AM**
	Number of Pages **1**

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201 (775) 684-5708
Website: www.nvsos.gov

Certificate of Amendment

(PURSUANT TO NRS 78.385 AND 78.390)

USE BLACK INK ONLY· DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Incorporation For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

APPLIED BLOCKCHAIN, INC.

2. The articles have been amended as follows: (provide article numbers, if available)

THIRD. The total number of shares of capital stock which this corporation shall have authority to issue is one billion, five million (1,005,000,000) with a par value of $0.001 per share amounting to $1,005,000.00. One billion (1,000,000 ,000) of those shares are Common Stock and five million (5,000,000) of those shares are Preferred Stock. Each share of Common Stock shall entitle the holder thereof to one vote, in person or by proxy, on any matter on which action of the stockholders of this corporation is sought. The holders of shares of Preferred Stock shall have no right to vote such shares, except (i) as determined by the Board of Directors of this corporation in accordance with the provisions of Section (3) of Article FOURTH of these Articles of Incorporation, or (ii) as otherwise provided by the Nevada General Corporation Law, as amended from time to time .

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: | 52.1% |

4. Effective date and time of filing: (optional) Date: July 28, 2021 Time:
(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

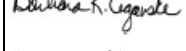
/s/ Wes Cummins
Signature of Officer

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State Amend Profit-After
Revised: 1-5-15

Filed in the Office of  Secretary of State State Of Nevada	Business Number **C13283-2001** Filing Number **20211638141** Filed On **7/28/2021 9:49:00 AM** Number of Pages **19**

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201 (775) 684-5708

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

☒ **Certificate of Designation**

☐ **Certificate of Amendment to Designation - Before Issuance of Class or Series**

☐ **Certificate of Amendment to Designation - After Issuance of Class or Series**

☐ **Certificate of Withdrawal of Certificate of Designation**

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:	Name of entity: Applied Blockchain, Inc. Entity or Nevada Business Identification Number (NVID): C13283-2001
2. Effective date and time:	For Certificate of Designation or Amendment to Designation Only (Optional): Date: Time: (must not be later than 90 days after the certificate is filed)
3. Class or series of stock: (Certificate of Designation only)	The class or series of stock being designated within this filing: : Series D Preferred Stock
4. Information for amendment of class or series of stock:	The original class or series of stock being amended within this filing:
5. Amendment of class or series of stock:	☐ Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued. ☐ Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation.
6. Resolution: Certificate of Designation and Amendment to Designation only)	By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* See Exhibit A attached hereto for Certificate of Designations for Series D Preferred Stock.
7. **Withdrawal:**	Designation being Withdrawn: Date of Designation: No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock:*
8. Signature: (Required)	/s/ Wes Cummins Signature of Officer Date: 7/28/2021

* Attach additional page(s) if necessary

This form must be accompanied by appropriate fees.

CERTIFICATE OF DESIGNATIONS
OF THE POWERS, PREFERENCES AND
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER RESTRICTIONS

OF SERIES D PREFERRED STOCK

OF APPLIED BLOCKCHAIN, INC.

Applied Blockchain, Inc. (the "Corporation"), pursuant to the provisions of Sections 78.195 and 78.1955 of the General Corporation Law of the State of Nevada, does hereby make this Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Restrictions, does hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the Corporation by the provisions of Article FOURTH of the Second Amended and Restated Articles of Incorporation of the Corporation (the "***Articles***"), the Board of Directors of the Corporation duly adopted resolutions authorizing the issuance of 1,380,000 shares of preferred stock, par value $0.001 per share, and fixing the designation and preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions, of a series of preferred stock to be designated "Series D Convertible Redeemable Preferred Stock," as further described below (the "***Series D Designation***"). The Series D Designation shall be in full force and effect as of the date hereof.

Section 1.1 Designation. As of the effective date of this Certificate, there is hereby created out of the authorized preferred stock of the Corporation a series of preferred stock designated as "Series D Convertible Redeemable Preferred Stock" (the "***Series D Preferred Stock***"), par value $0.001 per share. The Series D Preferred Stock shall, with respect to dividend rights or rights upon a liquidation, winding-up or dissolution of the Corporation, rank*pari passu* with the Series C Convertible Redeemable Preferred Stock (the "***Series C Preferred Stock***", and together with the Series D Preferred Stock, the "***Preferred Stock***"). The following rights, powers and privileges, and restrictions, qualifications and limitations, shall apply to the Series D Preferred Stock. (a) Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

(i) Payments to Holders of Series D Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or any Deemed Liquidation Event (as defined below), before any payment shall be made to the holders of the Common Stock by reason of their ownership thereof, the holders of shares of Series D Preferred Stock then outstanding shall be entitled to be paid out of the funds and assets available for distribution to the stockholders of the Corporation, an amount per share equal to the Stated Value (as defined below) for such share of Series D Preferred Stock, plus an amount per share equal to the Stated Value of any shares of Series D Preferred Stock that are issuable as the result of accrued, but unpaid, PIK Dividends (as defined below). If upon any such liquidation, dissolution or winding up or Deemed Liquidation Event of the Corporation, the funds and assets available for distribution to the stockholders of the Corporation shall be insufficient to pay the holders of shares of Series D Preferred Stock the full amount to which they are entitled under this Section 1.1(a)(i) and the holders of Series C Preferred Stock the full amount to which they are entitled under the Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Restrictions of Series C Preferred Stock, the holders of shares of Series D Preferred Stock and Series C Preferred Stock shall share ratably in any distribution of the funds and assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the shares of Series D Preferred Stock and Series C Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. The "***Stated Value***" shall mean Twenty-Five United States Dollars and No Cents ($25.00) per share, subject to an equitable adjustment for stock splits, stock combinations, recapitalizations and similar transactions.

(ii) Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up or Deemed Liquidation Event of the Corporation, after the payment of all preferential amounts required to be paid to the holders of shares of Series D Preferred Stock and Series C Preferred Stock as provided in Section 1.1(a)(i), the remaining funds and assets available for distribution to the stockholders of the Corporation shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares of Common Stock held by each such holder.

(iii) Deemed Liquidation Events.

(A) Definition. Each of the following events shall be considered a "***Deemed Liquidation Event***" unless the holders of at least a majority of the outstanding shares of Series D Preferred Stock (voting as a single class on an as-if converted to Common Stock basis) (the "***Requisite Holders***") elect otherwise by written notice sent to the Corporation at least five (5) days prior to the effective date of any such event:

(1) a merger or consolidation in which (I) the Corporation is a constituent party or (II) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for equity securities that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the equity securities of (x) the surviving or resulting party or (y) if the surviving or resulting party is a wholly owned subsidiary of another party immediately following such merger or consolidation, the parent of such surviving or resulting party; *provided* that, for the purpose of this Section 1.1(a)(iii)(A), all shares of Common Stock issuable upon exercise of options outstanding immediately prior to such merger or consolidation or upon conversion of Convertible Securities (as defined below) outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, deemed to be converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged; or

(2) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or, if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation, except where such sale, lease, transfer or other disposition is to the Corporation or one or more wholly owned subsidiaries of the Corporation.

Notwithstanding the foregoing, a Significant Transaction Event (as defined below) shall not be considered a voluntary or involuntary liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event. A "***Significant Transaction Event***" means (i) a merger or other business combination designed to increase the number of stockholders of the Corporation in order to facilitate a listing on a Trading Market (as such term is defined in that certain Registration Rights Agreement, dated as of July 28, 2021, by and between the Corporation and B. Riley Securities, Inc., as the placement agent ("***B. Riley***"), for the benefit of B. Riley and the holders of Series D Preferred Stock (the "***Registration Rights Agreement***"), (ii) a business combination with a special purpose acquisition company that results in the Corporation's securities being listed for trading on a Trading Market, or (iii) a business combination with a company that is listed on a Trading Market that results in the Corporation's securities being listed for trading on a Trading Market.

(B) Public Offering or Listing Facilitation Transaction. Under no circumstances shall a public offering of the Corporation's securities, including a public offering that results in a change of control of the Corporation, designed to increase the number of stockholders of the Corporation in order to facilitate a listing on a Trading Market (as such term is defined in the Registration Rights Agreement) be considered a voluntary or involuntary liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event.

(C) Allocation of Escrow. In the event of a Deemed Liquidation Event pursuant to Section 1.1(a)(iii)(A)(1)(I), if any portion of the consideration payable to the stockholders of the Corporation is placed into escrow, the definitive agreement for such transaction shall provide that the portion of such consideration that is placed in escrow shall be allocated among the holders of capital stock of the Corporation pro rata based on the amount of such consideration otherwise payable to each stockholder (such that each stockholder has placed in escrow the same percentage of the total consideration payable to such stockholder as every other stockholder).

(D) Amount Deemed Paid or Distributed. The funds and assets deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer or other disposition described in this Section 1.1(a)(iii) shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

(b) Voting. Holders of shares of Series D Preferred Stock shall vote together with holder of Series C Preferred Stock and holders of Common Stock on an as-if converted to Common Stock basis on any matters coming before the stockholders of the Corporation for a vote. Notwithstanding the foregoing, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation, recapitalization, reclassification, or otherwise, do any of the following without (in addition to any other vote required by law or this Certificate) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect:

(i) materially change the principal business of the Corporation unless in connection with a Significant Transaction Event; or

(ii) except in connection with a Significant Transaction Event, sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of the Corporation or permit any direct or indirect subsidiary to do so; provided, however, that no consent or vote of the Requisite Holders shall be required in connection with sales of mining equipment in the ordinary course of the Corporation's business and in a manner consistent with the principal business of the Corporation.

(c) Dividends.

(i) Dividends Generally. The holders of shares of Series D Preferred Stock shall be entitled to receive, and the Corporation shall pay, dividends

on shares of Series D Preferred Stock equal (on an as-if converted to Common Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock. Except as set forth in this Section 1.1(c)(i) and for PIK Dividends (as defined below), no other dividends shall be paid on shares of Series D Preferred Stock.

(ii) PIK Dividends. The Corporation shall be required to pay a dividend in fully paid and non-assessable shares of Series D Preferred Stock (each a "***PIK Dividend***" and, collectively, the "***PIK Dividends***") equal to the percentage of Stated Value set forth below upon the occurrence of each of the following events:

(A) Failure to File. If the Corporation has not filed or confidentially submitted a registration statement (the "***Registration Statement***") to register the shares of Common Stock issuable upon conversion of the Series D Preferred Stock (the "***Registrable Securities***") on or before August 15, 2021, the Corporation shall accrue daily a PIK Dividend equal to ten percent (10%) per annum of Stated Value;

(B) Failure to be Declared Effective and to List. If the Registration Statement has not been declared effective by the U.S. Securities and Exchange Commission (the "***SEC***") on or before December 15, 2021 and/or the Registrable Securities are not listed on a Trading Market on or before December 15, 2021, the Corporation shall accrue daily a PIK Dividend of twelve percent (12%) per annum of Stated Value, or fifteen percent (15%) per annum of Stated Value for each day such failure continues after October 15, 2022. Such PIK Dividend shall be instead of, and not in addition to, any PIK Dividend also accruing under Section 1.1(c)(ii)(A); and

(C) Mandatory Redemption Failure. If the Corporation fails to complete a Mandatory Redemption (as defined below) when required to do so, it shall continue to pay a PIK Dividend in accordance with Section 1.1(c)(ii)(B).

The PIK Dividends shall be paid by delivering to each record holder of Series D Preferred Stock a number of shares of Series D Preferred Stock determined by dividing (x) the total aggregate dollar amount of dividends accrued and unpaid with respect to Series D Preferred Stock owned by such record holder (rounded to the nearest whole cent) by (y) the Stated Value.

Notwithstanding the foregoing, PIK Dividends shall cease cumulating and accruing upon the earliest to occur of (1) the date of the satisfaction of the conditions set forth in Section 1.1(c)(ii)(A), Section 1.1(c)(ii)(B) and Section 1.1(c)(ii)(C) that gave rise to such PIK Dividend (any such date, a "***PIK Dividend Satisfaction Date***"), and (2) any Conversion Date (as defined below) or Optional Conversion Date (as defined below). Upon a simultaneous or consecutive occurrence of two or more events that trigger the accrual of PIK Dividends on one or more days, PIK Dividends shall accrue on each issued and outstanding share of Series D Preferred Stock as if only one triggering event had occurred, such that the accrual of PIK Dividends in accordance with this Section 1.1(c)(ii) shall not be doubled, tripled or otherwise multiplied due to the existence of multiple events causing the accrual of PIK Dividends.

Notwithstanding the foregoing, (I) if on or prior to October 15, 2021, the Corporation enters into a binding definitive agreement or binding instrument relating to a Significant Transaction Event (a "***Definitive Instrument***"), then the Corporation shall have no obligation to pay any PIK Dividends accrued or payable through such date, and (II) if the Corporation has entered into a Definitive Instrument on or prior to October 15, 2021 and has consummated the Significant Transaction Event on or prior to February 15, 2022, then the Corporation shall have no obligation to pay any PIK Dividends accrued or payable through such date.

(d) Automatic Conversion.

(i) Trigger Event. On the Conversion Date (as defined below), each share of Series D Preferred Stock shall be automatically converted (without the payment of additional consideration by the holder thereof), into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Stated Value by the Conversion Price in effect on the Conversion Date. The "***Conversion Price***" shall be a price per share equal to the least of: (w) $0.44 per share, (x) 75% of the price per share to be sold in the Corporation's Qualified Offering, (y) 75% of the opening public price per share in a direct listing of the Corporation's Common Stock on a Trading Market (a "***Direct Listing***") or (z) 75% of the per share amount to be paid for each share of the Corporation's Common Stock in a sale of all or substantially all of the stock or assets of the Company (a **"*Merger*")**, in each case subject to adjustment as provided herein. For purposes hereof, "***Conversion Date***" means (A) the date that the Registration Statement is declared effective by the SEC, (B) the date on which the Corporation consummates a Direct Listing or Qualified Offering or (C) the date on which a Merger is consummated. For purposes hereof, "***Qualified Offering***" means the first underwritten public offering of Common Stock by the Corporation to occur after the initial issuance of Series D Preferred Stock (the "***Original Issue Date***").

(ii) Mechanics of Conversion. All holders of record of Series D Preferred Stock shall be sent written notice of the Conversion Date and the place designated for conversion of all such shares of Series D Preferred Stock pursuant to this Section 1.1(d). Such notice need not be sent in advance of the occurrence of the Conversion Date. Upon receipt of such notice, each holder of Series D Preferred Stock shall, if such holder's shares are certificated, surrender his, her or its certificate or certificates for all such shares (or, if such holder of Series D Preferred Stock alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation and its transfer agent to indemnify the Corporation and/or its transfer agent against any claim that may be made against the Corporation and/or its transfer agent on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation or its transfer agent, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation or its transfer agent, duly executed by the registered holder of shares of Series D Preferred Stock or by his, her or its attorney duly authorized in writing. All rights with respect to the Series D Preferred Stock converted pursuant to this Section 1.1(d) will terminate at the Conversion Date (notwithstanding the failure of the holder or holders of Series D Preferred Stock to surrender any certificates at or prior to such time), except only for the rights of the holders of Series D Preferred Stock, upon surrender, if applicable, of their certificate or certificates (or lost certificate affidavit and agreement), to receive the items provided for in the next sentence of this Section 1.1(d)(ii). As soon as practicable after the Conversion Date and, if applicable, the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Series D Preferred Stock, the Corporation shall issue and deliver to such holder of Series D Preferred Stock, or to his, her or its nominees, a notice of issuance of uncertificated shares and, may, upon written request, issue and deliver a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof. Such converted Series D Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of its Preferred Stock accordingly.

(iii) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Series D Preferred Stock as herein provided, free from preemptive rights or any other actual contingent purchase rights of persons other than the holders of Series D Preferred Stock, not less than such aggregate number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 1.1(d)) upon the conversion of the then outstanding shares of Series D Preferred Stock. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(iv) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Series D Preferred

Stock. As to any fraction of a share which the holder of shares of Series D Preferred Stock would otherwise be entitled to purchase upon such conversion, the Corporation shall round up to the next whole share.

(v) Transfer Taxes and Expenses. The issuance of shares of Common Stock on conversion of the Series D Preferred Stock shall be made without charge to any holder of Series D Preferred Stock for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such shares of Common Stock, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such shares of Common Stock upon conversion in a name other than that of the holders of the Series D Preferred Stock of such shares of Series D Preferred Stock and the Corporation shall not be required to issue or deliver such shares of Common Stock unless or until the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all transfer agent fees required for same-day processing and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the shares of Common Stock.

(vi) Adjustments to Conversion Price for Diluting Issues.

(A) Special Definitions. For purposes of this Section 1.1(d), the following definitions shall apply:

(1) "***Additional Shares of Common Stock***" shall mean all shares of Common Stock issued (or, pursuant to Section 1.1(d)(vi)(C) below, deemed to be issued) by the Corporation after the Original Issue Date, other than (x) the following shares of Common Stock and (y) shares of Common Stock deemed issued pursuant to the following Options (as defined below) and Convertible Securities (as defined below) (clauses (x) and (y), collectively, "***Exempted Securities***"):

a. as to any series of Preferred Stock, shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on such series of Preferred Stock; or

b. shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 1.1(d)(vii); or

c. shares of Common Stock, Options or other equity-linked securities or awards issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation; or

d. shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security; or

e. shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction; or

f. shares of Common Stock, Options, Convertible Securities or other equity or equity-linked securities issued as acquisition consideration pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement; or

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g. shares of Common Stock, Options, Convertible Securities or other equity or equity-linked issued in connection with a Significant Transaction Event; or

(2) "***Convertible Securities***" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(3) "***Option***" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(B) No Adjustment of Conversion Price. No adjustment in the Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Requisite Holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

(C) Deemed Issue of Additional Shares of Common Stock.

(1) If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(2) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price pursuant to the terms of Section 1.1(d)(vi)(D), are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (I) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (II) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (2) shall have the effect of increasing the Conversion Price to an amount which exceeds the

lower of (x) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (y) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

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(3) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price pursuant to the terms of Section 1.1(d)(vi)(D) (either because the consideration per share (determined pursuant to Section 1.1(d)(vi)(E)) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Price then in effect, or because such Option or Convertible Security was issued before the Original Issue Date), are revised after the Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (I) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (II) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Section 1.1(d)(vi)(C)(1)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(4) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price pursuant to the terms of Section 1.1(d)(vi)(D), the Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(5) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price provided for in this Section 1.1(d)(vi)(C) shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (2) and (3) of this Section 1.1(d)(vi)(C)). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price that would result under the terms of this Section 1.1(d)(vi)(C) at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

(D) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 1.1(d)(vi)(C)), without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issuance or deemed issuance, then the Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP2 = CP1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(1) "CP2" shall mean the Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock;

(2) "CP1" shall mean the Conversion Price in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock;

(3) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock, other than Exempted Securities, issuable upon exercise of Options outstanding immediately prior to such issuance or deemed issuance or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(4) "B" shall mean the number of shares of Common Stock, excluding Exempted Securities, that would have been issued if such Additional Shares of Common Stock had been issued or deemed issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP1); and

(5) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

(E) Determination of Consideration. For purposes of this Section 1.1(d)(vi), the consideration received by the Corporation for the issuance or deemed issuance of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property. Such consideration shall:

a. insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

b. insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

c. in the event Additional Shares of Common Stock are issued together with other shares or securities, excluding Exempted Securities, or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses a. and b. above, as determined in good faith by the Board of Directors of the Corporation.

(2) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 1.1(d)(vi)(C), relating to Options and Convertible Securities, shall be determined by dividing:

a. The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

b. the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number), excluding Exempted Securities, issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

(F) Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Price pursuant to the terms of Section 1.1(d)(vi)(D) then, upon the final such issuance, the Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

(vii) Certain Other Adjustments.

(A) Stock Dividends and Stock Splits. If the Corporation, at any time while the Series D Preferred Stock is outstanding: (1) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other common stock equivalents (which, for avoidance of doubt, shall not include any PIK Dividends or shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, the Series D Preferred Stock or the Series C Preferred Stock), (2) subdivides outstanding shares of Common Stock into a larger number of shares, (3) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (4) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 1.1(d)(vii)(A) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(B) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 1.1(d)(vii)(A) above, if at any time the Corporation grants, issues or sells any common stock equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "***Purchase Rights***"), then the holder of shares of Series D Preferred Stock thereof will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the holder of shares of Series D Preferred Stock could have acquired if the holder of shares of Series D Preferred Stock had held the number of shares of Common Stock acquirable upon complete conversion of such holder's Series D Preferred Stock immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such purchase.

(C) Fundamental Transaction. If, at any time while the Series D Preferred Stock is outstanding, (1) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another person, other than a Significant Transaction Event, (2) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, other than a Significant Transaction Event, (3) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding capital stock of the Corporation, other than a Significant Transaction Event, (4) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, other than a Significant Transaction Event, or (5) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another person whereby such other person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other person or other persons making or party to, or associated or affiliated with the other persons making or party to, such stock or share purchase agreement or other business combination), other than a Significant Transaction Event (each a "***Fundamental Transaction***"), then, upon any subsequent conversion of the Series D Preferred Stock, the holders of shares of Series D Preferred Stock shall have the right to receive, for each share of Common Stock that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the "***Alternate Consideration***") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which the Series D Preferred Stock is convertible immediately prior to such Fundamental Transaction. For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the holder of shares of Series D Preferred Stock shall be given the same choice as to the Alternate Consideration it receives upon any conversion of the Series D Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file an amended and restated Articles of Incorporation or Certificate of Designation with the same terms and conditions and issue to the holders of shares of Series D Preferred Stock new preferred stock consistent with the foregoing provisions and evidencing the holders' right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "***Successor Entity***") to assume in writing all of the obligations of the Corporation under this Certificate in accordance with the provisions of this Section 1.1(d)(vii)(C) pursuant to written agreements entered into prior to such Fundamental Transaction and shall deliver to the holder of shares of Series D Preferred Stock in exchange for the Series D Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Series D Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of the Series D

Preferred Stock prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of the Series D Preferred Stock immediately prior to the consummation of such Fundamental Transaction). Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate with the same effect as if such Successor Entity had been named as the Corporation herein.

(viii) Calculations. All calculations under this Section 1.1(d) shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 1.1(d), the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(ix) Notice to the Holders. Whenever the Conversion Price is adjusted pursuant to any provision of thisSection 1.1(d), the Corporation shall promptly deliver to each holder of shares of Series D Preferred Stock a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of the Series D Preferred Stock, and shall cause to be delivered to each holder of shares of Series D Preferred Stock at its last address as it shall appear upon the stock books of the Corporation, at least ten (10) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (1) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (2) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

(e) Optional Conversion.

(i) Optional Conversion Rights. At any time or times on or after the Original Issue Date, each holder of Series D Preferred Stock shall be entitled to convert any portion of the outstanding Series D Preferred Stock held by such holder and any PIK Dividends (without the payment of additional consideration by the holder thereof) into such number of fully paid and non-assessable shares of Common Stock as determined for any such holder by dividing (A) the sum of (I) the aggregate Stated Value of all outstanding shares of Series D Preferred Stock being converted by such holder, (II) the aggregate Stated Value of all shares of Series D Preferred Stock due and owing to such holder as PIK Dividends which such holder is converting, and (III) the aggregate amount of cash dividends due and owing to such holder that such holder is converting by (B) the Conversion Price in effect on the Optional Conversion Date (as defined below), as adjusted in accordance with Section 1.1(d).

(ii) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Series D Preferred Stock pursuant to this Section 1.1(e). As to any fraction of a share which the holder of shares of Series D Preferred Stock would otherwise be entitled to purchase upon such conversion, the Corporation shall round up to the next whole share.

(iii) Mechanics of Conversion.

(A) To convert a share of Series D Preferred Stock and/or PIK Dividends into shares of Common Stock pursuant to this Section 1.1(e) on any date (an "***Optional Conversion Date***"), the holder of such shares of Series D Preferred Stock and/or PIK Dividends shall deliver to the Corporation (whether via facsimile, electronic mail or otherwise), for receipt on or prior to 11:59 p.m., New York time, on such date, a copy of an executed notice of such conversion in the form attached hereto as Exhibit A (the "***Optional Conversion Notice***"). Within three (3) Trading Days (as defined below) of the Optional Conversion Date such holder that delivered the Optional Conversion Notice shall, if such holder's shares of Series D Preferred Stock are certificated, surrender his, her or its certificate or certificates for all such shares (or, if such holder of Series D Preferred Stock alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation and its transfer agent to indemnify the Corporation and/or its transfer agent against any claim that may be made against the Corporation and/or its transfer agent on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation or its transfer agent, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation or its transfer agent, duly executed by the registered holder of shares of Series D Preferred Stock or by his, her or its attorney duly authorized in writing. All rights with respect to the Series D Preferred Stock converted pursuant to this Section 1.1(e) will terminate at the Optional Conversion Date (notwithstanding the failure of the holder or holders of Series D Preferred Stock to surrender any certificates at or prior to such time), except only for the rights of the holders of Series D Preferred Stock, upon surrender, if applicable, of their certificate or certificates (or lost certificate affidavit and agreement), to receive the items provided for in the next sentence of this Section 1.1(e)(iii). As soon as practicable after the Optional Conversion Date and, if applicable, the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Series D Preferred Stock, the Corporation shall issue and deliver to such holder of Series D Preferred Stock, or to his, her or its nominees, a notice of issuance of uncertificated shares and, may, upon written request, issue and deliver a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof. Such converted Series D Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of its Preferred Stock accordingly.

(B) On or before the third (3rd) Trading Day following the date of receipt of a Conversion Notice (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade initiated on the applicable Conversion Date of such shares of Common Stock issuable pursuant to such Optional Conversion Notice) (the "***Share Delivery Deadline***"), the Corporation shall (1) provided that its then current transfer agent is participating in The Depository Trust Company's ("DTC") Fast Automated Securities Transfer Program, credit such aggregate number of shares of Common Stock to which such converting

holder shall be entitled to such holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system, or (2) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver (via reputable overnight courier) to the address as specified in such Conversion Notice, a certificate, registered in the name of such holder or its designee, for the number of shares of Common Stock to which such holder shall be entitled. If the number of shares of Series D Preferred Stock represented by the Series D Preferred Stock Certificate(s) submitted for conversion pursuant to Section 1.1(e)(3)(A) is greater than the number of shares of Series D Preferred Stock being converted, then the Corporation shall, as soon as practicable and in no event later than three (3) Trading Days after receipt of the Series D Preferred Stock Certificate(s) and at its own expense, issue and deliver to such holder (or its designee) a new Series D Preferred Stock Certificate representing the number of shares of Series D Preferred Stock not so converted. The person or entity entitled to receive the shares of Common Stock issuable upon an optional conversion of Series D Preferred Stock shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

(iv) "***Trading Day***" means any day on which the Common Stock is traded on the principal securities exchange securities market on which the Common Stock is then traded, provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the holder converting the relevant shares of Series D Preferred Stock pursuant to this Section 1.1(e).

(v) Corporation's Failure to Timely Convert. If the Corporation shall fail, for any reason or for no reason, on or prior to the applicable Share Delivery Deadline, to issue to a holder a certificate for the number of shares of Common Stock to which such holder is entitled and register such shares of Common Stock on the Corporation's share register or to credit such holder's or its designee's balance account with DTC for such number of shares of Common Stock to which such holder is entitled upon such holder's conversion pursuant to this Section 1.1(e) (a "***Conversion Failure***"), and if on or after such Share Delivery Deadline such holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such holder of all or any portion of the number of shares of Common Stock, or a sale of a number of shares of Common Stock equal to all or any portion of the number of shares of Common Stock, issuable upon such conversion that such holder so anticipated receiving from the Corporation, then, in addition to all other remedies available to such holder, the Corporation shall, within three (3) Trading Days after receipt of such holder's request and in such holder's discretion, either: (I) pay cash to such holder in an amount equal to such holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (including, without limitation, by any other individual or entity in respect, or on behalf, of such holder) (the "***Buy-In Price***"), at which point the Corporation's obligation to so issue and deliver such certificate or credit such holder's balance account with DTC for the number of shares of Common Stock to which such holder would have been entitled upon such holder's conversion hereunder (as the case may be) (and to issue such shares of Common Stock) shall terminate, or (II) promptly honor its obligation to so issue and deliver to such holder a certificate or certificates representing such shares of Common Stock or credit such holder's balance account with DTC for the number of shares of Common Stock to which such holder is entitled upon such holder's conversion hereunder (as the case may be) and pay cash to such holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (x) such number of shares of Common Stock multiplied by (y) the lowest closing sale price of the Common Stock on any Trading Day during the period commencing on the date of the applicable Conversion Notice and ending on the date of such issuance and payment under this clause (II).

(f) Redemption.

(i) Mandatory Redemption. Unless prohibited by Nevada law governing distributions to stockholders of a corporation, the Series D Preferred Stock shall be redeemed (a "***Mandatory Redemption***") by the Corporation at a price equal to the Stated Value for such share of Series D Preferred Stock, plus an amount per share equal to the Stated Value of any shares of Series D Preferred Stock that are issuable as the result of accrued, but unpaid, PIK Dividends (the "***Redemption Price***"), if the Requisite Holders provide written notice of redemption to the Corporation on or after October 15, 2022, which notice may only be so provided if on or after such date the Common Stock of the Corporation is not listed on a Trading Market (the date selected by the Corporation that is within thirty (30) days following the date that the Corporation receives such notice is referred to as the "***Redemption Date***"). If on the Redemption Date Nevada law governing distributions to stockholders of a corporation prevents the Corporation from redeeming all outstanding shares of Series D Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares of Series D Preferred Stock that it may redeem consistent with such law, and shall redeem the remaining shares as soon as it may lawfully do so under such law. If the Corporation fails to pay the Redemption Price in full and redeem all outstanding shares of Series D Preferred Stock on the Redemption Date, then PIK Dividends shall accrue as specified in Section 1.1(c)(ii) hereof.

(ii) Redemption Notice. The Corporation shall send written notice of the Mandatory Redemption (the "***Redemption Notice***") to each holder of record of Series D Preferred Stock not less than ten (10) days prior to the Redemption Date. The Redemption Notice shall state:

(A) the number of shares of Series D Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(B) the Redemption Date and the Redemption Price; and

(C) for holders of shares in certificated form, that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series D Preferred Stock to be redeemed.

(iii) Surrender of Certificates; Payment On or before the Redemption Date, each holder of shares of Series D Preferred Stock to be redeemed on the Redemption Date, shall, if a holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof.

(iv) Redeemed or Otherwise Acquired Shares. Any shares of Series D Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred.

(g) Waiver; Amendment. Any of the rights, powers, privileges and other terms of the Series D Preferred Stock set forth herein may be waived or amended on behalf of all holders of Series D Preferred Stock by the affirmative written consent or vote of the Requisite Holders.

(h) Notices. Except as otherwise provided herein, any notice required or permitted by the provisions of this Section 1.1 to be given to a holder of shares of Series D Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with Section 78 of the Nevada Revised Statutes, and shall be deemed sent upon such mailing or electronic transmission.

Section 1.2 Withholding. The Corporation agrees that, provided that a holder of the Corporation's capital stock delivers to the Corporation a properly executed IRS Form W-9 certifying as to such holder's complete exemption from backup withholding (or, if such holder is a disregarded entity for U.S. federal income tax purposes, its regarded owner's complete exemption from backup withholding), under current law the Corporation (including any paying agent of the Corporation) shall not be required to, and shall not, withhold on any payments or deemed payments to any such holder. In the event that any holder of the Corporation's capital stock fails to deliver to the Corporation such properly executed IRS Form W-9, the Corporation reasonably believes that a previously delivered IRS W-9 is no longer accurate and/or valid, or there is a change in law that affects the withholding obligations of the Corporation, the Corporation and its paying agent shall be entitled to withhold taxes on all payments made to the relevant holder in the form of cash or to request that the relevant holder promptly pay the Corporation in cash any amounts required to satisfy any withholding tax obligations. In the event that the Corporation does not have sufficient cash with respect to any such holder from withholding on cash payments otherwise payable to such holder and cash paid to the Corporation by such holder to the Corporation pursuant to the immediately preceding sentence, the Corporation and its paying agent shall be entitled to withhold taxes on deemed payments, including PIK Dividends and constructive distributions, on the Series D Preferred Stock to the extent required by law, and the Corporation and its paying agent shall be entitled to satisfy any required withholding tax on non-cash payments (including deemed payments) through a sale of a portion of the Series D Preferred Stock received as a PIK Dividend or from cash dividends or sales proceeds subsequently paid or credited on the Series D Preferred Stock.

BARBARA K. CEGAVSKE
Secretary of State
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Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov
www.nvsilverflume.gov

Annual or Amended List and State Business License Application

☑ **ANNUAL** **AMENDED (check one)**

List of Officers, Managers, Members, General Partners, Managing Partners, Trustees or Subscribers:

Applied Blockchain, Inc.	**NV20011309405**
NAME OF ENTITY	Entity or Nevada Business Identification Number (NVID)

TYPE OR PRINT ONLY - USE DARK INK ONLY - DO NOT HIGHLIGHT

IMPORTANT: *Read instructions before completing and returning this form.*

Please indicate the entity type (check only one):

- ☐ Corporation
  - ☑ This corporation is publicly traded, the Central Index Key number is: **0001144879**
- ☐ Nonprofit Corporation (see nonprofit sections below)
- ☐ Limited-Liability Company
- ☐ Limited Partnership
- ☐ Limited-Liability Partnership
- ☐ Limited-Liability Limited Partnership
- ☐ Business Trust
- ☐ Corporation Sole

Filed in the Office of	Business Number
Barbara K. Cegavske	**C13283-2001**
	Filing Number **20211502899**
Secretary of State State Of Nevada	Filed On **06/02/2021 14:24:01 PM**
	Number of Pages **2**

Additional Officers, Managers, Members, General Partners, Managing Partners, Trustees or Subscribers, may be listed on a supplemental page.

CHECK ONLY IF APPLICABLE

Pursuant to NRS Chapter 76, this entity is exempt from the business license fee.
001 - Governmental Entity

006 - NRS 680B.020 Insurance Co, provide license or certificate of authority number

For nonprofit entities formed under NRS chapter 80: entities without 501(c) nonprofit designation are required to maintain a state business license, the fee is $200.00. Those claiming an exemption under 501(c) designation must indicate by checking box below.

Pursuant to NRS Chapter 76, this entity is a 501(c) nonprofit entity and is exempt from the business license fee. Exemption Code 002

For nonprofit entities formed under NRS Chapter 81: entities which are Unit-owners' association or Religious, Charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C $ 501(c) are excluded from the requirement to obtain a state business license. Please indicate below if this entity falls under one of these categories by marking the appropriate box. If the entity does not fall under either of these categories please submit $200.00 for the state business license.

Unit-owners' Association — Religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. $501(c)

For nonprofit entities formed under NRS Chapter 82 and 80:Charitable Solicitation Information - check applicable box

Does the Organization intend to solicit charitable or tax deductible contributions?

No - no additional form is required

Yes - the "Charitable Solicitation Registration Statement" is required.

The Organization claims exemption pursuant to NRS 82A 210 - the "Exemption From Charitable Solicitation Registration Statement" is required

****Failure to include the required statement form will result in rejection of the filing and could result in late fees.****

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov
www.nvsilverflume.gov

Annual or Amended List and State Business License Application - Continued

Officers, Managers, Members, General Partners, Managing Partners, Trustees or Subscribers:

CORPORATION, INDICATE THE SECRETARY:			
Wesley Cummins		**USA**	
Name		Country	
3811 Turtle Creek Blvd Suite 2100	**Dallas**	**TX**	**75219**
Address	City	State	Zip/Postal Code
CORPORATION, INDICATE THE TREASURER:			
David Rench		**USA**	
Name		Country	
3811 Turtle Creek Blvd Suite 2100	**Dallas**	**TX**	**75219**
Address	City	State	Zip/Postal Code
CORPORATION, INDICATE THE DIRECTOR:			
Wesley Cummins		**USA**	
Name		Country	
3811 Turtle Creek Blvd Suite 2100	**Dallas**	**TX**	**75219**
Address	City	State	Zip/Postal Code
CORPORATION, INDICATE THE PRESIDENT:			
Wesley Cummins		**USA**	
Name		Country	
3811 Turtle Creek Blvd Suite 2100	**Dallas**	**TX**	**75219**
Address	City	State	Zip/Postal Code

None of the officers and directors identified in the list of officers has been identified with the fraudulent intent of concealing the identity of any person or persons exercising the power or authority of an officer or director in furtherance of any unlawful conduct.

I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

X Wesley Cummins
Signature of Officer, Manager, Managing Member, General Partner, Managing Partner, Trustee, Subscriber, Member, Owner of Business, Partner or Authorized Signer *FORM WILL BE RETURNED IF UNSIGNED*

President
Title

06/02/2021
Date

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street Carson City, Nevada 89701-4201 (775) 684-5708
Website: www.nvsos.gov

Filed in the Office of */s/ Barbara K. Cegavske* Secretary of State State Of Nevada	Business Number **C13283-2001** Filing Number **20211456018** Filed On **5/13/2021 3:41:00 PM** Number of Pages **2**

Certificate of Correction

NRS 78, 78A, 80, 81, 82, 84, 86, 87, 87A, 88, 88A, 89 and 92A

(Only one document may be corrected per certificate.)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

INSTRUCTIONS:

1. Enter the current name as on file with the Nevada Secretary of State and enter the Entity or Nevada Business Identification Number (NVID).

0. Name of document with inaccuracy or defect.
1. Filing date of document with inaccuracy or defect.
2. Brief description of inaccuracy or defect.
3. Correction of inaccuracy or defect.
4. Must be signed by Authorized Signer. Form will be returned if unsigned.

1. Entity Information:	Name of entity as on file with the Nevada Secretary of State: Applied Blockchain, Inc.
	Entity or Nevada Business Identification Number (NVID): C13283-2001
2. Document:	Name of document with inaccuracy or defect: Second Amended and Restated Articles of Incorporation
3. Filing Date:	Filing date of document which correction is being made: April 15, 2021
4. Description:	Description of inaccuracy or defect: Number of shares and par value for Series C Convertible Redeemable Preferred Stock should have been specified.
5. Correction:	Correction of inaccuracy or defect: The Fourteenth Article is hereby replaced and corrected to specify that Series C preferred stock shall consist of 660,000 shares, par value $0.001 per share, as further detailed in Exhibit A hereto.
6. Signature: (Required)	/s/ David Rench 5/13/2021
	Signature Date

This form must be accompanied by appropriate fees.

EXHIBIT A

The Fourteenth Article is hereby replaced and corrected to read as follows:

FOURTEENTH. Applied Blockchain, Inc., pursuant to the provisions of Sections 78.195 and 78.1955 of the General Corporation Law of the State of Nevada, does hereby make that certain Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Restrictions of Series C Preferred Stock of Applied Blockchain, Inc., a copy of which has been attached hereto as Exhibit C (the "Series C Designation"). Applied Blockchain, Inc., does hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the corporation by the provisions of Article FOURTH hereof, the Board of Directors duly adopted resolutions authorizing the issuance of 660,000 shares, par value $0.001 per share, and fixing the designation and preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions, of a series of preferred stock to be designated "Series C Convertible Redeemable Preferred Stock", as further described in and pursuant to the terms of Exhibit C hereto. The Series C Designation is incorporated herein and shall be in full force and effect as of the effective date hereof.

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201 (775) 684-5708
Website: www.nvsos.gov

Filed in the Office of	Business Number C13283-2001
/s/ Barbara K. Cegavske	Filing Number 20211387751
	Filed On 4/15/2021 2:18:00 PM
Secretary of State State Of Nevada	Number of Pages 71

Profit Corporation:

Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78,390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity Information:	Name of entity as on file with the Nevada Secretary of State: Applied Blockchain, Inc. Entity or Nevada Business Identification Number (NVID): C13283-2001
2. Restated or Amended and Restated Articles: (Select one) (If amending and restating only, complete section 1,2,3,5 and 6)	☐ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 – Before Issuance of Stock) The undersigned declare that they constitute at least two-thirds of the Following: (Check only one box) ☐ incorporators ☐ board of directors The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued
	☒Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 – After Issuance of Stock) The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 78.6%
	☐ Officer's Statement (foreign qualified entities only) – Name in home state, if using a modified name in Nevada: Jurisdiction of formation: Changes to takes the following effect: ☐ The entity has been amended. ☐ Dissolution ☐ The purpose of the entity has been amended ☐ Merger ☐ The authorized shares have been amended. ☐ Conversion ☐ Other: (specify changes) *Officer's Statement mus be submitted with either a certified copy of or a certificate evidencing the filing Of any document, amendatory or otherwise, relating to the original articles in the place of the corporations Creation.

This form must be accompanied by appropriate fees.

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701- 4201
(775) 684.5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)	**Date:**	**Time:**

5. Information Being Changed: (Domestic corporations only)	Changes to takes the following effect: ☒The entity name has been amended. ☐The registered agent has been changed. (attach Certificate of Acceptance from new registered agent) ☐The purpose of the entity has been amended. ☒The authorized shares have been amended. ☐The directors, managers or general partners have been amended. ☐IRS tax language has been added. ☒Articles have been added. ☐Articles have been deleted. ☐Other. **The articles have been amended as follows: (provide article numbers, if available)** **Articles 13 and 14 have been added; Article 14 adds new series of Preferred** (attach additional page(s) if necessary)
6. Signature: (Required)	**X /s/ David Rench** — **CFO** **Signature of Officer or Authorized Signer** — **Title** **X** ____ ____ **Signature of Officer or Authorized Signer** — **Title** *If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, In addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.
Please include any required or optional information in space below: (attach additional page(s) if necessary)	

SUPPLEMENT TO ITEM 5
The articles have been amended as follows:

1. The Thirteenth Article is hereby added to incorporate, restate and affirm:

(i) That certain Amended and Restated Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of Series A Convertible Preferred Stock for Flight Safety Technologies, Inc. n/k/a Applied Blockchain, Inc., which was filed with the Nevada Secretary of State on September 9, 2009 (the "Series A Designation"); and

(ii) That certain Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of Series B Convertible Preferred Stock for Flight Safety Technologies, Inc. n/k/a Applied Blockchain, Inc., which was filed with the Nevada Secretary of State on September 9, 2009 (the "Series B Designation").

The Series A Designation and the Series B Designation shall remain in full force and effect notwithstanding the filing of the Second Amended and Restated Articles of Incorporation of Applied Blockchain, Inc.

2. The Fourteenth Article is hereby added to adopt and incorporate that certain Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Restrictions of Series C Preferred Stock of Applied Blockchain, Inc. (the "Series C Designation"). The adoption of the Series C Designation constitutes an amendment to the Articles of Incorporation of Applied Blockchain, Inc.

SECOND AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
APPLIED BLOCKCHAIN, INC.

Pursuant to the provisions of Title 7, Chapter 78 of the Nevada Revised Statutes, the Articles of Incorporation of this Corporation are hereby amended and restated to read in their entirety as follows:

FIRST. The name of this corporation is Applied Blockchain, Inc.

SECOND. The purpose of this corporation is to engage in any lawful act or activity for which corporations may be organized pursuant to the General Corporation Law of the State of Nevada.

THIRD. The total number of shares of capital stock which this corporation shall have authority to issue is five hundred five million (505,000,000) with a par value of $0.001 per share amounting to $505,000.00. Five hundred million (500,000,000) of those shares are Common Stock and five million (5,000,000) of those shares are Preferred Stock. Each share of Common Stock shall entitle the holder thereof to one vote, in person or by proxy, on any matter on which action of the stockholders of this corporation is sought. The holders of shares of Preferred Stock shall have no right to vote such shares, except (i) as determined by the Board of Directors of this corporation in accordance with the provisions of Section (3) of Article FOURTH of these Articles of Incorporation, or (ii) as otherwise provided by the Nevada General Corporation Law, as amended from time to time.

FOURTH, The Board of Directors of this corporation shall be, and hereby is, authorized and empowered, subject to such limitations prescribed by law and the provisions of Article THIRD of these Articles of Incorporation, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Nevada, to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions of each such series. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(1) The number of shares constituting such series and the distinctive designation of such series;

(2) The dividend rate on the shares of such series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of such series;

(3) Whether such series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(4) Whether such series shall have conversion privileges, and, if so, the terms and conditions of such conversion privileges, including provision for the adjustment of the conversation rate, in such events as the Board of Directors shall determine;

(5) Whether or not the shares of such series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or date upon or after which those shares shall be redeemable, and the amount per share payable in the event of redemption, which amount may vary in different circumstances and at different redemption dates;

(6) Whether that series shall have a sinking fund for the redemption or purchase of shares of such series, and, if so, the terms and amount of such sinking fund;

(7) The rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of this corporation, and the relative rights of priority, if any, of payment of shares of such series; and

(8) Any other relative rights, preferences and limitation of such series.

Dividends on issued and outstanding shares of Preferred Stock shall be paid or declared and set apart for payment prior to any dividends being paid or declared and set apart for payment on the shares of Common Stock with respect to the same dividend period.

If, upon any voluntary or involuntary liquidation, dissolution or winding up of this corporation, the assets of this corporation available for distribution to holders of shares of Preferred Stock of all series shall be insufficient to pay such holders the full and complete preferential amount to which such holders are entitled, then such assets shall be distributed ratably among the shares of all series of Preferred Stock in accordance with the respective preferential amounts, including unpaid cumulative dividends, if any, payable with respect thereto.

FIFTH. No director or officer of this corporation shall have any personal liability to this corporation or its stockholders for damages for breach of fiduciary duty as a director or officer, except that this Article FIFTH shall not eliminate or limit the liability of a director or officer for (i) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law, or (ii) the payment of dividends in violation of the Nevada General Corporation Law. Any repeal or modification of this article by the stockholders of this corporation shall not adversely affect any right or protection of any director of this corporation existing at the time of such repeal or modification.

SIXTH. This corporation reserves the right at any time, and from time to time, to amend,alter, change or repeal any provision specified in the Articles of Incorporation, and other provisions authorized by the laws of the State of Nevada at any such time then in force may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to these Articles of Incorporation in their present form or as hereafter amended are granted subject to the rights reserved in this article.

SEVENTH. Capital stock issued by this corporation after the amount of the subscription price or par value therefor has been paid in full shall not be subject to pay debts of this corporation, and no capital stock issued by this corporation and for which payment has been made shall ever be assessable or assessed.

EIGHTH. (a) The affairs of this corporation shall be governed by a Board of Directors of not more than fifteen (15) persons nor less than one (1) person, as determined from time to time by vote of a majority of the Board of Directors of this corporation; provided, however, that the number of directors shall not be reduced so as to reduce the term of any director at the time in office.

(b) The directors shall be elected by the holders of shares entitled to vote thereon at the annual meeting of shareholders and until their respective successor has been elected and qualified.

(c) Notwithstanding any other provisions of these Articles of Incorporation or the bylaws of this corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Articles of Incorporation or the bylaws of this corporation), any director or the entire Board of Directors of this corporation may be removed at any time, but only for cause and only by the affirmative vote of the holders of seventy-five percent (75%) or more of the outstanding shares of capital stock of this corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders of this corporation called for that purpose. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of this corporation, the provisions of section (c) of this article shall not apply with respect to the director or directors elected by such holders of Preferred Stock.

NINTH. The period of existence of this corporation shall be perpetual.

TENTH. No contract or other transaction between this corporation and any other corporation, whether or not a majority of the shares of the capital stock of such other corporation is owned by this corporation, and no act of this corporation shall in any way be affected or invalidated by the fact that any of the directors of this corporation are pecuniarily or otherwise interested in, or are directors or officers of such other corporation. Any director of this corporation, individually, or any firm of which such director may be a member, may be a party to, or may be pecuniarily or otherwise interested in any contract or transaction of this corporation; provided, however, that the fact that he or such firm is so interested shall be disclosed or shall have been known to the Board of Directors of this corporation, or a majority thereof; and any director of this corporation who is also a director or officer of such other corporation, or who is so interested, may be counted in determining the existence of a quorum at any meeting of the Board of Directors of this corporation that shall authorize such contract or transaction, and may vote thereat to authorize such contract or transaction, with the same force and effect as if

he or she were not such director or officer of such other corporation or not so interested.

ELEVENTH. Subject to the provisions of any series of Preferred Stock of this corporation which may at the time be issued and outstanding and convertible into shares of Common Stock of this corporation, the affirmative vote of at least two-thirds (2/3) of the outstanding shares of Common Stock held by stockholders of this corporation other than the "related person" (as defined later in these Articles of Incorporation), shall be required for the approval or authorization of any "business combination" (as defined later in these Articles of Incorporation) of this corporation with any related person; provided, however, that such voting requirement shall not be applicable if:

(1) The business combination was approved by the Board of Directors of this corporation either (A) prior to the acquisition by such related person of the beneficial ownership of twenty percent (20%) or requisition the outstanding shares of the Common Stock of this corporation, or (B) after such acquisition, but only during such time as such related person has sought and obtained the unanimous approval by the Board of Directors of this corporation of such acquisition of more than 20% of the Common Stock prior to such acquisition being consummated; or

(2) The business combination is solely between this corporation and another corporation, fifty percent (50%) or more of the voting stock of which is owned by a related person; provided, however, that each stockholder of this corporation receives the same type of consideration in such transaction in proportion to his or her stockholdings; or

(3) All of the following conditions are satisfied: (A) The cash or fair market value of the property, securities or other consideration to be received per share by holders of Common Stock of this corporation in the business combination is not less than the higher of (i) the highest per share price (including brokerage commissions, soliciting dealers fees, dealer-management compensation, and other expenses, including, but not limited to, costs of newspaper advertisements, printing expenses and attorneys' fees) paid by such related person in acquiring any of its holdings of this corporation's Common Stock or (ii) an amount which has the same or a greater percentage relationship to the market price of this corporation's Common Stock immediately prior to the commencement of acquisition of this corporation's Common Stock by such related person, but in no event in excess of two (2) times the highest per share price determined in clause (i), above; and

(B) After becoming a related person and prior to the consummation of such business combination, (i) such related person shall not have acquired any newly issued shares of capital stock, directly or indirectly, from this corporation (except upon conversion of convertible securities acquired by it prior to becoming a related person or upon compliance with the provision of this article or as a result of a pro rata stock dividend or stock split) and (ii) such related person shall not have received the benefit, directly or indirectly, (except proportionately as a stockholder) of any loans, advances, guarantees, pledges or other fmancial assistance or tax credits provided by this corporation, or made any major changes in this corporation's business or equity capital structure; and

(C) A proxy statement complying with the requirements of the Securities Exchange Act of 1934, whether or not this corporation is then subject to such requirements, shall be mailed to the public stockholders of this corporation for the purpose of soliciting stockholder approval of such business combination and shall contain at the front thereof, in a prominent place (i) any recommendations as to the advisability (or inadvisability) of the business combination which the continuing directors, or any outside directors, may determine to specify, and (ii) the opinion of a reputable national investment banking firm as to the fairness (or not) of the terms of such business combination, from the point of view of the remaining public stockholders of this corporation (such investment banking firm to be engaged solely on behalf of the remaining public stockholders, to be paid a reasonable fee for its services by this corporation upon receipt of such opinion, to be a reputable national investment banking firm which has not previously been associated with such related person and, if there are at the time any such directors, to be selected by a majority of the continuing directors and outside directors).

For purposes of this article:

(1) The term "business combination" shall be defined as and mean (a) any merger or consolidation of this corporation with or into a related person; (b) any sale, lease, exchange, transfer or other disposition, including, without limitation, a mortgage or any other security device, of all or any substantial part of the assets of this corporation, including, without limitation, any voting securities of a subsidiary, or of a subsidiary, to a related person; (c) any merger or consolidation of a related person with or into this corporation or a subsidiary of this corporation; (d) any sale, lease, exchange, transfer or other disposition of all or any substantial part of the assets of a related person to this corporation or a subsidiary of this corporation; (e) the issuance of any securities of this corporation or a subsidiary of this corporation to a related person; (1) the acquisition by this corporation or a subsidiary of this corporation of any securities of a related person; (g) any reclassification of Common Stock of this corporation, or any recapitalization involving Common Stock of this corporation, consummated within five (5) years after a related person becomes a related person, and (h) any agreement, contract or other arrangement providing for any of the transactions described in this definition of business combination.

(2) The term "related person" shall be defined as and mean and include any individual, corporation, trust, association, partnership or other person or entity which, together with their "affiliates" and "associates" (defined later in these Articles of Incorporation), "beneficially" owns (as this term is defined in Rule 13d-3 of the General Rules and Regulations pursuant to the with their “affilaites” and associates” (defined later in these Articles of Incorporation), “beneficially” owns (as this term is defined in Rule 13d-3 of the General Rules and Regulations pursuant to the Securities Exchange Act of 1934), in the aggregate 20% or more of the outstanding shares of the Coinmon Stock of this corporation, and any "affiliate" or "associate" (as those terms are defined in Rule 12b-2 pursuant to the Securities Exchange Act of 1934) of any such individual, corporation, trust, association, partnership or other person or entity;

(3) The term "substantial part" shall be defined as and mean more than ten percent (10%) of the total assets of the corporation in question, as of the end of its most recent fiscal year ending prior to the time the determination is being made;

(4) Without limitation, any shares of Common Stock of this corporation which any related person has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed beneficially owned by such related person;

(5) For the purposes of this article, the term "other consideration to be received" shall include, without limitation, Common Stock of this corporation retained by its existing public stockholders in the event of a business combination with such related person pursuant to which this corporation is the surviving corporation; and

(6) With respect to any proposed business combination, the term "continuing director" shall be defined as and mean a director who was a member of the Board of Directors of this corporation immediately prior to the time that any related person involved in the proposed business combination acquired twenty percent (20%) or more of the outstanding shares of Common Stock of this corporation, and the term "outside director" shall be defined as and mean a director who is not (a) an officer or employee of this corporation or any relative of an officer or employee, (b) a related person or an officer, director employee. associate or affiliate of a related person, or a relative of any of the foregoing, or (c) a person having a direct or indirect material business relationship with this corporation.

TWELFTH. All of the powers of this corporation, insofar as the same may be lawfully vested by these Articles of Incorporation in the Board of Directors, are hereby conferred upon the Board of Directors of this corporation. In furtherance and not in limitation of that power, the Board of Directors shall have the power to make, adopt, alter, amend and repeal from time to time bylaws of this corporation, subject to the right of the shareholders entitled to vote with respect thereto to adopt, alter, amend and repeal bylaws made by the Board of Directors; provided, however, that bylaws shall not be adopted, altered, amended or repealed by the stockholders of this corporation, except by the vote of the holders of not less than two thirds (2/3) of the outstanding shares of stock entitled to vote upon the election of directors.

THIRTEENTH. Notwithstanding the execution and filing of these Second Amended and Restated Articles of Incorporation of Applied Blockchain, Inc., the following Series A Designation and Series B Designation filed with the Nevada Secretary of State are incorporated herein and shall remain in full force and effect as of the effective date hereof:

(1) That certain Amended and Restated Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of Series A Convertible Preferred Stock for Flight Safety Technologies, Inc. n/k/a Applied Blockchain, Inc., which was filed with the Nevada Secretary of State on September 9, 2009, a copy of which has been attached hereto as Exhibit A (the "Series A Designation"); and

(2) That certain Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of Series B Convertible Preferred Stock for Flight Safety Technologies, Inc, n/k/a Applied Blockchain, Inc., which was filed with the Nevada Secretary of State on September 9, 2009, a copy of which has been attached hereto as Exhibit B (the "Series B Designation").

FOURTEENTH. Applied Blockchain, Inc., pursuant to the provisions of Sections 78.195 and 78.1955 of the General Corporation Law of the State of Nevada, does hereby make that certain Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Restrictions of Series C Preferred Stock of Applied Blockchain, Inc., a copy of which has been attached hereto as Exhibit C (the "Series C Designation"). Applied Blockchain, Inc., does hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the corporation by the provisions of Article FOURTH hereof, the Board of Directors duly adopted resolutions authorizing the issuance of, and fixing the designation and preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions, of a series of preferred stock to be designated "Series C Convertible Redeemable Preferred Stock", as further described in and pursuant to the terms of Exhibit C hereto. The Series C Designation is incorporated herein and shall be in full force and effect as of the effective date hereof.

IN WITNESS WHEREOF, the undersigned officer, for and on behalf of the Corporation has signed these Second Amended and Restated Articles of Incorporation this 15th day of April, 2021

/s/Wesley Cummins
Wesley Cummins, CEO

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4620
(776) 684-5708
Website: www.nvsos.gov

Filed in the Office of Secretary of State State Of Nevada	Business Number **C13283-2001** Filing Number **20090672030-99** Filed On **09/09/2009** Number of Page **19**

Amendment to
Certificate of Designation
After Issuance of Class or Series
(PURSUANT TO NRS 78.1966)

USE BLACK INK ONLY – DO NOT HIGHLIGHT **ABOVE SPACE IS FOR OFFICE USE ONLY**

Certificate of Amendment to Certificate of Designation
For Nevada Profit Corporations
(Pursuant to NRS 78.1955 – After Issuance of Class or Series)

1. Name of corporation:

FLIGHT SAFETY TECHNOLOGIES, INC.

2. Stockholder approval pursuant to statue has been obtained.

3. The class or series of stock being amended:

Series A Convertible Preferred Stock Par Value $0.001

4. By a resolution adopted by the board of directors, the certificate of designation is being amended as follows or the new class or series is:

See attached Amended and Restated Certificate of Designation of Series A Convertible Preferred Stock

5. Effective date of filing: (optional)

(must not be later than 90 days after the certificate is filed)

6 Signature: (required)

X /s/ Richard S. Rosenfeld

Signature of Officer Richard S. Rosenfeld
Chief Financial Officer

Filing Fee: $175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees. ***Nevada Secretary of State Stock Designation***
Revised: 3-6-09

AMENDED AND RESTATED
CERTIFICATE OF DESIGNATIONS OF THE POWERS, PREFERENCES AND
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS OF
PREFERRED STOCK AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS
THEREOF
Of

SERIES A

CONVERTIBLE PREFERRED STOCK

for

FLIGHT SAFETY TECHNOLOGIES, INC.

FLIGHT SAFETY TECHNOLOGIES, INC., a Nevada corporation (the "Corporation"), pursuant to the provisions of Section 78.1955 of the General Corporation Law of the State of Nevada, does hereby make this Amended and Restated Certificate of Designations and does hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the Corporation by the Certificate of Incorporation of the Corporation, the Board of Directors duly amends and restates the Original Certificate of Designations of Powers, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of Series A Convertible Preferred Stock for Flight Safety Technologies, Inc., as filed with the Secretary of State of the State of Nevada on December 17, 2008 as Document Number 2008-0816678-56, to read in its entirety as set forth herein, and adopts the following resolutions, which resolutions remain in full force and effect as of the date hereof:

RESOLVED, that, pursuant to Article Fourth of the Certificate of Incorporation of the Corporation, the Board of Directors hereby authorizes the issuance of, and fixes the designation and preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions, of a series of preferred stock consisting of 70,000 shares, par value $.001 per share, to be designated "Series A Convertible Preferred Stock" (the "Series A Preferred Shares"); and

RESOLVED, that each of the Series A Preferred Shares shall rank equally in all respects with the Series B Convertible Preferred Stock of the Company, par value $.001 per share (the "Series B Preferred Shares," and together with the Series A Preferred Shares, the "Preferred Shares"), and that the Series A Preferred Shares shall be subject to the following terms and provisions:

1. **Designation**. There is hereby created out of the authorized and unissued shares of preferred stock of the Corporation a series of preferred stock designated as the "Series A Convertible Preferred Stock", par value $.001 per share. The number of shares constituting such series shall be 70,000 shares.

2. **Dividends**.

(a) Dividend Rate. For so long as any Series A Preferred Shares are outstanding, the Corporation shall pay, at its discretion either: (i) a dividend payable in cash at a per annum rate of 8% of the Original Purchase Price (as defined below) per share; or (ii) a dividend payable in additional shares of Series A Preferred Shares at a per annum rate of 10% of the Original Purchase Price per share; *provided, however,* that if the VWAP (as such term is defined below) for the common stock, par value $.001 of the Corporation ("Common Stock") exceeds Fourteen Cents ($0.14) per share with respect to any fiscal quarter, no dividends shall be due with respect to such fiscal quarter. Dividends shalt be calculated on the basis of a 30-day month and a 360-day year. For purposes of calculating the number of Series A Preferred Shares to be issued as a dividend under Section 2(a)(ii) hereof, the Series A Preferred Shares to be issued shall be valued at a price per share equal to the Original Purchase Price. For purposes of this Certificate, the following terms shall have the meanings indicated:

"**VWAP**" means the quarterly volume-weighted average sale price per share of Common Stock on the principal market for any particular fiscal quarter as reported, as such figure may be adjusted for stock splits and combinations of the Common Stock.

(b) Dividend Payment Dates. The dividend payment dates for the Series A Preferred Shares are the first days of March, June, September, and December commencing March 1, 2009; provided that if any such payment date is not a Business Day (as defined below) then such dividend shall be payable on the next Business Day. The initial dividend period for any Series A Preferred Shares shall commence on the day when such shares are issued. The term "Business Day" means a day other than a Saturday, Sunday or day on which banking institutions in New York are authorized or required to remain closed.

(c) Consent. For so long as any Series A Preferred Shares are outstanding, the Corporation shall not pay any dividends on any shares of Common Stock (except for dividends payable in Common Stock) or any shares of any other capital stock other than on Series B Preferred Shares in accordance with the provisions of the Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and. Qualifications, Limitations and Restrictions Thereof of Series B Convertible Preferred Stock of the Company, as in effect from time to time (the "Series B Certificate of Designations"), or repurchase any shares of Common Stock (other than the repurchase of shares of Common Stock issued pursuant to employment or consulting agreements with the Corporation, which are repurchased upon termination of employment or services for consideration no greater than the original issue price) or capital stock, without having received written consent of a majority of the votes attributable to the outstanding Preferred Shares (the "Required Holders"), voting separately from the holders of Common Stock.

3. **Liquidation Events**.

(a) Liquidation Preference. Upon (i) any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or (ii) unless otherwise agreed by the Required Holders, (A) a merger or consolidation of the Corporation with or into another entity (except for a merger or consolidation in which the holders of capital stock of the Corporation immediately prior to such merger or consolidation continue to hold at least 50% of the outstanding voting power of such surviving Corporation), (B) the sale or transfer of all or substantially all of the assets of the Corporation (for this purpose "substantially all" shall mean properties or assets with a fair market value equal to 60% or more of the fair market value of the Corporation's total properties or assets as of the end of the most recent fiscal quarter and "sale" shall not include a bona fide pledge of assets), (C) any issuance of shares of capital stock by the Corporation in one or more related transactions except for (x) an issuance of shares of capital stock in which the holders of capital stock of the Corporation immediately prior to such issuance of stock continue to hold at least 50% of the outstanding voting power of the Corporation after such issuance of shares of capital stock, (y) the issuance of Series B Preferred Shares on the "Original Issue Date" (as such term is defined in the Series B Certificate of Designation), or (z) the issuance of Series A Preferred Shares on the Original Issue Date (as such term is defined below), or (D) the repurchase by the Corporation of shares of capital stock of the Corporation (other than the Series 13 Preferred Shares in accordance with the provisions of the Series B Certificate of Designations or the Series A Preferred Shares in accordance with the terms hereof) such that the holders of capital stock of the Corporation immediately prior to such repurchase do not hold at least 50% of the outstanding voting power of the Corporation after such repurchase (each of the transactions or events described *in* Sections (i) and (ii) (A) - (D) of this Section 3(a) is referred to as a "Liquidation Event" herein), each holder of outstanding Series A Preferred Shares shall be entitled to be paid out of the consideration payable to the stockholders of the Corporation (in the case of a merger or consolidation, for example) or of the consideration payable to the Corporation (not of obligations owed by the Corporation) together with all other available assets of the Corporation (in the case of an asset sale, for example), as the case may be, whether such assets are capital, surplus or capital earnings, on the same priority as other holders of Preferred Shares, but prior and in preference to any payments being paid to holders of Common Stock of the Corporation or other shares ranking junior to the Series A Preferred Shares, an amount in cash equal to $100.00 per share (the "Original Purchase Price") plus any declared or accrued but unpaid dividends thereon (collectively with the Original Purchase Price per share, the "Preferred Share Liquidation Preference"); *provided* that if upon any Liquidation Event, the Preferred Share Liquidation Preference as provided *in* this Section 3(a) is not paid in *full,* the holders of the Preferred Shares shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. For the avoidance of doubt, a sale of shares of capital stock of the Corporation by anyone other than the Corporation (for example a sale of shares of capital stock on the open market) shall not result in a Liquidation Event, notwithstanding a change of control of the Corporation, so long as such transaction does not otherwise fall under the provisions of (A) - (D) of this Section 3(a).

(b) Participation. After payment in the full of the Preferred Share Liquidation Preference, the holders of outstanding Preferred Shares and Common Stock shall share in any consideration payable to the stockholders of the Corporation (in the case of a' stock repurchase, for example) or of the consideration payable to the Corporation (net of obligations owed by the Corporation) together with all other available assets of the Corporation (in the case of an asset sale, for example) pro rata (as if the Preferred Shares had been converted into Common Stock as of the date immediately prior to the date fixed for determination of stockholders entitled to receive such distribution), Notwithstanding the foregoing, if the amount which would be receivable if the Preferred Shares had been converted into Common Stock immediately prior to the Liquidation Event is greater than the amount which would be paid under the foregoing provisions of Section 3(a) and this Section 3(b), then the holders of the Preferred Shares shall be entitled to receive such greater amount.

(c) Surrender of Certificates. On the effective date of any Liquidation Event, the Corporation shall pay all consideration to which the holders of Series A Preferred Shares shell be entitled under this Section 3. Upon receipt of such payment, each holder of Series A Preferred Shares shall surrender the certificate or certificates representing such shares, duly assigned or endorsed for transfer to the Corporation (or accompanied by *duly executed* stock powers relating thereto), at the principal executive office of the Corporation or the offices of the transfer agent for the Corporation, or shall notify the Corporation or any transfer agent that such certificates have been lost, stolen or destroyed, whereupon each surrendered certificate shall be canceled and retired.

(d) Notice. Prior to the occurrence of any Liquidation Event, the Corporation will furnish each holder of Series A Preferred Shares notice to each holder at its address shown on the records of the Corporation, together with a certificate prepared by the chief financial officer of the Corporation describing *in* reasonable detail the facts of such Liquidation Event, stating in reasonable detail the amount(s) per share of Series A Preferred Shares each holder of Series A Preferred Shares would receive pursuant to the provisions of Sections 3(a) and 3(b) hereof and stating in reasonable detail the facts upon which such amount was determined and describing (if applicable) in reasonable detail all material terms of such Liquidation Event, to the extent known by the Corporation, including without limitation the consideration to be delivered *in* connection with such Liquidation Event, the valuation of the Corporation at the time of such Liquidation Event and the identities of the parties to the Liquidation Event.

4. **Conversion**. The holders of the Series A Preferred Shares shall have optional conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Series A Preferred Shares shall be convertible, in whole or in part, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof; into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing (i) the Original Purchase Price by (ii) the Conversion Price (as defined below) in effect at the time of conversion; *provided however,* that such conversion shall be mandatory in the event the Required Holders vote to convert all of the Preferred Shares. The "Conversion Price" for the Series A Preferred Shares shall initially be Seven Cents ($0.07) on the Original Issue Date (as such term is defined below). Such Conversion Price, and the rate at which shares of Series A Preferred Shares

may be converted into shares of Common Stock, shall be subject to adjustment as provided in Section 4(d) below.

(b) Special Definitions. For purposes of this Section 4, the following definitions shall apply:

(i) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued or deemed to be issued by the Corporation after the date upon which a share of the Series A Preferred Shares was first issued (the "Original Issue Date"), other than:

(A) shares of Common Stock issued or issuable by reason of a dividend or other distribution on (x) the Series B Preferred Shares pursuant to the Series B Certificate of Designations, (y) the Series A Preferred Shares pursuant to Section 2(a) above or (z) shares of Common Stock that is covered by Section 4(f) or Section 4(g) below;

(B) shares of Common Stock issued or issuable upon conversion of shares of Preferred Shares;

(C) shares of Common Stock actually issued (as opposed to deemed issued under Section 4(d)(iii)) upon exercise of any Option, or Convertible Security outstanding on the Original Issue Date;

(D) shares of Common Stock issued or deemed issued upon the exercise of any warrants (the "Credit Agreement Warrants") issued or issuable pursuant to the Credit Agreement, dated as of June 19, 2009 (as in effect from time to time, the "Credit Agreement") by and among the Company, the subsidiaries of the Company from time to time party thereto and Cummins Family Holdings, LLC;

(E) shares of Common Stock issued or issuable to employees, directors or consultants pursuant to equity incentive plans approved by the board of directors of the Corporation and adopted by the shareholders of the Corporation; or

(F) shares of Common Stock designated as exempt from the definition of Additional Shares of Common Stock by the Required Holders.

(ii) "**Appraisal Procedure**" shall be the procedure to determine fair market value of any security or other property (in either case, the "valuation amount"). If the Required Holders and the Board of Directors are not able to agree on the valuation amount within a reasonable period of time (not to exceed 20 days), the valuation amount shall be determined by an investment banking firm, which firm shall be unaffiliated with the Corporation and shall be reasonably acceptable to the Board of Directors and the Required Holders. If *the* Board of Directors and the Required Holders are unable to agree upon an acceptable investment banking firm within 10 days after the date either party proposed that one be selected, the investment banking *firm* will be selected by an arbitrator located in New York, New York selected by the American Arbitration Association (or if such organization ceases to exist, the arbitrator shall be chosen by a court of competent jurisdiction). The arbitrator shall select the investment banking firm (within 10 days of his appointment) from a list, jointly prepared by the Required Holders and the Board of Directors, of not more than four investment banking firms in the United States, of which no more than two may be named by the Board of Directors and no more than two may be named by the Required Holders. The arbitrator may consider, within the ten-day period allotted, arguments from the parties regarding which investment banking firm to choose, but the selection by the arbitrator shall be made in its sole discretion from the list of four. The Board of Directors and the Required Holders shall submit their respective valuations and other relevant data to the investment banking firm, and the investment banking firm shall as soon as practicable thereafter make its own determination of the valuation amount. The final valuation amount for purposes hereof shall be the average of the two valuation amounts closest together, as determined by the investment banking firm, from among the valuation amounts submitted by the Corporation and the Required Holders and the valuation amount calculated by the investment banking firm. The determination of the final valuation amount by such investment banking firm shall be final and binding upon the parties. The Corporation shall pay the Fees and expenses of the investment banking firm and arbitrator (if any) used to determine the valuation amount. If required by any such investment banking firm or arbitrator, the Corporation shall execute a retainer and engagement letter containing reasonable terms and conditions, including, without limitation, customary provisions concerning the rights of indemnification and contribution by the Corporation in favor of such investment banking firm or arbitrator and its officers, directors, partners, employees, agents and affiliates. If the valuation amount is for Common Stock of the Corporation, the valuation amount shall not include a discount for minority ownership or illiquidity or a control premium.

(iii) "As-Converted Basis" shall mean, for the purpose of determining the number of shares of Common Stock outstanding, a basis of calculation which takes into account (A) the number of shares of Common Stock actually issued and outstanding at the time of such determination, and (B) the number of shares of Common Stock that is then issuable upon the conversion of all outstanding Convertible Securities (as defined below), including without limitation, *the* Preferred Shares.

(iv) "Convertible Securities" shall mean any evidences of indebtedness, shares (other than Common Stock) or other securities directly or indirectly convertible into or exchangeable for Common Stock.

(v) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(c) Mechanics of Conversion.

(i) In order for a holder of Preferred Shares to convert shares of Preferred Shares into shares of Common Stock, such holder shall provide, at the office of the transfer agent for the Series A Preferred Shares (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), written notice that such holder elects to convert all or any number of the shares of the Series A Preferred Shares represented by the certificate or certificates held by such holder. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued; *provided,* that in the case the nominee is different than such holder, the holder shall also provide such additional documentation as the Corporation shall reasonably request to establish that such transfer is in compliance with the Securities Act of 1933, as amended. The date of receipt of such certificates and notice by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) shall be the conversion date ("Conversion Date"). The Corporation shall, as soon as practicable after the Conversion Date, but in any event within 3 business days after the later of (A) the Conversion Date or (B) in the event the holder has requested that the shares be issued in the name of a nominee different than such holder, the date on which the holder provides such additional documentation as the Corporation shall reasonably request to establish that such transfer is in compliance with the Securities Act of 1933, as amended, issue and deliver at such office to such holder of Series A Preferred Shares, or to his or its nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled, together with cash in lieu of any fraction of a share. On the Conversion Date, each holder of record of shares of Series A Preferred Shares to be surrendered for conversion shall be deemed to be the holder of record of the Common Stock issuable upon conversion of such Series A Preferred Shares, notwithstanding that the certificates representing such shares of Series A Preferred Shares shall not have been surrendered at the office of the Corporation, that notice from the Corporation shall not have been received by any holder of record of shares of such Preferred Shares, or that the certificates evidencing such shares of Common Stock shall not then be actually delivered to such holder.

(ii) At all times when any Preferred Shares are outstanding, the Corporation shall reserve and keep available out of its authorized but unissued stock, *for* the purpose of effecting the conversion of the Preferred Shares, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares. The Corporation promptly will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including without limitation engaging in best efforts to obtain the requisite stockholder approval. Before taking any action which would cause an adjustment reducing any Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the applicable Preferred Shares, the Corporation will take any corporate action which may be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

(iii) All shares of Series A Preferred Shares which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall immediately cease and terminate on the Conversion Date, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and payment of any dividends declared but unpaid thereon. Any shares of Series A Preferred Shares so converted shall be retired and cancelled and shall not be reissued, and the Corporation (without the need for stockholder action) may from time to time take such appropriate action as may be necessary to reduce the authorized number of shares of Series A Preferred Shares accordingly.

(iv) The Corporation shall pay any and all issue, transfer, stamp and other taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Shares pursuant to this Section 4_ The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Shares so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(d) Adjustments to Conversion Price for Diluting Issues.

(i) *No Adjustment of Conversion Price.* No adjustment in the Conversion Price of the Series A Preferred Shares shall be made unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the applicable Conversion Price in effect on the date of, and immediately prior to, the issuance or deemed issuance of such Additional Shares.

(ii) *Full Ratchet; Weighted Average.*

(A) *Full Ratchet.* If the Corporation at any time or from time to time prior to the one (1) year anniversary of the Original Issue Date shall issue any Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4(d)(iii) below but excluding shares issued as stock split or combination as provided in Section 4(f) below, issued upon a dividend or distribution as provided in Section 4(g) below or deemed to be issued upon a dividend of Series B Preferred Shares as provided in the Series B Certificate of Designations or upon a dividend of Series A Preferred Shares as provided in Section 2(a) above) without consideration or for consideration per share lower than the Conversion Price in effect on the date of and immediately prior to such issue, the Conversion Price for the Series A Preferred Shares shall be lowered to equal such consideration per share. For purposes of this Section 4(d)(ii), any Additional Shares of Common Stock issued for no consideration shall be deemed to be issued for a consideration per share of $.001, subject to adjustments for Common Stock splits, dividends, and combinations.

(B) *Weighted Average.* If the Corporation at any time or from time to time on or after the one (1) year anniversary of the Original Issue Date shall issue any Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4(d)(iii) below but excluding shares issued as stock split or combination as provided in Section 4(1) below, issued upon a dividend or distribution as provided in Section 4(g) below or deemed to be issued upon a dividend of Series B Preferred Shares in the Series B Certificate of Designations or upon a dividend of Series A Preferred Shares as provided in Section 2(a) above) without consideration or for consideration per share lower than the Conversion Price in effect on the date of and immediately prior to such issue, then in such event the Conversion Price for the Series A Preferred Shares shall be lowered to an amount determined by multiplying the Conversion Price in effect immediately prior to such issue by a fraction, (x) the numerator of which shall be the sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue (on an As-Converted Basis) plus (2) the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for such Additional Shares of Common Stock would purchase at such Conversion Price, and (y) the denominator of which shall be the sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue (on an As-Converted Basis) plus (2) the number of such Additional Shares of Common Stock so issued and/or deemed to be issued. For purposes of this Section 4(d)(ii), any Additional Shares of Common Stock issued for no consideration shall be deemed to be issued for a consideration per share of $.001, subject to adjustments for Common Stock splits, dividends, and combinations.

(iii) *Issue of Securities, Deemed Issue of Additional Shares of Common Stock.* If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities (other than (i) the Credit Agreement Warrants, (ii) Series B Preferred Shares issued as dividend as provided in the Series B Certificate of Designations or (iii) Series A Preferred Shares issued as a dividend as provided in section 2(a) above), or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such *case* in which Additional Shares of Common Stock are deemed to be issued:

(A) No further adjustment in the Conversion Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon (1) upon the exercise or conversion of any Options or Convertible Securities outstanding as of Original Issue Date; (2) upon the exercise of any Options by employees, directors, or consultants pursuant to equity incentive plans approved by the board of directors of the Corporation and adopted by the shareholders of the Corporation; (3) upon the conversion of the Series B Preferred Shares; (4) upon the conversion of the Series A Preferred Shares; or (5) in connection with the issuance or exercise of the Credit Agreement Warrants;

(B) If such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Corporation, upon the exercise, conversion or exchange thereof, the Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(C) Upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been

exercised, the Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as it

1) in the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, phis the consideration actually received by the Corporation upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Corporation upon such conversion or exchange; and

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2) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Corporation for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Corporation upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(D) In the event of any change in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any Option or Convertible Security, the Conversion Price then in effect shall forthwith be readjusted to such Conversion Price as would have obtained had the adjustment which was made upon the issuance of such Option or Convertible Security not exercised or converted prior to such change been made upon the basis of such change; and

(E) No readjustment pursuant to clause (B), (C) or (D) above shall have the effect of increasing the Conversion Price to an amount which *exceeds* the lower of (1) the Conversion Price on the original adjustment date, or (2) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock between the original adjustment date and such readjustment date.

In the event the Corporation, after the Original Issue Date, amends any Options or Convertible Securities (whether such Options or Convertible Securities were outstanding on the Original Issue Date or were issued after the Original Issue Date) to increase the number of shares issuable thereunder or decrease the consideration to be paid upon exercise or conversion thereof, then such Options or Convertible Securities, as so amended, shall be deemed to have been issued after the Original Issue Date and the provisions of this Section 4(d)(iii) shall apply.

(e) *Determination of Consideration.* For purposes of this Section 4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(i) *Cash and Property.* Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(B) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors, or if requested by the Required Holders, by agreement of the Board of Directors and the Required Holders, and if the Board of Directors and the Required Holders do not agree on such *fair* market value, in accordance with the procedures set forth in the definition of Appraisal Procedure; and

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(C) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(ii) *Options and Convertible Securities.* The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 4(d)(iii) above, relating to Options and Convertible Securities, shall be determined by

(A) the total amount, if any, received by the Corporation as consideration for the issue of such Options or Convertible Securities, plums the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a potential subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(B) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a potential subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(f) *Adjustment for Stock Splits and Combinations.* If the Corporation shall at any lime or from time to time after the Original Issue Date effect a subdivision of the outstanding Common Stock, each Conversion Price then in effect *immediately* before that subdivision shall be proportionately decreased. If the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock, each Conversion Price then in effect immediately before the combination shall be proportionately increased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes effective.

(g) *Adjustment for Certain Dividends and Distributions.* In the event the Corporation at any time, or from time to time after the Original Issue Date, shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable solely in additional shares of Common Stock, then and in each such event each Conversion Price then in effect shall be decreased as of the time of such issuance or, in the event *such* a record date shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price then in effect by a fraction:

(i) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(ii) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

provided, however, if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter each Conversion Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions.

(h) *Adjustment for Reclassification, Exchange, or Substitution.* If the Common Stock issuable upon the conversion of the Series A Preferred Shares shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a reorganization, merger, consolidation, or sale of assets provided for below), then and in each such event the holder of each such share of Series A Preferred Shares shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable, upon such reorganization, reclassification, or other change, by holders of the number of shares of Common Stock into which such shares of Series A Preferred Shares might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(i) *Adjustment for Merger or Reorganization, Etc.* In case of any consolidation or merger of the Corporation with or into another company or the sale of all or substantially all of the assets of the Corporation to another company, each share of Series A Preferred Shares, if any, remaining outstanding after such consolidation, merger or sale shall thereafter be convertible (or shall be converted into a security which shall be convertible) into the kind and amount of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such Series A Preferred Shares would have been entitled upon such consolidation, merger or sale; and, in such case, appropriate adjustment shall be made in the application of the provisions *in* this Section 4 set forth with respect to the rights and interest thereafter of the holders of the Series A Preferred Shares, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Conversion Price) shall thereafter be applicable, as nearly equivalent a manner as may be practicable as before the consolidation or merger. If any event occurs of the type contemplated by the provisions of this Section 4 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Corporation's Board of Directors shall make an appropriate reduction in each Conversion Price so as to protect the rights of the holders of the Series A Preferred Shares.

(j) *Certificate as to Adjustments.* Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Section 4, *the* Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Shares a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation deliverable upon the written request at any time of any holder of Series A Preferred Shares, furnish or cause to be furnished to such holder a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price then in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which then would be received upon the conversion of Series A Preferred Shares.

(k) *Fractional Shares.* No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Shares. In lieu of any fractional shares to which the bolder would otherwise be entitled, the Corporation shall pay cash equal to the product of such fraction multiplied by the fair market value of a share of Common Stock, as mutually agreed by the Board of Directors of the Corporation and the Required Holders; *provided however,* that if such mutual agreement cannot be reached, such fair market value shall be determined by following the Appraisal Procedures_ The determination of fractional shares shall be based on the aggregate number of shares of Series A Preferred Shares surrendered for conversion by any holder of Series A Preferred Shares and not on the individual shares of Series A Preferred Shares held by such holder.

(1) Notice of Record Date. In the event:

(i) that the Corporation declares a dividend (or any other distribution) on its Common Stock payable in Common Stock or other securities of the Corporation;

(ii) that the Corporation subdivides or combines its outstanding shares of Common Stock;

(iii) of any reclassification of the Common Stock of the Corporation (other than a subdivision or combination of its outstanding shares of Common Stock or a stock dividend or stock distribution thereon), or of any consolidation or merger of the Corporation into or with another company, or of the sale of all or substantially all of the assets of the Corporation; or

(iv) of the involuntary or voluntary dissolution, liquidation or winding up of the Corporation;

then the Corporation shall cause to be filed at its principal office or at the office of the transfer agent of the Series A Preferred Shares, and shall cause to be mailed to the holders of the Series A Preferred Shares at their last addresses as shown on the records of the Corporation or such transfer agent, at least ten (10) days prior to the date specified in (1) below or 20 days before the date specified in (2) below, a notice stating

(1) the record date of such dividend, distribution, subdivision or combination, or, if a record is not to be taken, the date *as* of which the holders of Common Stock of record to be entitled to such dividend, distribution, subdivision or combination are to be determined, or

(2) the date on which such reclassification, consolidation, merger, sale, dissolution, liquidation or winding up is expected to become *effective,* and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, dissolution or winding up.

5. **Voting Rights**.

(a) *Preferred Shares Voting Together.* Except as provided in Section 5(d)(i), Section 5(d)(iv), Section 5(d)(v) and Section 5(d)(ix) below, the holders of Preferred Shares shall vote together on all matters as a single class, with each Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which each may be converted (as adjusted from time to time pursuant to the Series B Certificates of Designations (with respect to the Series B Preferred Shares) and pursuant to Section 4 hereof (with respect to the Series A Preferred Shares)).

(b) *Voting with Common.* Except as provided in Section 5(b) and Section 5(c) below or as otherwise expressly set forth herein, the holders of Preferred Shares shalt vote together with the Common Stock on all matters as a single class, with each Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which it may be converted (as adjusted from time to time pursuant to Section 4 hereof) as of the record date.

(c) *Common Voting First on Certain Matters.* In addition to all other requirements imposed by Nevada law, and all other voting rights granted under the Corporation's Articles of Incorporation, as supplemented by this Certificate, the Corporation shall not undertake (i) any transaction giving rise to a Liquidation Event or (ii) any redemption of Preferred Shares, without the prior approval of the Common Stock voting as a single class. If such transaction referred in clause (1) or (ii) hereof is first approved by the requisite number of holders of Common Stock, such matter shall then be put to the vote of the holders Preferred Shares and Common Stock, voting together as a single class, with each Preferred Share entitled to cast the number of votes equal to the number of Common Stock into which it may be converted (as adjusted from time to time pursuant to the Series B Certificate of Designations (with respect to the Series B Preferred Shares) and pursuant to the Section 4 hereof (with respect to the Series A Preferred Shares)) as of the record date. For purposes of such joint vote, (A) any shares of Common Stock voted in favor of the transaction when voting as a single class shall be considered to have voted in favor of the transaction when voting together with the Preferred Shares, (B) any shares of Common Stock voted against the transaction when voting as a single class shall be considered to have voted against the transaction when voting together with the Preferred Shares and (C) any shares of Common Stock not voted on the transaction when voting as a single class shall be considered to have not voted on the transaction when voting together with the Preferred Shares.

(d) *Voting as Separate Class.* In addition to all other requirements imposed by Nevada law, and all other voting rights granted under the Corporation's Articles of Incorporation, as supplemented by the Series B Certificate of Designation and this Certificate, the Corporation shall not, and shall not permit any company or trust of which the Corporation directly or indirectly owns at the time 50% or more of the outstanding shares that represent either 50% of the voting power, 50% of the economic power, or control of the board of directors of such company or trust, other than directors' qualifying shares (a "**Subsidiary**") to, without the prior written consent of Required Holders voting together as a single class:

(i) amend, modify or repeal the Series B Certificate of Designations or this Certificate of Designations (whether by reclassification, merger, consolidation, reorganization or otherwise); *provided, however,* that any such amendment, modification or repeal shall also require the prior written consent of holders of a majority of the votes attributable to each of the outstanding Series B Preferred Shares and the Series A Preferred Shares, voting separately, with each Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which each may be converted (as adjusted from time to time pursuant to the Series B Certificate of Designations (with respect to the Series B Preferred Shares) and pursuant to Section 4 hereof (with respect to the Series A Preferred Shares));

(ii) enter into any reclassification, merger, consolidation or reorganization;

(iii) increase or decrease (whether by amendment to the Articles of Incorporation or by reclassification, merger, consolidation, reorganization or otherwise) the number of authorized Preferred Shares;

(iv) authorize or issue (by amendment to the Articles of Incorporation or by reclassification, merger, consolidation, reorganization or otherwise) any class or series of capital stock or securities convertible into capital stock with equal or superior rights to those of the Series B Preferred Shares or the Series A Preferred Shares; *provided, however, that* if any such class or series of capital stock or securities convertible into *capital stock* is superior to the rights of either the Series B Preferred Shares or the Series A Preferred Shares, but not the other, such authorization and issuance must also be approved by holders of a majority of the votes attributable to such junior series, voting separately, with each Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which each may be converted (as adjusted from time to time pursuant to the Series B Certificate of Designations (with respect to the Series B Preferred Shares) and pursuant to Section 4 hereof (with respect to the Series A Preferred Shares));

(v) whether by amendment to the Articles of Incorporation or by reclassification, merger, consolidation, reorganization or otherwise, (1) alter, amend or waive any rights, preferences or privileges of the Preferred Shares or (ii) otherwise alter, amend or waive any provisions of the Corporation's Articles of Incorporation or by-laws in a manner adverse to the holders of the Preferred Shares; *provided, however,* that if only one of the Series A Preferred Shares or Series *B* Preferred Shares is affected, but not the other, such act must be approved by holders of a majority of the votes attributable to such affected series, voting separately, with each Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which each may be converted (as adjusted from time to time pursuant to the Series B Certificate of Designations (with respect to the Series B Preferred Shares) and pursuant to Section 4 hereof (with respect to the Series A Preferred Shares));

(vi) authorize, declare or pay any dividend (other than dividends payable solely in Common Stock) on any share of the capital stock of the Corporation or any Subsidiary, with the exception of the dividends on the Series B Preferred Shares set forth in the Series B Certificate of Designations or the Series A Preferred Shares set forth in Section 2 hereof;

(vii) redeem, purchase or otherwise acquire for value any share or shares of the capital stock of the Corporation or *any* Subsidiary;

(viii) authorize or issue (by amendment to the Articles of Incorporation or by reclassification, merger, consolidation, reorganization or otherwise) any additional Series B Preferred Shares; or

(ix) authorize or issue (by amendment to the Articles of Incorporation or by reclassification, merger, consolidation, reorganization or otherwise) any additional Series A Preferred Shares; *provided however,* that such and issuance must also be approved by holders of a majority of the votes attributable to the Series B Preferred Shares, voting separately, with each Series B Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which each may be converted (as adjusted from time to time pursuant to the Series B Certificate of Designations).

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6. **Notices**. The Corporation shall distribute to the holders of Series A Preferred Shares copies of all notices, materials, annual and quarterly reports, proxy statements, information statements and any other documents distributed generally to the holders of shares of Common Stock of the Corporation, at such times and by such method as such documents are distributed to such holders of such Common Stock.

7. **Replacement Certificates**. The certificate(s) representing the Series A Preferred Shares held by any holder of Series A Preferred Shares may be exchanged by such holder at any time and from time to time for certificates with different denominations representing an equal aggregate number of Series A Preferred Shares, as reasonably requested by such holder, upon surrendering the same. No service charge will be made for such registration or transfer or exchange.

8. **Attorneys' Fees**. In connection with enforcement by a holder of Series A Preferred Shares of any obligation of the Corporation hereunder, the prevailing party shall be entitled to recovery of reasonable attorneys' fees and expenses incurred.

9. **No Reissuance**. No Series A Preferred Shares acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued.

10. **Severability of Provisions**. If any right, preference or limitation of the Series A Preferred Shares set forth in this Certificate of Designations (as this Certificate of Designations may be amended from time to time) is found to be invalid, unlawful or incapable of being enforced by reason of any rule or law or public policy, all other rights, preferences and limitations set forth in this Certificate of Designations, which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation, shall nevertheless remain in full force and effect, and no right, preference or limitation herein set forth be deemed dependent upon any such other right, preference or limitation unless so expressed herein.

11. **Specific Performance**. The Corporation acknowledges and agrees that irreparable damage would occur in the event that the Corporation failed to perform any of the provisions of this Certificate in accordance with its specific terms. It is accordingly agreed that each holder of Series A Preferred Shares shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Certificate and to enforce specifically the terms and provisions hereof this being in addition to any other remedy to which such holder may he entitled by law or equity,

Signed on September 9, 2009

FLIGHT SAFETY TECHNOLOGIES, INC.

By: /s/ Richard S. Rosenfeld
Name: Richard S. Rosenfeld
Title: CFO

Filed in the Office of

Secretary of State
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Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Certificate of Designation
(PURSUANT TO NRS 78.1955)

USE BLACK INK ONLY· DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Designation For
Nevada Profit Corporations
(Pursuant to NRS 78.1955)

1. Name of corporation:

FLIGHT SAFETY TECHNOLOGIES, INC.

2. By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.

See attached Certificate of Designation of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of Series B Convertible Preferred Stock.

3. Effective date of filing: (optional) _____
(must not be later than 90 days after the certificate is filed)

4. Signature: (required)

/s/ Richard S. Rosenfeld
Signature of Officer

Richard S. Rosenfeld
Chief Financial Officer

Filing Fee: $175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State Stock Designation

CERTIFICATE OF DESIGNATIONS OF THE POWERS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS OF PREFERRED STOCK AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS THEREOF

Of

SERIES B

CONVERTIBLE PREFERRED STOCK

for

FLIGHT SAFETY TECHNOLOGIES, INC.

FLIGHT SAFETY TECHNOLOGIES, INC., a Nevada corporation (the "**Corporation**"), pursuant to the provisions of Section 78.1955 of the General Corporation Law of the State of Nevada, does hereby make this Certificate of Designations and does hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the Corporation by the Certificate of Incorporation of the Corporation, the Board of Directors duly adopted the following resolutions, which resolutions remain in full force and effect as of the date hereof:

RESOLVED, that, pursuant to Article Fourth of the Certificate of Incorporation of the Corporation, the Board of Directors hereby authorizes the issuance of, and fixes the designation and preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions, of a series of preferred stock consisting of 50,000 shares, par value 5.001 per share, to be designated "Series B Convertible Preferred Stock" (the "**Series B Preferred Shares**"); and

RESOLVED, that each of the Series B Preferred shares shall rank equally in all*respects* with the Series A Convertible Preferred Stock of the Company, par value 5.001 per share (the "**Series A Preferred Shares** ," and together with the Series B Preferred Shares, the "Preferred Shares"), and that the Series B Preferred Shares shall be subject to the following terms and provisions:

1 . **Designation.** There is hereby created out of the authorized and unissued shares of preferred stock of the Corporation a series of preferred stock designated as the "Series B Convertible Preferred Stock", par value $.001 per share. The number of shares constituting such series shall be 50,000 shares.

2. **Dividends**.

(a) **Divided Rate.** For so long as any Series B Preferred Shares are outstanding, the Corporation shall pay, at its discretion either: (1) a dividend payable in cash at a per annum rate of 8% of the Original Purchase Price (as defined below) per share; or (ii) a dividend payable in additional shares of Series B Preferred Shares at a per annum rate of 10% of the Original Purchase Price per share; *provided however,* that if the VWAP (as such term is defined below) for the common stock, par value $.001 of the Corporation ("Common Stock") exceeds Fourteen Cents ($0.14) per share with respect to any fiscal quarter, no dividends shall be due with respect to such fiscal quarter. Dividends shall be calculated on the basis of a 30-day month and a 360-day year. For purposes of calculating the number of Series B Preferred Shares to be issued as a dividend under Section 2(a)(ii) hereof, the Series B Preferred Shares to be issued shall be valued at a price per share equal to the Original Purchase Price. For purposes of this Certificate, the following terms shall have the meanings indicated:

"VWAP" means the quarterly volume-weighted average sale price per share of Common Stock on the principal market for any particular fiscal quarter as reported, as such figure may be adjusted for stock splits and combinations of the Common Stock.

(b) **Dividend Payment Dates.** The dividend payment dates for the Series B Preferred Shares are the first days of March, June, September, and December commencing December 1, 2009; provided that if any such payment date is not a Business Day (as defined below) then such dividend shall be payable on the next Business Day. The initial dividend period for any Series B Preferred Shares shall commence on the day when such shares are issued. The term "Business Day" means a day other than a Saturday, Sunday or day on which banking institutions in New York are authorized or required to remain closed.

(c) **Consent.** For so long as any Series B Preferred Shares are outstanding, the Corporation shall not pay any dividends on any shares of Common Stock (except for dividends payable in Common Stock) or any shares of any other capital stock other than on Series A Preferred Shares in accordance with the provisions of the Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of Series A Convertible Preferred Stock of the Company, as in effect from time to time (the " **Series A Certificate of Designations** "), or repurchase any shares of Common Stock (other than the repurchase of shares of Common Stock issued pursuant to employment or consulting agreements with the Corporation, which are repurchased upon termination of employment or services for consideration no greater than the original issue price) or capital stock, without having received written consent of a majority of the votes attributable to the outstanding Preferred Shares (the "Required Holders"), voting separately from the holders of Common Stock.

3. **Liquidation Events**.

(a) **Liquidation Preference**. Upon (i) any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or (ii) unless otherwise agreed by the Required Holders, (A) a merger or consolidation of the Corporation with or into another entity (except for a merger or consolidation *in* which the holders of capital stock of the Corporation immediately prior to such merger or consolidation continue to hold at least 50% of the outstanding voting power of such surviving Corporation), (13) the sale or transfer of all or substantially all of the assets of the Corporation (for this purpose "substantially all" shall mean properties or assets with a fair market value equal to 60% or more of the fair market value of the Corporation's total properties or assets as of the end of the most recent fiscal quarter and "sale" shall not include a bona fide pledge of *assets),* (C) any issuance of shares of capital stock by the Corporation in one or more related transactions except for (x) an issuance of shares of capital stock in which the holders of capital stock of the Corporation immediately prior to such issuance of stock continue to hold at least 50% of the outstanding voting power

of the Corporation after such issuance of shares of capital stock, (y) the issuance of Series A Preferred Shares on January 13, 2009, or (z) the issuance of Series B Preferred Shares on the Original Issue Date (as such term is defined below), or (D) the repurchase by the Corporation of shares of capital stock of the Corporation (other than the Series A Preferred Shares in accordance with the provisions of the Series A Certificate of Designations or the Series B Preferred Shares in accordance with the terms hereof) such that the holders of capital stock of the Corporation immediately prior to such repurchase do not hold at least 50% of the outstanding voting power of the Corporation after such repurchase (each of the transactions or events described in Sections (i) and (ii) (A) - (D) of this Section 3(a) is referred to as a "**Liquidation Event**" herein), each holder of outstanding Series B Preferred Shares shall be entitled to be paid out of the consideration payable to the stockholders of the Corporation (in the case of a merger or consolidation, for example) or of the consideration payable to the Corporation (net of obligations owed by the Corporation) together with all other available assets of the Corporation (in the case of an asset sale, for example), as the case may be, whether such assets are capital, surplus or capital earnings, on the same priority as other holders of Preferred Shares, but prior and in preference to any payments being paid to holders of Common Stock of the Corporation or other shares ranking junior to the Series B Preferred Shares, an amount in cash equal to $100.00 per share (the "**Original Purchase Price**") plus any declared or accrued but unpaid dividends thereon (collectively with the Original Purchase Price per share, the "**Preferred Share Liquidation Preference**"); *provided that* if, upon any Liquidation Event, the Preferred Share Liquidation Preference as provided in this Section 3(a) is not paid in full, the holders of the Preferred Shares shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. For the avoidance of doubt, a sale of shares of capital stock of the Corporation by anyone other than the Corporation (for example a sale of shares of capital stock on the open market) shall not result in a Liquidation Event, notwithstanding a change of control of the Corporation, so long as such transaction does not otherwise fall under the provisions of (A) - (D) of this Section 3(a).

(b) **Participation**. After payment in the full of the Preferred Share Liquidation Preference, the holders of outstanding Preferred Shares and Common Stock shall share in any consideration payable to the stockholders of the Corporation (in the case of a stock repurchase, for example) or of the consideration payable to the Corporation (net of obligations owed by the Corporation) together with all other available assets of the Corporation (in the case of an asset sale, for example) pro rata (as Lithe Preferred Shares had been converted into Common Stock as of the date immediately prior to the date fixed for determination of stockholders entitled to receive such distribution). Notwithstanding the foregoing, if the amount which would be receivable if the Preferred Shares had been converted into Common Stock immediately prior to the Liquidation. Event is greater than the amount which would be paid under the foregoing provisions of Section 3(a) and this Section 3(b), then the holders of the Preferred Shares shall be entitled to receive such greater amount.

(c) **Surrender of Certificates**. On the effective date of any Liquidation Event, the Corporation shall pay all consideration to which the holders of Series B Preferred Shares shall be entitled under this Section 3. Upon receipt of such payment, each holder of Series B Preferred Shares shall surrender the certificate or certificates representing such shares, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), at the principal executive office of the Corporation or the offices of the transfer agent for the Corporation, or shall notify the Corporation or any transfer agent that such certificates have been lost, stolen or destroyed, whereupon each surrendered certificate shall be canceled and retired.

(d) **Notice**. Prior to the occurrence of any Liquidation Event, the Corporation will furnish each holder of Series B Preferred Shares notice to each holder at its address shown on the records of the Corporation, together with a certificate prepared by the chief financial officer of the Corporation describing in reasonable detail the facts of such Liquidation Event, stating in reasonable detail the amounts) per share of Series B Preferred Shares each holder of Series B Preferred Shares would receive pursuant to the provisions of Sections 3(a) and 3(b) hereof and stating in reasonable detail the facts upon which such amount was determined and describing (if applicable) in reasonable detail all material terms of such Liquidation Event, to the extent known by the Corporation, including without limitation the consideration to be delivered in connection with such Liquidation Event, the valuation of the Corporation at the time of such Liquidation Event and the identities of the parties to the Liquidation Event.

4. **Conversion**. The holders of the Series B Preferred Shares shall have optional conversion rights as follows (the "Conversion Rights"):

(a) **Right to Convert**. Each share of Series B Preferred Shares shall be convertible, in whole or in part, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is *determined* by dividing (i) the Original Purchase Price by (ii) the Conversion Price (as defined below) in effect at the time of conversion*provided however,* that such conversion shall be mandatory in the event the Required Holders vote to convert all of the Preferred Shares. The "**Conversion Price**" for the Series B Preferred Shares shall initially be Ten Cents ($0.10) on the Original Issue Date (as such term is defined below). Such Conversion Price, and the rate at which shares of Series B Preferred Shares may be converted into shares of Common Stock, shall be subject to adjustment as provided in Section 4(d) below.

(b) **Special Definitions**. For purposes of this Section 4, the following definitions shall apply:

(i) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued or deemed to be issued by the Corporation after the date upon which a share of the Series B Preferred Shares was first issued (the "**Original Issue Date**"), other than:

(A) shares of Common Stock issued or issuable by reason of a dividend or other distribution on (x) the Series A Preferred Shares pursuant to the Series A Certificate of Designations, (y) the Series B Preferred Shares pursuant to Section 2(a) above or (z) shares of Common Stock that is covered by Section 4(f) or Section 4(g) below;

(B) shares of Common Stock issued or issuable upon conversion of shares of Preferred Shares;

(C) shares of Common Stock actually issued (as opposed to deemed issued under Section 4(d)(iii)) upon exercise of any Option or Convertible Security outstanding on the Original Issue Date;

(D) shares of Common Stock issued or deemed issued upon the exercise of any warrants (the "**Credit Agreement Warrants**") issued or issuable pursuant to the Credit Agreement, dated as of June 19, 2009 (as in effect from time to time, the "**Credit Agreement**") by and among the Company, the subsidiaries of the Company from time to time party thereto and Cummins Family Holdings, LLC;

(E) shares of Common Stock issued or issuable to employees, directors or consultants pursuant to equity incentive plans approved by the board of directors of the Corporation and adopted by the shareholders of the Corporation; or

(F) shares of Common Stock designated as exempt from the definition of Additional Shares of Common Stock by the Required Holders.

(i i) "**Appraisal Procedure**" shall be the procedure to determine fair market value of any security or other property (in either case, the "valuation amount"). If the Required Holders and the Board of Directors are not able to agree on the valuation amount within a reasonable period of time (not to exceed 20 days), the valuation amount shall be determined by an investment banking firm, which firm shall be unaffiliated with the Corporation and shall be reasonably acceptable to the Board of Directors and the Required Holders, lithe Board of Directors and the Required Holders are unable to agree upon an acceptable investment banking firm within 10 days after the

date either party proposed that one be selected, the investment banking firm will be selected by an arbitrator located in New York, New York selected by the American Arbitration Association (or if such organization ceases to exist, the arbitrator shall be chosen by a court of competent jurisdiction). The arbitrator shall select the investment banking firm (within 10 days of his appointment) from a list, jointly prepared by the Required Holders and the Board of Directors, of not more than four investment banking firms in the United States, of which no more than two may be named by the Board of Directors and no more than two may be named by the Required Holders. The arbitrator may consider, within the ten-day period allotted, arguments from the parties regarding which investment banking firm to choose, but the selection by the arbitrator shall be made in its sole discretion from the list of four. The Board of Directors and the Required Holders shall submit their respective valuations and other relevant data to the investment banking firm, and the investment banking firm shall as soon as practicable thereafter make its own determination of the valuation amount. The final valuation amount for purposes hereof shall be the average of the two valuation amounts closest together, as determined by the investment banking firm, from among the valuation amounts submitted by the Corporation and the Required Holders and the valuation amount calculated by the investment banking firm. The determination of the final valuation amount by such investment banking firm shall be final and binding upon the parties. The Corporation shall pay the fees and expenses of the investment banking firm and arbitrator (if any) used to determine the valuation amount. If required by any such investment banking firm or arbitrator, the Corporation shall execute a retainer and engagement letter containing reasonable terms and conditions, including, without limitation, customary provisions concerning the rights of indemnification and contribution by the Corporation in favor of such investment banking firm or arbitrator and its officers, directors, partners, employees, agents and affiliates. If the valuation amount is for Common Stock of the Corporation, the valuation amount shall not include a discount for minority ownership or illiquidity or a control premium.

(iii) "**As-Converted Basis**" shall mean, for the purpose of determining the number of shares of Common Stock outstanding, a basis of calculation which takes into account (A) the number of shares of Common Stock actually issued and outstanding at the time of such determination, and (B) the number of shares of Common Stock that is then issuable upon the conversion of all outstanding Convertible Securities (as defined below), including without limitation, the Preferred Shares.

(iv) "**Convertible Securities**" shall mean any evidences of indebtedness, shares (other than Common Stock) or other securities directly or indirectly convertible into or exchangeable for Common Stock.

(v) "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(c) **Mechanics of Conversion**.

(i) In order for a holder of Preferred Shares to convert shares of Preferred Shares into shares of Common Stock, such holder shall provide, at the office of the transfer agent for the Series B Preferred Shares (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), written notice that such holder elects to convert all or any number of the shares of the Series B Preferred Shares represented by the certificate or certificates held by such holder. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued; *provided,* that in the case the nominee is different than such holder, the holder shall also provide such additional documentation. as the Corporation shall reasonably request to establish that such transfer is in compliance with the Securities Act of 1933, as amended. The date of receipt of such certificates and notice by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) shall be the conversion date ("Conversion Date"). The Corporation shall, as soon as practicable after the Conversion Date, but in any event within 3 business days after the later of (A) the Conversion Date or (B) in the event the holder has requested that the shares be issued in the name of a nominee different than such holder, the date on which the holder provides such additional documentation as the Corporation shall reasonably request to establish that such transfer is in compliance with the Securities Act of 1933, as amended, issue and deliver at such office to such holder of Series B Preferred Shares, or to his or its nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled, together with cash in lieu of any fraction of a share. On the Conversion Date, each holder of record of shares of Series B Preferred Shares to be surrendered for conversion shall be deemed to be the holder of record of the Common Stock issuable upon conversion of such Series B Preferred Shares, notwithstanding that the certificates representing such shares of Series B Preferred Shares shall not have been surrendered at the office of the Corporation, that notice from the Corporation shall not have been received by any holder of record of shares of such Preferred Shares, or that the certificates evidencing such shares of Common Stock shall not then be actually delivered to such holder.

(ii) At all times when any Preferred Shares are outstanding, the Corporation shall reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the Preferred Shares, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares. The Corporation promptly will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including without limitation engaging in best efforts to obtain the requisite stockholder approval. Before taking any action which would cause an adjustment reducing any Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the applicable Preferred Shares, the Corporation will take any corporate action which may be necessary in order that the Corporation may validly and legally issue fully paid and nonassessablc shares of Common Stock at such adjusted Conversion Price.

(iii) All shares of Series B Preferred Shares which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all fights with respect to such shares, including the rights, if any, to receive notices and to vote, shall immediately cease and terminate on the Conversion Date, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and payment of any, dividends declared but *unpaid* thereon. Any shares of Series B Preferred Shares so converted shall be retired and cancelled and shall not be reissued, and the Corporation (without the need for stockholder action) may from time to time take such appropriate action as may be necessary to reduce the authorized number of shares of Series B Preferred Shares accordingly.

(iv) The Corporation shall pay any and all issue, transfer, stamp and other taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series B Preferred Shares pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series B Preferred Shares so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(d) **Adjustments to Conversion Price for Diluting Issues**.

(i) *No Adjustment of Conversion Price.* No adjustment in the Conversion Price of the Series B Preferred Shares shall be made unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the applicable Conversion Price in

effect on the date of, and immediately prior to, the issuance or deemed issuance of such Additional Shares.

(ii) *Full Ratchet; Weighted Average.*

(A) *Full Ratchet.* If the Corporation at any time or from time to time prior to the one (1) year anniversary of the Original Issue Date shall issue any Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4(d)(iii) below but excluding shares issued as stock split or combination as provided in Section 4(1) below, issued upon a dividend or distribution as provided in Section 4(g) below or deemed to be issued upon a dividend of Series A Preferred Shares as provided in the Series A Certificate of Designations or upon a dividend of Series B Preferred Shams as provided in Section 2(a) above) without consideration or for consideration per share lower than the Conversion Price in effect on the date of and immediately prior to such issue, the Conversion Price for the Series B Preferred Shares shall be lowered to equal such consideration per share. For purposes of this Section 4(d)(ii), any Additional Shares of Common Stock issued for no consideration shall be deemed to be issued for a consideration per share of $.001, subject to adjustments for Common Stock splits, dividends, and combinations.

(B) *Weighted Average.* If the Corporation at any time or from time to time on or after the one (1) year anniversary of the Original Issue Date shall issue any Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4(d)(iii) below but excluding shares issued as stock split or combination as provided in Section 4(f) below, issued upon a dividend or distribution as provided in Section 4(g) below or deemed to be issued upon a dividend of Series A Preferred Shares in the Series A Certificate of Designations or upon a dividend of Series B Preferred Shares as provided in Section 2(a) above) without consideration or for consideration per share lower than the Conversion Price in effect on the date of and immediately prior to such issue, then in such event the Conversion Price for the Series B Preferred Shares shall be lowered to an amount determined by multiplying the Conversion Price in effect immediately prior to such issue by a fraction, (x) the numerator of which shall be the sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue (on an As Converted Basis) plus (2) the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for such Additional Shares of Common Stock would purchase at such Conversion Price, and (y) the denominator of which shall be the sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue (on an As-Converted Basis) plus (2) the number of such Additional Shares of Common Stock so issued and/or deemed to be issued. For purposes of this Section 4(d)(ii), any Additional Shares of Common Stock issued for no consideration shall be deemed to be issued for a consideration per share of $.001, subject to adjustments for Common Stock splits, dividends, and combinations.

(iii) *Issue of Securities, Deemed Issue of Additional Shares of Common Stock.* If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities (other than (i) the Credit Agreement Warrants, (ii) Series B Preferred Shares issued as provided in Section 2(a) above, or (iii) Series A Preferred Shares issued as provided in the Series A Certificate of Designations) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(A) No further adjustment in the Conversion Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon (1) upon the exercise or conversion of any Options or Convertible Securities outstanding as of the Original Issue Date; (2) upon the exercise of *any* Options by employees, directors, or consultants pursuant to equity incentive plans approved by the board of directors of the Corporation and. adopted by the shareholders of the Corporation; (3) upon the conversion of the Series A Preferred Shares; (4) upon the conversion of the Series B Preferred Shares; or (5) in connection with the issuance or exercise of the Credit Agreement Warrants;

(B) If such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Corporation, upon the exercise, conversion or exchange thereof, the Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(C) Upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

1) in the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Corporation upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Corporation upon such conversion or exchange; and

2) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Corporation for the Additional Shares of Common Stock deemed to have been then issued was the consideration actually received by the Corporation for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Corporation upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(D) In the event of any change in the number of shares of Common Stock issuable upon the exercise,conversion or exchange of any Option or Convertible Security, the Conversion Price then in effect shall forthwith *be* readjusted to such Conversion Price as would have obtained had the adjustment which was made upon the issuance of such Option or Convertible Security not exercised or converted prior to such change been made upon the basis of such change; and

(E) No readjustment pursuant to clause (B), (C) or (D) above shall have the effect of increasing the Conversion Price to an amount which

exceeds the lower of (1) the Conversion Price on the original adjustment date, or (2) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock between the original adjustment date and such readjustment date.

In the event the Corporation, after the Original Issue Date, amends any Options or Convertible Securities (whether such Options or Convertible Securities were outstanding on the Original Issue Date or were issued after the Original Issue Date) to increase the number of shares issuable thereunder or decrease the consideration to be paid upon exercise or conversion thereof, then such Options or Convertible Securities, as so amended, shall be deemed to have been issued after the Original Issue Date and the provisions of this Section 4(d)(iii) shall apply.

(e) *Determination of Consideration.* For purposes of this Section 4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(i) *Cash and Property.* Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate of cashreceived by the Corporation, excluding amounts paid or payable for accrued interest;

(B) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors, or if requested by the Required Holders, by agreement of the Board of Directors and the Required Holders, and if the Board of Directors and the Required Holders do not agree on such fair market value, in accordance with the procedures set forth in the definition of Appraisal Procedure; and

(C) in the event Additional. Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors.

(ii) *Options and Convertible Securities.* The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 4(d)(iii) above, relating to Options and Convertible Securities, shall be determined by dividing

(A) (the total amount, if any, received by the Corporation *as* consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a potential subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

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(B) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a potential subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(f) *Adjustment for Stock Splits and Combinations.* If the Corporation shall at any time or from time to time after the Original Issue Date effect a subdivision of the outstanding Common Stock, each Conversion Price then in effect immediately before that subdivision shall be proportionately decreased. If the Corporation shall at any time or from time to time after *the* Original Issue Date combine the outstanding shares of Common Stock, each Conversion Price then in*effect* immediately before the combination shall be proportionately increased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes *effective.*

(g) *Adjustment for Certain Dividends and Distributions.* In the event the Corporation at any time, or from time to time after the Original Issue Date, shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable solely in additional shares of Common Stock, then and in each such event each Conversion Price then in effect shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price then in effect by a fraction:

(i) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(ii) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

provided however, if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter *each* Conversion Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions.

(h) *Adjustment for Reclassification, Exchange, or Substitution.* If the Common Stock issuable upon the conversion of the Series B Preferred Shares shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a reorganization, merger, consolidation, or sale of assets provided for below), then and in each such event the holder of each such share of Series B Preferred Shares shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable, upon such reorganization, reclassification, or other change, by holders of the number of shares of Common Stock into which such shares of Series B Preferred Shares might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(i) *Adjustment for Merger or Reorganization; Etc.* In case of any consolidation or merger of the Corporation with or into another company or the sale of

all or substantially all of the assets of the Corporation to another company, each share of Series B Preferred Shares, if any, remaining outstanding after such consolidation, merger or sale shall thereafter be convertible (or shall be converted into a security which shall be convertible) into the kind and amount of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such Series B Preferred Shares would have been entitled upon such consolidation, merger or sale; and, in such case, appropriate adjustment shall be made in the application of the provisions in this Section 4 set forth with respect to the rights and interest thereafter of the holders of the Series B Preferred Shares, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Conversion Price) shall thereafter be applicable, as nearly equivalent a manner as may be practicable as before the consolidation or merger. If any event occurs of the type contemplated by the provisions of this Section 4 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Corporation's Board of Directors shall make an appropriate reduction in each Conversion Price so as to protect the rights of the holders of the Series B Preferred Shares.

(j) *Certificate as to Adjustments.* Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Section 4, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the tams hereof and furnish to each holder of Series B Preferred Shares a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series B Preferred Shares, furnish or cause to be furnished to such holder a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price then in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which then would be received upon the conversion of Series B Preferred Shares.

(k) *Fractional Shares.* No fractional shares of Common Stock shall be issued upon conversion of the Series B Preferred Shares. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to the product of such fraction multiplied by the *fair* market value of a share of Common Stock, as mutually agreed by the Board of Directors of the Corporation and the Required Holders; *provided, however, that if* such mutual agreement cannot be reached, such fair market value shall be determined by following the Appraisal Procedures. The determination of fractional shares shall be based on the aggregate number of shares of Series B Preferred Shares surrendered for conversion by any holder of Series B Preferred Shares and not on the individual shares of Series B Preferred Shares held by such holder.

(l) *Notice of Record Date.* In the event:

(i) that the Corporation declares a dividend (or any other distribution) on its Common Stock payable in Common Stock or other securities of the Corporation;

(ii) that the Corporation subdivides or combines its outstanding shares of Common Stock;

(iii) of any reclassification of the Common Stock of the Corporation (other than a subdivision or combination of its outstanding shares of Common Stock or a stock dividend or stock distribution thereon), or of any consolidation or merger of the Corporation into or with another company, or of the sale of all or substantially all of the assets of the Corporation; or

(iv) of the involuntary or voluntary dissolution, liquidation or winding up of the Corporation;

then the Corporation shall cause to be filed at its principal office or at the office of the transfer agent of the Series B Preferred Shares, and shall cause to be mailed to the holders of the Series B Preferred Shares at their *last* addresses as shown on the records of the Corporation or such transfer agent, at least ten (10) days prior to the date specified in (1) below or 20 days before the *date* specified in (2) below, a notice stating

(1) the record date of such dividend, distribution, subdivision or combination, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, subdivision or combination are to be determined, or

(2) the date on which such reclassification, consolidation, merger, sale, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, dissolution or winding up.

5. **Voting Rights**.

(a) *Preferred Shares Voting Together.* Except as provided in Section 5(d)(i), Section 5(d)(iv), Section 5(d)(v) and Section 5(d)(ix) below, the holders of Preferred Shares shall vote together on all matters as a single class, with each Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which each may be converted (as adjusted from time to time pursuant to the Series A Certificates of Designations (with respect to the Series A Preferred Shares) and pursuant to Section 4 hereof (with respect to the Series l Preferred Shares)).

(b) *Voting with Common.* Except as provided in Section 5(b) and Section 5(c) below or as otherwise expressly set forth herein, the holders of Preferred Shares chill vote together with the Common Stock on all matters as a single class, with *each* Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which it may be converted (as adjusted from time to time pursuant to Section 4 hereof) as of the record date.

(c) *Common Voting First on Certain Matters.* In addition to all other requirements imposed by Nevada law, and all other voting rights granted under the Corporation's Articles of Incorporation, as supplemented by this Certificate, the Corporation shall not undertake (i) any transaction giving rise to a Liquidation Event or (ii) any redemption of Preferred Shares, without the prior approval of the Common Stock voting as a single class. If such transaction referred in clause (i) or (ii) hereof is first approved by the requisite number of holders of Common Stock, such matter shall then be put to the vote of the holders Preferred Shares and Common Stock, voting together as a single class, with each Preferred Share entitled to cast the number of votes equal to the number of Common Stock into which it may be converted (as adjusted from time to time pursuant to the Series A Certificate of Designations (with respect to the Series A Preferred Shares) and pursuant to the Section 4 hereof (with respect to the Series 8 Preferred Shares)) as of the record date. For purposes of such joint vote, (A) any shares of Common Stock voted in favor of the transaction when voting as a single class shall be considered to have voted in favor of the transaction when voting together with the Preferred Shares, (B) any shares of Common Stock voted against the transaction when voting as a single class shall be considered to have voted against the transaction when voting together with the Preferred Shares and (C) any shares of Common Stock not voted on the transaction when voting as a single class shall be considered to have not voted on the transaction when voting together with the Preferred Shares.

(d) *Voting as Separate Class.* In addition to all other requirements imposed by Nevada law, and all other voting rights granted under the Corporation's Articles of Incorporation, as supplemented by the Series A Certificate of Designation and this Certificate, the Corporation shall not, and shall not permit any company or trust of which the Corporation directly or indirectly owes at the time 50% or more of the outstanding shares that represent either 50% of the voting power, 50% of the economic power,

or control of the board of directors of such company or trust, other than directors' qualifying shares (a "Subsidiary") to, without the prior written consent of Required Holders voting together as a single class:

(i) amend, modify or repeal the Series A Certificate of Designations or this Certificate of Designations (whether by reclassification, merger, consolidation, reorganization or otherwise); *provided, however,* that any such amendment, modification or repeal shall also require the prior written consent of holders of a majority of the votes attributable to each of the outstanding Series A Preferred Shares and the Series B Preferred Shares, voting separately, with each Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which each may be converted (as adjusted from time to time pursuant to the Series A Certificate of Designations (with respect to the Series A Preferred Shares) and pursuant to Section 4 hereof (with respect to the Series B Preferred Shares));

(ii) enter into any reclassification, merger, consolidation or reorganization;

(iii) increase or decrease (whether by amendment to the Articles of Incorporation or by reclassification, merger, consolidation, reorganization or otherwise) the number of authorized Preferred Shares;

(iv) authorize or issue (by amendment to the Articles of Incorporation or by reclassification, merger, consolidation, reorganization or otherwise) any class or series of capital stock or securities convertible into capital stock with equal or superior rights to those of the Series A Preferred Shares or the Series B Preferred Shares; *provided, however,* that if any such class or series of capital stock or securities convertible into capital stock is superior to the rights of either the Series A Preferred Shares or the Series B Preferred Shares, but not the other, such authorization and issuance must also be approved by holders of a majority of the votes attributable to such junior series, voting separately, with each Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which each may be converted (as adjusted from time to time pursuant to the Series A Certificate of Designations (with respect to the Series A Preferred Shares) and pursuant to Section 4 hereof (with respect to the Series B Preferred Shares));

(v) whether by amendment to the Articles of incorporation or by reclassification, merger, consolidation, reorganization or otherwise, (1) alter, amend or waive any rights, preferences or privileges of the Preferred Shares or (ii) otherwise alter, amend or waive any provisions of the Corporation's Articles of incorporation or by-laws in a manner adverse to the holders of the Preferred Shares; *provided, however,* that if only one of the Series B Preferred Shares or Series A Preferred Shares is affected, but not the other, such act *must* be approved by holders of a majority of the votes attributable to such affected series, voting separately, with each Preferred Share entitled to *cast* the number of votes equal to the number of shares of Common Stock into which each may be converted (as adjusted from time to time pursuant to the Series A Certificate of Designations (with respect to the Series A Preferred Shares) and pursuant to Section 4 hereof (with respect to the Series B Preferred Shares));

(vi) authorize, declare or pay any dividend (other than dividends payable solely in Common Stock) on any share of the capital stock of the Corporation or any Subsidiary, with the exception of the dividends on the Series A Preferred Shares set forth in the Series A Certificate of Designations or the Series B Preferred shares set forth in Section 2 hereof;

(vii) redeem, purchase or otherwise acquire for value any share or shares of the capital stock of the Corporation or any Subsidiary;

(viii) authorize or issue (by amendment to the Articles of Incorporation or by reclassification, merger, consolidation reorganization or otherwise) any additional Series B Preferred Shares; or

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(ix) authorize or issue (by amendment to the Articles of Incorporation or by reclassification, merger, consolidation, reorganization or otherwise) any additional Series A Preferred Shares; *provided, however,* that such an issuance must also be approved by holders of a majority of the votes attributable to the Series B Preferred Shares, voting separately, with each Series B Preferred Share entitled to cast the number of votes equal to the number of shares of Common Stock into which each may be converted (as adjusted from time to time pursuant to this Certificate).

6. **Notices**. The Corporation shall distribute to the holders of Series B Preferred Shares copies of all notices, materials, annual and quarterly reports, proxy statements, information statements and any other documents distributed generally to the holders of shares of Common Stock of the Corporation, at such times and by such method as such documents are distributed to such holders of such Common Stock.

7. **Replacement Certificates**. The certificate(s) representing the Series B Preferred Shares held by any holder of Series B Preferred Shares may be exchanged by such holder at any time and from time to time for certificates with different denominations representing an equal aggregate number of Series B Preferred Shares, as reasonably requested by such holder, upon surrendering the same. No service charge will be made for such registration or transfer or exchange.

8. **Attorneys' Fees**. In connection with enforcement by a holder of Series B Preferred Shares of any obligation of the Corporation hereunder, the prevailing party shall be entitled to recovery of reasonable attorneys' fees and expenses incurred,

9. **No Reissuanee**. No Series E Preferred Shares acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued.

10. **Severability of Provisions**. If any right, preference or limitation of the Series B Preferred Shares set forth in this Certificate of Designations (as this Certificate of Designations may be amended from time to time) is found to be invalid, unlawful or incapable of being enforced by reason of any rule or law or public policy, all other rights, preferences and limitations set forth in this certificate of Designations, which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation, shall nevertheless remain in full force and effect, and no right, preference or limitation herein set forth be deemed dependent upon any such other right, preference or limitation unless so expressed herein.

11. **Specific Performance**. The Corporation acknowledges and agrees that irreparable damage would occur in the event that the Corporation failed to perform any of the provisions of this Certificate in accordance with its specific terms. It is accordingly agreed that each holder of Series I3 Preferred Shares shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Certificate and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which such holder may be entitled by law or equity.

Signed on September, 2009

FLIGHT SAFETY TECHNOLOGIES. INC.

By: /s/ Signature Unreadable

EXHIBIT C
SERIES C DESIGNATION
[See attached]

CERTIFICATE OF DESIGNATIONS
OF THE POWERS, PREFERENCES AND
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER RESTRICTIONS

OF SERIES C PREFERRED STOCK

OF APPLIED BLOCKCHAIN, INC.

Section 1,1 Designation. As of the effective date of this Certificate, there is hereby created out of the authorized preferred stock of the Corporation a series of preferred stock designated as "Series C Convertible Redeemable Preferred Stock" (the "***Series C Preferred Stock***"), par value $0.001 per share. The Series C Preferred Stock shall rank senior in all respects to the Series A Convertible Preferred Stock of the Corporation (the "***Series A Preferred Stock***") and the Series B Convertible Preferred Stock of the Corporation (the "***Series B Preferred Stock***" and together with the Series A Preferred Stock, the "***Junior Preferred Stock***", and together with the Series A Preferred Stock and the Series C Preferred Stock, the "***Preferred Stock***"). The following rights, powers and privileges, and restrictions, qualifications and limitations, shall apply to the Series C Preferred Stock.

(a) Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales

(i) Payments to Holders of Series C Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or any Deemed Liquidation Event (as defined below), before any payment shall be made to the holders of the Junior Preferred Stock or Common Stock by reason of their ownership thereof, the holders of shares of Series C Preferred Stock then outstanding shall be entitled to be paid out of the funds and assets available for distribution to the stockholders of the Corporation, an amount per share equal to the Stated Value (as defined below) for such share of Series C Preferred Stock, plus an amount per share equal to the Stated Value of any shares of Series C Preferred Stock that are issuable as the result of accrued, but unpaid, PIK Dividends (as defined below). If upon any such liquidation, dissolution or winding up or Deemed Liquidation Event of the Corporation, the funds and assets available for distribution to the stockholders of the Corporation shall be insufficient to pay the holders of shares of Series C Preferred Stock the full amount to which they are entitled under this Section 1.1(a)(i), the holders of shares of Series C Preferred Stock shall share ratably in any distribution of the funds and assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the shares of Series C Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. The "***Stated Value***" shall mean Twenty-Five United States Dollars and No Cents ($25.00) per share, subject to an equitable adjustment for stock splits, stock combinations, recapitalizations and similar transactions.

(ii) Payments to Holders of Junior Preferred Stock and Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up or Deemed Liquidation Event of the Corporation, after the payment of all preferential amounts required to be paid to the holders of shares of Series C Preferred Stock as provided in Section 1.1(a)(i), the remaining funds and assets available for distribution to the stockholders of the Corporation shall be distributed among the holders of shares of the Junior Preferred Stock according to the terms thereof and then among the holders of shares of Common Stock, pro rata based on the number of shares of Common Stock held by each such holder.

(iii) Deemed Liquidation Events.

(A) Definition. Each of the following events shall be considered a "***Deemed Liquidation Event***" unless the holders of at least a majority of the outstanding shares of Series C Preferred Stock (voting as a single class on an as-converted basis) (the "***Requisite Holders***") elect otherwise by written notice sent to the Corporation at least five (5) days prior to the effective date of any such event:

(1) a merger or consolidation in which (I) the Corporation is a constituent party or (II) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for equity securities that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the equity securities of (x) the surviving or resulting party or (y) if the surviving or resulting party is a wholly owned subsidiary of another party immediately following such merger or consolidation, the parent of such surviving or resulting party; *provided* that, for the purpose of this Section 1.1(a)(iii)(A), all shares of Common Stock issuable upon exercise of options outstanding immediately prior to such merger or consolidation or upon conversion of Convertible Securities (as defined below) outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, deemed to be converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged; or

(2) the sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or, if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation, except where such sale, lease, transfer or other disposition is to the Corporation or one or more wholly owned subsidiaries of the Corporation.

Notwithstanding the foregoing, a Significant Transaction Event (as defined below) shall not be considered a Deemed Liquidation Event.

(B) Public Offering or Listing Facilitation Transaction. Under no circumstances shall a public offering of the Corporation's securities, including a public offering that results in a change of control of the Corporation, or a merger or other business combination or issuance of securities of the Corporation designed to increase the number of stockholders of the Corporation in order to facilitate a listing on a Trading Market (as such term is defined in that certain Registration Rights Agreement, dated as of [_____], 2021, by and between the Corporation and the purchasers of the Series C Preferred Stock (the "***Registration Rights Agreement***")) be considered a voluntary or involuntary liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event.

(C) Allocation of Escrow. In the event of a Deemed Liquidation Event pursuant to Section 1.1(a)(iii)(A)(1)(I), if any portion of the consideration payable to the stockholders of the Corporation is placed into escrow, the definitive agreement for such transaction shall provide that the portion of such consideration that is placed in escrow shall be allocated among the holders of capital stock of the Corporation pro rata based on the amount of such consideration otherwise payable to each stockholder (such that each stockholder has placed in escrow the same percentage of the total consideration payable to such stockholder as every other stockholder).

(D) Amount Deemed Paid or Distributed. The funds and assets deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer or other disposition described in this Section 1.1(a)(iii) shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board.

(b) Voting. Holders of shares of Series C Preferred Stock shall vote together with holders of Common Stock on an as-if converted to Common Stock basis on any matters coming before the stockholders of the Corporation for a vote. Notwithstanding the foregoing, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation, recapitalization, reclassification, or otherwise, do any of the following without (in addition to any other vote required by law or this Certificate) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect:

(i) materially change the principal business of the Corporation unless in connection with a Significant Transaction Event; or

(ii) except in connection with a Significant Transaction Event, sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of the Corporation or permit any direct or indirect subsidiary to do so; provided, however, that no consent or vote of the Requisite Holders shall be required in connection with sales of mining equipment in the ordinary course of the Corporation's business and in a manner consistent with the principal business of the Corporation.

(c) Dividends.

(i) Dividends Generally. The holders of shares of Series C Preferred Stock shall be entitled to receive, and the Corporation shall pay, dividends on shares of Series C Preferred Stock equal (on an as if converted to Common Stock basis) to and in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock. Except as set forth in this Section 1.1(c)(i) and for PIK Dividends (as defined below), no other dividends shall be paid on shares of Series C Preferred Stock.

(ii) PIK Dividends. The Corporation shall be required to pay a dividend in fully paid and non-assessable shares of Series C Preferred Stock (each a "***PIK Dividend***" and, collectively, the "***PIK Dividends***") equal to the percentage of Stated Value set forth below upon the occurrence of each of the following events:

(A) Failure to File. If the Corporation has not filed or confidentially submitted a registration statement (the "***Registration Statement***") to register the shares of Common Stock issuable upon conversion of the Series C Preferred Stock (the "***Registrable Securities***") on or before the date that is four (4) months following the date that the first share of Series C Preferred Stock is issued (the "***Original Issue Date***"), the Corporation shall accrue daily a PIK Dividend equal to ten percent (10%) per annum of Stated Value;

(B) Failure to be Declared Effective and to List. If the Registration Statement has not been declared effective by the U.S. Securities and Exchange Commission (the "***SEC***") on or before the date that is eight (8) months after the Original Issue Date and/or the Registrable Securities are not listed on a Trading Market on or before the date that is twelve (12) months after Original Issue Date, the Corporation shall accrue daily a PIK Dividend of twelve percent (12%) per annum of Stated Value, or fifteen percent (15%) per annum of Stated Value for each day such failure continues after eighteen (18) months after the Original Issue Date. Such PIK Dividend shall be instead of, and not in addition to, any PIK Dividend also accruing under Section 1.1(c)(ii)(A); and

(C) Mandatory Redemption Failure. If the Corporation fails to complete a Mandatory Redemption (as defined below) when required to do so, it shall continue to pay a PIK Dividend in accordance with Section 1.1(c)(ii)(B).

The PIK Dividends shall be paid by delivering to each record holder of Series C Preferred Stock a number of shares of Series C Preferred Stock determined by dividing (x) the total aggregate dollar amount of dividends accrued and unpaid with respect to Series C Preferred Stock owned by such record holder (rounded to the nearest whole cent) by (y) the Stated Value.

Notwithstanding the foregoing, PIK Dividends shall cease cumulating and accruing upon the earliest to occur of (1) the date of the satisfaction of the conditions set forth in Section 1.1(c)(ii)(A), Section 1.1(c)(ii)(B) and Section 1.1(c)(ii)(C) that gave rise to such PIK Dividend (any such date, a "***PIK Dividend Satisfaction Date***"), and (2) any Conversion Date (as defined below) or Optional Conversion Date (as defined below). Upon a simultaneous or consecutive occurrence of two or more events that trigger the accrual of PIK Dividends on one or more days, PIK Dividends shall accrue on each issued and outstanding share of Series C Preferred Stock as if only one triggering event had occurred, such that the accrual of PIK Dividends in accordance with this Section 1.1(c)(ii) shall not be doubled, tripled or otherwise multiplied due to the existence of multiple events causing the accrual of PIK Dividends.

Notwithstanding the foregoing, (I) if within six (6) months of the Original Issue Date, the Corporation enters into a binding definitive agreement or binding instrument relating

to a Significant Transaction Event (a "***Definitive Instrument***"), then the Corporation shall have no obligation to pay any PIK Dividends accrued or payable through such date, and (II) if the Corporation has entered into a Definitive Instrument within six (6) months of the Original Issue Date and has consummated the Significant Transaction Event within ten (10) months of the Original Issue Date, then the Corporation shall have no obligation to pay any PIK Dividends accrued or payable through such date. A "***Significant Transaction Event***" means a merger, share exchange, sale of all or substantially all of the assets of the Corporation or other business combination, restructuring or change of control transaction, including any such transaction intended to result in the Corporation becoming subject to the reporting requirements of Section 13 of 15(d) of the Exchange Act (or becoming a voluntary filer under the Exchange Act), a business combination intended to increase the number of shareholders of the Corporation to facilitate listing on a Trading Market, a business combination with a special purpose acquisition company, or a business combination with a company that is listed on a Trading Market.

(d) Automatic Conversion.

(i) Trigger Event. On the Conversion Date (as defined below), each share of Series C Preferred Stock shall be automatically converted (without the payment of additional consideration by the holder thereof), into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Stated Value by the Conversion Price in effect on the Conversion Date. The "***Conversion Price***" shall initially be equal to $0.13. Such initial Conversion Price, and the rate at which shares of Series C Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below. For purposes hereof, "***Conversion Date***" means (A) the date that the Registration Statement is declared effective by the SEC or (B) the date on which a Significant Transaction Event occurs.

(ii) Mechanics of Conversion. All holders of record of Series C Preferred Stock shall be sent written notice of the Conversion Date and the place designated for conversion of all such shares of Series C Preferred Stock pursuant to this Section 1.1(d). Such notice need not be sent in advance of the occurrence of the Conversion Date. Upon receipt of such notice, each holder of Series C Preferred Stock shall, if such holder's shares are certificated, surrender his, her or its certificate or certificates for all such shares (or, if such holder of Series C Preferred Stock alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation and its transfer agent to indemnify the Corporation and/or its transfer agent against any claim that may be made against the Corporation and/or its transfer agent on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation or its transfer agent, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation or its transfer agent, duly executed by the registered holder of shares of Series C Preferred Stock or by his, her or its attorney duly authorized in writing. All rights with respect to the Series C Preferred Stock converted pursuant to this Section 1.1(d) will terminate at the Conversion Date (notwithstanding the failure of the holder or holders of Series C Preferred Stock to surrender any certificates at or prior to such time), except only for the rights of the holders of Series C Preferred Stock, upon surrender, if applicable, of their certificate or certificates (or lost certificate affidavit and agreement), to receive the items provided for in the next sentence of this Section 1.1(d)(ii). As soon as practicable after the Conversion Date and, if applicable, the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Series C Preferred Stock, the Corporation shall issue and deliver to such holder of Series C Preferred Stock, or to his, her or its nominees, a notice of issuance of uncertificated shares and, may, upon written request, issue and deliver a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof. Such converted Series C Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of its Preferred Stock accordingly.

(iii) Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Series C Preferred Stock as herein provided, free from preemptive rights or any other actual contingent purchase rights of persons other than the holders of Series C Preferred Stock, not less than such aggregate number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 1.1(d)) upon the conversion of the then outstanding shares of Series C Preferred Stock. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(iv) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Series C Preferred Stock. As to any fraction of a share which the holder of shares of Series C Preferred Stock would otherwise be entitled to purchase upon such conversion, the Corporation shall round up to the next whole share.

(v) Transfer Taxes and Expenses. The issuance of shares of Common Stock on conversion of the Series C Preferred Stock shall be made without charge to any holder of Series C Preferred Stock for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such shares of Common Stock, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such shares of Common Stock upon conversion in a name other than that of the holders of the Series C Preferred Stock of such shares of Series C Preferred Stock and the Corporation shall not be required to issue or deliver such shares of Common Stock unless or until the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all transfer agent fees required for same-day processing and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the shares of Common Stock.

(vi) Adjustments to Conversion Price for Diluting Issues.

(A) Special Definitions. For purposes of this Section 1.1(d), the following definitions shall apply:

(1) "***Additional Shares of Common Stock***" shall mean all shares of Common Stock issued (or, pursuant to Section 1.1(d)(vi)(C) below, deemed to be issued) by the Corporation after the Original Issue Date, other than (x) the following shares of Common Stock and (y) shares of Common Stock deemed issued pursuant to the following Options (as defined below) and Convertible Securities (as defined below) (clauses (x) and (y), collectively, "***Exempted Securities***"):

a. as to any series of Preferred Stock, shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on such series of Preferred Stock; or

b. shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 1.1(d)(vii); or

c. shares of Common Stock, Options or other equity-linked securities or awards issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation; or

d. shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security; or

e. shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction; or

f. shares of Common Stock, Options, Convertible Securities or other equity or equity-linked securities issued as acquisition consideration pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement; or

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g. shares of Common Stock, Options, Convertible Securities or other equity or equity-linked issued in connection with a Significant Transaction Event; or

(2) "***Convertible Securities***" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(3) "***Option***" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(B) No Adjustment of Conversion Price. No adjustment in the Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the Requisite Holders agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

(C) Deemed Issue of Additional Shares of Common Stock.

(1) If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(2) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price pursuant to the terms of Section 1.1(d)(vi)(D), are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (I) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (II) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (2) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (x) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (y) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

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(3) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price pursuant to the terms of Section 1.1(d)(vi)(D) (either because the consideration per share (determined pursuant to Section 1.1(d)(vi)(E)) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Price then in effect, or because such Option or Convertible Security was issued before the Original Issue Date), are revised after the Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (I) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (II) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Section 1.1(d)(vi)(C)(1)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(4) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price pursuant to the terms of Section 1.1(d)(vi)(D), the Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(5) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price provided for in this Section 1.1(d)(vi)(C) shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (2) and (3) of this Section 1.1(d)(vi)(C)). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price that would result under the terms of this Section 1.1(d)(vi)(C) at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

(D) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 1.1(d)(vi)(C)), without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issuance or deemed issuance, then the Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP2 = CP1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(1) "CP2" shall mean the Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock;

(2) "CP1" shall mean the Conversion Price in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock;

(3) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock, other than Exempted Securities, issuable upon exercise of Options outstanding immediately prior to such issuance or deemed issuance or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(4) "B" shall mean the number of shares of Common Stock, excluding Exempted Securities, that would have been issued if such Additional Shares of Common Stock had been issued or deemed issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP1); and

(5) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

(E) Determination of Consideration. For purposes of this Section 1.1(d)(vi), the consideration received by the Corporation for the issuance or deemed issuance of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property. Such consideration shall:

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a. insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

b. insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

c. in the event Additional Shares of Common Stock are issued together with other shares or securities, excluding Exempted Securities, or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses a. and b. above, as determined in good faith by the Board of Directors of the Corporation.

(2) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 1.1(d)(vi)(C), relating to Options and Convertible Securities, shall be determined by dividing:

a. The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

b. the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number), excluding Exempted Securities, issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

(F) Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Price pursuant to the terms of Section 1.1(d)(vi)(D) then, upon the final such issuance, the Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

(vii) Certain Other Adjustments.

(A) Stock Dividends and Stock Splits. If the Corporation, at any time while the Series C Preferred Stock is outstanding: (1) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other common stock equivalents (which, for avoidance of doubt, shall not include any PIK Dividends or shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, the Series C Preferred Stock), (2) subdivides outstanding shares of Common Stock into a larger number of shares, (3) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (4) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately

after such event. Any adjustment made pursuant to this Section 1.1(d)(vii)(A) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(B) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 1.1(d)(vii)(A) above, if at any time the Corporation grants, issues or sells any common stock equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "***Purchase Rights***"), then the holder of shares of Series C Preferred Stock thereof will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the holder of shares of Series C Preferred Stock could have acquired if the holder of shares of Series C Preferred Stock had held the number of shares of Common Stock acquirable upon complete conversion of such holder's Series C Preferred Stock immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such purchase.

(C) Fundamental Transaction. If, at any time while the Series C Preferred Stock is outstanding, (1) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another person, other than a Significant Transaction Event, (2) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, other than a Significant Transaction Event, (3) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding capital stock of the Corporation, other than a Significant Transaction Event, (4) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, other than a Significant Transaction Event, or (5) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another person whereby such other person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other person or other persons making or party to, or associated or affiliated with the other persons making or party to, such stock or share purchase agreement or other business combination), other than a Significant Transaction Event (each a "***Fundamental Transaction***"), then, upon any subsequent conversion of the Series C Preferred Stock, the holders of shares of Series C Preferred Stock shall have the right to receive, for each share of Common Stock that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the "***Alternate Consideration***") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which the Series C Preferred Stock is convertible immediately prior to such Fundamental Transaction. For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the holder of shares of Series C Preferred Stock shall be given the same choice as to the Alternate Consideration it receives upon any conversion of the Series C Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file an amended and restated Articles of Incorporation or Certificate of Designation with the same terms and conditions and issue to the holders of shares of Series C Preferred Stock new preferred stock consistent with the foregoing provisions and evidencing the holders' right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "***Successor Entity***") to assume in writing all of the obligations of the Corporation under this Certificate in accordance with the provisions of this Section 1.1(d)(vii)(C) pursuant to written agreements entered into prior to such Fundamental Transaction and shall deliver to the holder of shares of Series C Preferred Stock in exchange for the Series C Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Series C Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of the Series C Preferred Stock prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of the Series C Preferred Stock immediately prior to the consummation of such Fundamental Transaction). Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate with the same effect as if such Successor Entity had been named as the Corporation herein.

(viii) Calculations. All calculations under this Section 1.1(d) shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 1.1(d), the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(ix) Notice to the Holders. Whenever the Conversion Price is adjusted pursuant to any provision of thisSection 1.1(d), the Corporation shall promptly deliver to each holder of shares of Series C Preferred Stock a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of the Series C Preferred Stock, and shall cause to be delivered to each holder of shares of Series C Preferred Stock at its last address as it shall appear upon the stock books of the Corporation, at least ten (10) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (1) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (2) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

(e) Optional Conversion.

(i) Optional Conversion Rights. At any time or times on or after the Original Issue Date, each holder of Series C Preferred Stock shall be entitled to convert any portion of the outstanding Series C Preferred Stock held by such holder and any PIK Dividends (without the payment of additional consideration by the holder

thereof) into such number of fully paid and non-assessable shares of Common Stock as determined for any such holder by dividing (A) the sum of (I) the aggregate Stated Value of all outstanding shares of Series C Preferred Stock being converted by such holder, (II) the aggregate Stated Value of all shares of Series C Preferred Stock due and owing to such holder as PIK Dividends which such holder is converting, and (III) the aggregate amount of cash dividends due and owing to such holder that such holder is converting by (B) the Conversion Price in effect on the Optional Conversion Date (as defined below), as adjusted in accordance with Section 1.1(d).

(ii) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Series C Preferred Stock pursuant to this Section 1.1(e). As to any fraction of a share which the holder of shares of Series C Preferred Stock would otherwise be entitled to purchase upon such conversion, the Corporation shall round up to the next whole share.

(iii) Mechanics of Conversion.

(A) To convert a share of Series C Preferred Stock and/or PIK Dividends into shares of Common Stock pursuant to this Section 1.1(e) on any date (an "***Optional Conversion Date***"), the holder of such shares of Series C Preferred Stock and/or PIK Dividends shall deliver to the Corporation (whether via facsimile, electronic mail or otherwise), for receipt on or prior to 11:59 p.m., New York time, on such date, a copy of an executed notice of such conversion in the form attached hereto as Exhibit A (the "***Optional Conversion Notice***"). Within three (3) Trading Days (as defined below) of the Optional Conversion Date such holder that delivered the Optional Conversion Notice shall, if such holder's shares of Series C Preferred Stock are certificated, surrender his, her or its certificate or certificates for all such shares (or, if such holder of Series C Preferred Stock alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation and its transfer agent to indemnify the Corporation and/or its transfer agent against any claim that may be made against the Corporation and/or its transfer agent on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation or its transfer agent, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation or its transfer agent, duly executed by the registered holder of shares of Series C Preferred Stock or by his, her or its attorney duly authorized in writing. All rights with respect to the Series C Preferred Stock converted pursuant to this Section 1.1(e) will terminate at the Optional Conversion Date (notwithstanding the failure of the holder or holders of Series C Preferred Stock to surrender any certificates at or prior to such time), except only for the rights of the holders of Series C Preferred Stock, upon surrender, if applicable, of their certificate or certificates (or lost certificate affidavit and agreement), to receive the items provided for in the next sentence of this Section 1.1(e)(iii). As soon as practicable after the Optional Conversion Date and, if applicable, the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Series C Preferred Stock, the Corporation shall issue and deliver to such holder of Series C Preferred Stock, or to his, her or its nominees, a notice of issuance of uncertificated shares and, may, upon written request, issue and deliver a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof. Such converted Series C Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of its Preferred Stock accordingly.

(B) On or before the third (3rd) Trading Day following the date of receipt of a Conversion Notice (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade initiated on the applicable Conversion Date of such shares of Common Stock issuable pursuant to such Optional Conversion Notice) (the "***Share Delivery Deadline***"), the Corporation shall (1) provided that its then current transfer agent is participating in The Depository Trust Company's ("DTC") Fast Automated Securities Transfer Program, credit such aggregate number of shares of Common Stock to which such converting holder shall be entitled to such holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system, or (2) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver (via reputable overnight courier) to the address as specified in such Conversion Notice, a certificate, registered in the name of such holder or its designee, for the number of shares of Common Stock to which such holder shall be entitled. If the number of shares of Series C Preferred Stock represented by the Series C Preferred Stock Certificate(s) submitted for conversion pursuant to Section 1.1(e)(3)(A) is greater than the number of shares of Series C Preferred Stock being converted, then the Corporation shall, as soon as practicable and in no event later than three (3) Trading Days after receipt of the Series C Preferred Stock Certificate(s) and at its own expense, issue and deliver to such holder (or its designee) a new Series C Preferred Stock Certificate representing the number of shares of Series C Preferred Stock not so converted. The person or entity entitled to receive the shares of Common Stock issuable upon an optional conversion of Series C Preferred Stock shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

(iv) "***Trading Day***" means any day on which the Common Stock is traded on the principal securities exchange securities market on which the Common Stock is then traded, provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the holder converting the relevant shares of Series C Preferred Stock pursuant to this Section 1.1(e).

(v) Corporation's Failure to Timely Convert. If the Corporation shall fail, for any reason or for no reason, on or prior to the applicable Share Delivery Deadline, to issue to a holder a certificate for the number of shares of Common Stock to which such holder is entitled and register such shares of Common Stock on the Corporation's share register or to credit such holder's or its designee's balance account with DTC for such number of shares of Common Stock to which such holder is entitled upon such holder's conversion pursuant to this Section 1.1(e) (a "***Conversion Failure***"), and if on or after such Share Delivery Deadline such holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such holder of all or any portion of the number of shares of Common Stock, or a sale of a number of shares of Common Stock equal to all or any portion of the number of shares of Common Stock, issuable upon such conversion that such holder so anticipated receiving from the Company, then, in addition to all other remedies available to such holder, the Company shall, within three (3) Trading Days after receipt of such holder's request and in such holder's discretion, either: (I) pay cash to such holder in an amount equal to such holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (including, without limitation, by any other individual or entity in respect, or on behalf, of such holder) (the "***Buy-In Price***"), at which point the Company's obligation to so issue and deliver such certificate or credit such holder's balance account with DTC for the number of shares of Common Stock to which such holder would have been entitled upon such holder's conversion hereunder (as the case may be) (and to issue such shares of Common Stock) shall terminate, or (II) promptly honor its obligation to so issue and deliver to such holder a certificate or certificates representing such shares of Common Stock or credit such holder's balance account with DTC for the number of shares of Common Stock to which such holder is entitled upon such holder's conversion hereunder (as the case may be) and pay cash to such holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (x) such number of shares of Common Stock multiplied by (y) the lowest closing sale price of the Common Stock on any Trading Day during the period commencing on the date of the applicable Conversion Notice and ending on the date of such issuance and payment under this clause (II).

(f) Redemption.

(i) Mandatory Redemption. Unless prohibited by Nevada law governing distributions to stockholders of a corporation, the Series C Preferred Stock shall be redeemed (a "***Mandatory Redemption***") by the Corporation at a price equal to the Stated Value for such share of Series C Preferred Stock, plus an amount per share equal to the Stated Value of any shares of Series C Preferred Stock that are issuable as the result of accrued, but unpaid, PIK Dividends (the "***Redemption Price***"), if the Requisite Holders provide written notice of redemption to the Corporation on or after the eighteen (18) month anniversary of the Original Issue Date, which notice may only be so provided if on or after such date the Common Stock of the Corporation is not listed on a Trading Market (the date selected by the Corporation that is within thirty (30) days following the date that the Corporation receives such notice is referred to as the "***Redemption Date***"). If on the Redemption Date Nevada law governing distributions to stockholders of a corporation prevents the Corporation from redeeming all outstanding shares of Series C Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares of Series C Preferred Stock that it may redeem consistent with such law, and shall redeem the remaining shares as soon as it may lawfully do so under such law. If the Corporation fails to pay the Redemption Price in full and redeem all outstanding shares of Series C Preferred Stock on the Redemption Date, then PIK Dividends shall accrue as specified in Section 1.1(c)(ii) hereof.

(ii) Redemption Notice. The Corporation shall send written notice of the Mandatory Redemption (the "***Redemption Notice***") to each holder of record of Series C Preferred Stock not less than ten (10) days prior to the Redemption Date. The Redemption Notice shall state:

(A) the number of shares of Series C Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(B) the Redemption Date and the Redemption Price; and

(C) for holders of shares in certificated form, that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Series C Preferred Stock to be redeemed.

(iii) Surrender of Certificates; Payment. On or before the Redemption Date, each holder of shares of Series C Preferred Stock to be redeemed on the Redemption Date, shall, if a holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof.

(iv) Redeemed or Otherwise Acquired Shares. Any shares of Series C Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred.

(g) Waiver; Amendment. Any of the rights, powers, privileges and other terms of the Series C Preferred Stock set forth herein may be waived or amended on behalf of all holders of Series C Preferred Stock by the affirmative written consent or vote of the Requisite Holders.

(h) Notices. Except as otherwise provided herein, any notice required or permitted by the provisions of this Section 1.1 to be given to a holder of shares of Series C Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with Section 78 of the Nevada Revised Statutes, and shall be deemed sent upon such mailing or electronic transmission.

Section 1.2 Withholding. The Corporation agrees that, provided that a holder of the Corporation's capital stock delivers to the Corporation a properly executed IRS Form W-9 certifying as to such holder's complete exemption from backup withholding (or, if such holder is a disregarded entity for U.S. federal income tax purposes, its regarded owner's complete exemption from backup withholding), under current law the Corporation (including any paying agent of the Corporation) shall not be required to, and shall not, withhold on any payments or deemed payments to any such holder. In the event that any holder of the Corporation's capital stock fails to deliver to the Corporation such properly executed IRS Form W-9, the Corporation reasonably believes that a previously delivered IRS W-9 is no longer accurate and/or valid, or there is a change in law that affects the withholding obligations of the Corporation, the Corporation and its paying agent shall be entitled to withhold taxes on all payments made to the relevant holder in the form of cash or to request that the relevant holder promptly pay the Corporation in cash any amounts required to satisfy any withholding tax obligations. In the event that the Corporation does not have sufficient cash with respect to any such holder from withholding on cash payments otherwise payable to such holder and cash paid to the Corporation by such holder to the Corporation pursuant to the immediately preceding sentence, the Corporation and its paying agent shall be entitled to withhold taxes on deemed payments, including PIK Dividends and constructive distributions, on the Series C Preferred Stock to the extent required by law, and the Corporation and its paying agent shall be entitled to satisfy any required withholding tax on non-cash payments (including deemed payments) through a sale of a portion of the Series C Preferred Stock received as a PIK Dividend or from cash dividends or sales proceeds subsequently paid or credited on the Series C Preferred Stock.

Exhibit 3.2

APPLIED BLOCKCHAIN, INC.

AMENDMENT NO. 1 TO
AMENDED AND RESTATED BYLAWS

Pursuant to a Written Consent of the Board of Directors (the "Board") of Applied Blockchain, Inc., (the "Corporation"), dated April 14, 2021, the Amended and Restated Bylaws of the Corporation (the "Bylaws") were amended as follows, effective as of such date:

1. Name Change. The name of the Corporation is hereby changed to Applied Blockchain, Inc. throughout these Bylaws, including specifically, the following amendments:

   a. The words "Flight Safety Technologies, Inc." in the first sentence of Section 1 are hereby deleted and replaced by "Applied Blockchain, Inc."

   b. Section 10.11(c) is hereby deleted and replaced in its entirety by the following:

      "(c) 'Corporation' shall mean Applied Blockchain, Inc. and any successor corporation thereof."

2. Certification of Shares. Section 6.3 of the Bylaws of the Corporation is hereby deleted and replaced in its entirety by the following:

"The shares of the Corporation shall be represented by certificates, which shall be numbered and shall be in such form as the Board may, from time to time prescribe; provided, that the Board may provide by resolution that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board, every holder of shares represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation, by the Chairperson of the Board, the President, any Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be by facsimile. The Board shall have power to appoint one or more transfer agents or registrars for the transfer or registration of certificates of shares of any class, and may require that shares certificates shall be countersigned by one or more such transfer agents or registrars. If any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The name of the person owning the shares represented thereby with the number of such shares and the date of issue thereof shall be entered on the books of the Corporation."

Certified by:

/s/ Wesley Cummins
Wesley Cummins, Chairperson of
The Board, CEO, Treasurer and Secretary

Dated: April 14, 2021

AMENDED AND RESTATED
BYLAWS
OF
FLIGHT SAFETY TECHNOLOGIES, INC
a Nevada corporation

SECTION 1. OFFICES

The principal office of Flight Safety Technologies, a Nevada corporation ("Corporation") shall be located at the principal place of business or such other place as the Board of Directors ("Board") may designate. The Corporation may have such other offices, either within or without the State of Nevada, as the Board may designate or as the business of the Corporation may require from time to time.

SECTION 2. SHAREHOLDERS

2.1 Annual Meeting

The annual meeting of the shareholders shall be held the first Friday of March in each year, or on such other day as shall be fixed by resolution of the Board, at the principal office of the Corporation, or such other place as fixed by the Board, for the purpose of electing directors and transacting such other business as may properly come before that meeting. If the day fixed for the annual meeting is a legal holiday at the place of that meeting, that meeting shall be held on the next succeeding business day.

2.2 Special Meetings

The Board, the President, or the Chairperson of the Board, may call special meetings of the shareholders for any purpose. The holders of not less than ten percent (10%) of all the outstanding shares of the Corporation entitled to vote for or against any issue proposed to be considered at the proposed special meeting, if they date, sign and deliver to the Corporation's Secretary a written demand for a special meeting specifying the purpose or purposes for which it is to be held, may call a special meeting of the shareholders for such specified purpose.

2.3 Place of Meeting

All meetings shall be held at the principal office of the Corporation, or at such other place as designated by the Board, by any persons entitled to call a meeting pursuant to the bylaws, or in a waiver of notice signed by all of the shareholders entitled to vote at that meeting.

2.4 Notice of Meeting

(a) The Corporation shall cause to be delivered to each shareholder entitled to notice of, or to vote at, an annual or special meeting of shareholders, either personally or by mail, not less than ten (10) days nor more than sixty (60) days before that meeting, written notice stating the date, time and place of that meeting and, in the case of a special meeting, the purpose or purposes for which that meeting is called.

(b) Notice to a shareholder of an annual or special shareholders meeting shall be in writing. Such notice, if in comprehensible form, is effective (a) when mailed, if it is mailed postpaid and is correctly addressed to that shareholder's address specified in the Corporation's then current record of shareholders, or (b) when received by that shareholder, if it is delivered by telegraph, facsimile transmission or private courier.

(c) If an annual or special shareholders meeting is adjourned to a different date, time, or place, notice of the new date, time, or place shall not be required if the new date, time, or place is announced at that meeting before adjournment, unless a new record date for the adjourned meeting is, or must be, fixed pursuant to (i) Section 2.6(a) of these bylaws or (ii) the Nevada General Corporation Law.

2.5 Waiver of Notice

(a) Whenever any notice is required to be given to any shareholder pursuant to the provisions of these bylaws, the Articles of Incorporation or the Nevada General Corporation Law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time specified in such notice, and delivered to the Corporation for inclusion in the minutes for filing with the corporate records, shall be deemed equivalent to the giving of such notice.

(b) The attendance of a shareholder at a meeting shall be a waiver of each objection to lack of, or defect in, notice of such meeting or of consideration of a particular matter at that meeting, unless that shareholder, at the beginning of that meeting or prior to consideration of such matter, objects to holding that meeting, transacting business at that meeting, or considering the matter when presented at that meeting.

2.6 Fixing of Record Date for Determining Shareholders

(a) For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or to make a determination of shareholders for any other purpose, the Board may fix in advance a date as the record date for any such determination. Such record date shall be not more than seventy (70) days, and in-case of a meeting of shareholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of, or to vote at, a meeting, or to receive payment of a dividend, the date on which the notice of meeting is mailed or on which the resolution of the Board declaring such dividend is adopted, as the case may be, shall be the record date for such determination. Such determination shall apply to any adjournment of that meeting; provided, however, such adjournment is not set for a date more than one hundred twenty (120) days after the date fixed for the original meeting.

(b) The record date for the determination of shareholders entitled to demand a special shareholders meeting shall be the date the first shareholder signs the demand.

2.7 Shareholders' List

(a) Beginning two (2) business days after notice of a meeting of shareholders is given, a complete alphabetical list of the shareholders entitled to notice of that meeting shall be made, arranged by voting group, and within each voting group by class or series, with the address of and number of shares held by each shareholder. Such record shall be kept on file at the Corporation's principal office or at a place identified in that meeting notice in the city where the meeting will be held. On written demand, such record shall be subject to inspection by any shareholder at any time during normal business hours. Such record shall also be kept open at that meeting for inspection by any shareholder.

(b) A shareholder may, on written demand, copy the shareholders' list at such shareholder's expense during regular business hours; provided, however, that:

(i) Such shareholder's demand is made in good faith and for another purpose;

(ii) Such shareholder has described with reasonable particularity such shareholder's purpose specified in the written demand; and

(iii) The shareholders' list is directly related to such shareholder's purpose.

2.8 Quorum

A majority of the votes entitled to be cast on a matter at a meeting by a voting group, represented in person or by proxy, shall constitute a quorum of that voting group for action on that matter at a meeting of the shareholders. If a quorum is not present for a matter to be acted upon, a majority of the shares represented at that meeting may adjourn that meeting from time to time without additional notice. If the necessary quorum is present or represented at a reconvened meeting following such an adjournment, any business may. be transacted that might have been transacted at the meeting as originally called. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

2.9 Manner of Acting

(a) If a quorum exists, action on a matter (other than the election of directors) by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the affirmative vote of a greater number is required by these bylaws, the Articles of Incorporation or the Nevada General Corporation Law.

(b) If a matter is to be voted on by a single group, action on that matter is taken when voted upon by that voting group. If a matter is to be voted on by two (2) or more voting groups, action on that matter is taken only when voted upon by each of those voting groups counted separately. Action may be taken by one voting group on a matter even though no action is taken by another voting group entitled to vote on such matter.

2.10 Proxies

A shareholder may vote by proxy executed in writing by that shareholder or by his or her attorney-in-fact. Such proxy shall be effective when received by the Secretary or other officer or agent authorized to tabulate votes at the meeting. A proxy shall become invalid eleven (11) months after the date of its execution, unless otherwise expressly provided in the proxy. A proxy for a specified meeting shall entitle the holder thereof to vote at any adjournment of that meeting, but shall not be valid after the final adjournment thereof.

2.11 Voting of Shares

Each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

2.12 Voting for Directors

Each shareholder may vote, in person or by proxy, the number of shares owned by such shareholder that are entitled to vote at an election of directors, for as many persons as there are directors to be elected and for whose election such shares have a right to vote. Unless otherwise provided in the Articles of Incorporation, directors are elected by a plurality of the votes cast by shares entitled to vote in the election at a meeting at which a quorum is present.

2.13 Voting of Shares by Corporations

2.13.1 Shares Held by Another Corporation

Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the bylaws of such other corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine; provided, however, such shares are not entitled to vote if the Corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors of such other corporation.

2.13.2 Shares Held by the Corporation

Authorized but unissued shares shall not be voted or counted for determining whether a quorum exists at any meeting or counted in determining the total number of outstanding shares at any given time. Notwithstanding the foregoing, shares of its own stock held by the Corporation in a fiduciary capacity may be counted for purposes of determining whether a quorum exists, and may be voted by the Corporation.

2.14 Acceptance or Rejection of Shareholder Votes, Consents, Waivers and Proxy Appointments

2.14.1 Documents Bearing Name of Shareholders

If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a shareholder, the Secretary or other agent authorized to tabulate votes at the meeting may, if acting in good faith, accept such vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder.

2.14.2 Documents Bearing Name of Third Parties

If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of its shareholder, the Secretary or other agent authorized to tabulate votes at the meeting may nevertheless, if acting in good faith, accept such vote, ‘consent, waiver or proxy appointment and give it effect as the act of the shareholder if:

(a) The shareholder is an entity and the name signed purports to be that of an officer or an agent of that entity;

(b) The name signed purports to be that of an administrator, executor, guardian or conservator representing the shareholder and, if the Secretary or other agent requests, acceptable evidence of fiduciary status has been presented;

(c) The name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder, and, if the Secretary or other agent requests, acceptable evidence of this status has been presented;

(d) The name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the Secretary or other agent requests, acceptable evidence of the signatory’s authority to sign has been presented; or

(e) Two or more persons are the shareholder as co-owners or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners.

2.14.3 Rejection of Documents

The Secretary or other agent authorized to tabulate votes at the meeting is entitled to reject a vote, consent, waiver or proxy appointment if such agent, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory’s authority to sign for the shareholder.

SECTION 3. BOARD OF DIRECTORS

3.1 General Powers

The business and affairs of the Corporation shall be managed by the Board, except as may be otherwise provided in these Bylaws, the Articles of Incorporation or the Nevada General Corporation Law.

3.2 Number, Tenure and Qualifications

The Board of Directors shall consist of no less than one (1) and no more than fifteen (15) Directors, the specific number to be set by resolution of the Board of Directors. The number of directors may be changed from time to time by amendment to these Bylaws, but no decrease in the number of directors shall shorten the term of any incumbent director. The terms of the directors expire at the next annual shareholder’s meeting following their election. Despite the expiration of a director’s term, however, the director shall continue to serve until such director’s successor is elected and qualifies or until there is a decrease in the number of directors. Directors need not be shareholders

of the Corporation or residents of the State of Nevada.

3.3 Annual and Regular Meetings

An annual meeting of the Board of Directors shall be held without additional notice immediately after and at the same place as the annual meeting of shareholders.

By resolution the Board of Directors, or any committee thereof, may specify the time and place for holding regular meetings thereof without other notice than such resolution.

3.4 Special Meetings

Special meetings of the Board of Directors or any committee designated by the Board of Directors may be called by or at the request of the Chair of the Board of Directors, or the President or any director and, in the case of any special meeting of any committee designated by the Board of Directors, by the Chair thereof. The person or persons authorized to call special meetings may fix any place either within or without the State of Nevada as the place for holding any special Board or committee meeting called by them.

3.5 Meetings by Telecommunications

Members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or such committee by use of any means of telecommunications equipment pursuant to which all persons participating may simultaneously hear each other during such meeting. Participation by such method shall be deemed presence in person at such meeting.

3.6 Notice of Special Meetings

Notice of a special Board of Directors or committee meeting specifying the date, time and place of such meeting shall be given to a director in writing or orally by telephone or in person as specified below. Neither the business to be transacted at, nor the purpose of, any special meeting need be specified in the notice of such meeting.

3.6.1 Personal Delivery

If delivery is by personal service, the notice shall be effective if delivered at the address specified on the records of the Corporation at least one day before the meeting.

3.6.2 Delivery by Mail

If notice is delivered by mail, the notice shall be deemed effective if deposited in the official government mail at least five (5) days before the meeting properly addressed to a director at his or her address specified on the records of the Corporation with postage prepaid.

3.6.3 Delivery by Telegraph

If notice is delivered by telegraph, the notice shall be deemed effective if the content thereof is delivered to the telegraph company by such time that the telegraph company guarantees delivery at least one day before the meeting.

3.6.4 Oral Notice

If notice is delivered orally, by telephone or in person, the notice shall be effective if personally given to a director at least one day before the meeting.

3.6.5 Notice by Facsimile Transmission

If notice is delivered by facsimile transmission, the notice shall be deemed effective if the content thereof is transmitted to the office of a director, at the facsimile number specified on the records of the Corporation, at least one day before the meeting, and receipt is either confirmed by confirming transmission equipment or acknowledged by the receiving office.

3.6.6 Notice by Private Courier

If notice is delivered by private courier, the notice shall be deemed effective if delivered to the courier, properly addressed and prepaid, by such time that the courier guarantees delivery at least one day before the meeting.

3.7 Waiver of Notice

3.7.1 Written Waiver

Whenever any notice is required to be given to any director pursuant to the provisions of these Bylaws, the Articles of Incorporation or the Nevada General Corporation Law, a waiver thereof in writing, executed at any time, specifying the meeting for which notice is waived, signed by the person or persons entitled to such notice, and filed with the minutes or corporate records, shall be deemed equivalent to the giving of such notice.

3.7.2 Waiver by Attendance

The attendance of a director at a Board of Directors or committee meeting shall constitute a waiver of notice of such meeting, unless such director, at the beginning of the meeting, or promptly upon such director's arrival, objects to holding the meeting or transacting any business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.8 Quorum

A majority of the number of directors determined by or in the manner provided by these Bylaws shall constitute a quorum for the transaction of business at any Board

of Directors meeting.

3.9 Manner of Acting

The act of the majority of the directors present at a Board of Directors or committee meeting at which there is a quorum shall be the act of the Board of Directors or committee, unless the vote of a greater number is required by these Bylaws, the Articles of Incorporation or the Nevada General Corporation Law.

3.10 Presumption of Assent

A director of the Corporation present at a Board of Directors or committee meeting at which action on any corporate matter is taken shall be deemed to have assented to the action taken unless such director objects at the beginning of the meeting, or promptly upon such director's arrival, to holding the meeting or transacting business at the meeting; or such director's dissent is entered in the minutes of the meeting; or such director delivers a written notice of dissent or abstention to such action with the presiding officer of the meeting before the adjournment thereof; or such director forwards such notice by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. A director who voted in favor of such action may not thereafter dissent or abstain.

3.11 Action by Board of Directors or Committee Without a Meeting

Any action which could be taken at a meeting of the Board of Directors or of any committee appointed by the Board of Directors may be taken without a meeting, if a written consent setting forth the action so taken is signed by each Director or by each committee member. The action shall be effective when the last signature is placed on the consent, unless the consent specifies an earlier or later date. Such written consent, which shall have the same effect as a unanimous vote of the directors or such committee, shall be inserted in the minute book as if it were the minutes of a Board of Directors or committee meeting.

3.12 Resignation

Any director may resign at any time by delivering written notice to the Chair of the Board of Directors, the Board of Directors, or to the registered office of the Corporation. Such resignation shall take effect at the time specified in the notice, or if no time is specified, upon delivery. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors.

3.13 Removal

One or more members of the Board of Directors (including the entire Board of Directors) may be removed at a meeting of shareholders called expressly for that purpose, provided that the notice of such meeting states that the purpose, or one of the purposes, of the meeting is such removal. A member of the Board of Directors may be removed with or without cause, unless the Articles of Incorporation permit removal for cause only, by a vote of the holders of a majority of the shares then entitled to vote on the election of the director. A director may be removed only if the number of votes cast to remove the director exceeds the number of votes cast to not remove the director. If a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove such director.

3.14 Vacancies

Any vacancy occurring on the Board of Directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, by the Board of Directors, by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office; except that the term of a director elected by the Board of Directors to fill a vacancy expires at the next shareholders' meeting at which directors are elected. Any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the number of directors fixed by the Bylaws prior to such increase for a term of office continuing only until the next election of directors by the shareholders. Any directorship not so filled by the directors shall be filled by election at the next annual meeting of shareholders or at a special meeting of shareholders called for that purpose. If the vacant directorship is filled by the shareholders and was held by a director elected by a voting group of shareholders, then only the holders of shares of that voting group are entitled to vote to fill such vacancy. A vacancy that will occur at a specific later date by reason of a resignation effective at such later date or otherwise may be filed before the vacancy occurs, but the new director may not take office until the vacancy occurs.

3.15 Minutes

The Board of Directors shall keep minutes of its meetings and shall cause them to be recorded in books kept for that purpose.

3.16 Executive and Other Committees

3.16.1 Creation of Committees

The Board of Directors, by resolution adopted by a majority of the number of Directors fixed in the manner provided by these Bylaws, may appoint standing or temporary committees, including an Executive Committee, from its own number. The Board of Directors may invest such committee(s) with such powers as it may see fit, subject to such conditions as may be prescribed by the Board of Directors, these Bylaws, the Articles of Incorporation and the Nevada General Corporation Law.

3.16.2 Authority of Committees

Each committee shall have and may exercise all of the authority of the Board of Directors to the extent provided in the resolution of the Board of Directors designating the committee and any subsequent resolutions pertaining thereto and adopted in like manner, except that no such committee shall have the authority to (a) authorize distributions, except as may be permitted by Section 3.16.2 (g) of these Bylaws; (b) approve or propose to shareholders actions required by the Nevada General Corporation Law to be approved by shareholders; (c) fill vacancies on the Board of Directors or any committee thereof; (d) adopt, amend or repeal these Bylaws; (e) amend the Certificate of Incorporation; (f) approve a plan of merger not requiring shareholder approval; or (g) authorize or approve reacquisition of shares, except within limits prescribed by the Board of Directors.

3.16.3 Quorum and Manner of Acting

A majority of the number of Directors composing any committee of the Board of Directors, as established and fixed by resolution of the Board of Directors, shall constitute a quorum for the transaction of business at any meeting of such committee.

3.16.4 Minutes of Meetings

All committees so appointed shall keep regular minutes of their meetings and shall cause them to be recorded in books kept for that purpose.

3.16.5 Resignation

Any member of any committee may resign at any time by delivering written notice thereof to the Board of Directors, the Chair of the Board of Directors or the Corporation. Any such resignation shall take effect at the time specified in the notice, or if no time is specified, upon delivery. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors.

3.16.6 Removal

The Board of Directors may remove from office any member of any committee elected or appointed by it, but only by the affirmative vote of not less than a majority of the number of directors fixed by or in the manner provided by these Bylaws.

3.17 Compensation

By Board of Directors resolution, directors and committee members may be paid their expenses, if any, of attendance at each Board of Directors or committee meeting, or a fixed sum for attendance at each Board of Directors or committee meeting, or a staled salary as director or a committee member, or a combination of the foregoing. No such payment shall preclude any director or committee member frown serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 4. OFFICERS

4.1 Number

The Officers of the Corporation shall be a President and a Secretary, each of whom shall be appointed by the Board of Directors. One or more Vice Presidents, a Treasurer and such other Officers and assistant Officers, including a Chair of the Board of Directors, may be appointed by the Board of Directors; such officers and assistant officers to hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as may be provided by resolution of the Board of Directors. Any Officer may be assigned by the Board of Directors any additional title that the Board of Directors deems appropriate. The Board of Directors may delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective terms of office, authority and duties. Any two or more offices may be held by the same person.

4.2 Appointment and Term of Office

The officers of the Corporation shall be appointed annually by the Board of Directors at the Board of Directors meeting held after the annual meeting of the shareholders. If the appointment of officers is not made at such meeting, such appointment shall be made as soon thereafter as a Board of Directors meeting conveniently may be held. Unless an officer dies, resigns, or is removed from office, he or she shall hold office until the next annual meeting of the Board of Directors or until his or her successor is appointed.

4.3 Resignation

Any officer may resign at any time by delivering written notice to the Corporation. Any such resignation shall take effect at the time specified in the notice, or if no time is specified, upon delivery. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors.

4.4 Removal

Any officer or agent appointed by the Board of Directors may be removed by the Board of Directors, with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Appointment of an officer or agent shall not of itself create contract rights.

4.5 Vacancies

A vacancy in any office because of death, resignation, removal, disqualification, creation of a new office or any other cause may be filled by the Board of Directors for the unexpired portion of the term, or for a new term established by the Board of Directors. If a resignation is made effective at a later date, and the Corporation accepts such future effective date, the Board of Directors may fill the pending vacancy before the effective date, if the Board of Directors provides that the successor does not take office until the effective date.

4.6 Chair of the Board of Directors

If appointed, the Chair of the Board of Directors shall perform such duties as shall be assigned to him or her by the Board of Directors from time to time and shall preside over meetings of the Board of Directors and shareholders unless another officer is appointed or designated by the Board of Directors as Chair of such meeting.

4.7 President

The President shall be the chief executive officer of the Corporation unless some other Officer is so designated by the Board of Directors, shall preside over meetings of the Board of Directors and shareholders in the absence of a Chair of the Board of Directors and, subject to the Board of Directors' control, shall supervise and control all of the assets, business and affairs of the Corporation. The President shall have authority to sign deeds, 'mortgages, bonds, contracts, or other instruments, except when the signing and execution thereof have been expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or are required by law to be otherwise signed or executed by some other officer or in some other manner. In general, the President shall perform all duties incident to the office of President and such other duties as are prescribed by the Board of Directors from time to time.

4.8 Vice President

In the event of the death of the President or his or her inability to act, the Vice President (or if there is more than one Vice President, the Vice President who was designated by the Board of Directors as the successor to the President, or if no Vice President is so designated, the Vice President first appointed to such office) shall perform the duties of the President, except as may be limited by resolution of the Board of Directors, with all the powers of and subject to all the restrictions upon the President. Vice Presidents shall have, to the extent authorized by the President or the Board of Directors, the same powers as the President to sign deeds, mortgages, bonds, contracts or other instruments. Vice Presidents shall perform such other duties as from time to time may be assigned to them by the President or by the Board of Directors.

4.9 Secretary

The Secretary shall (a) prepare and keep the minutes of meetings of the shareholders and the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be responsible for custody of the corporate records and seal of the corporation; (d) keep registers of the post office address of each shareholder and Director; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors. In the absence of the Secretary, an Assistant Secretary may perform the duties of the Secretary.

4.10 Treasurer

If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such amount and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in banks, trust companies or other depositories selected in accordance with the provisions of these Bylaws; and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors. In the absence of the Treasurer, an Assistant Treasurer may perform the duties of the Treasurer.

4.11 Salaries

The salaries of the Officers shall be fixed from time to time by the Board of Directors or by any person or persons to whom the Board of Directors has delegated such authority. No officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director of the Corporation.

SECTION 5. CONTRACTS, LOANS, CHECKS AND DEPOSITS

5.1 Contracts

The Board of Directors may authorize any Officer or Officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

5.2 Loans to the Corporation

No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

5.3 Loans to Directors

The Corporation shall not lend money to or guarantee the obligation of a Director unless (a) the particular loan or guarantee is approved by a majority of the votes represented by the outstanding voting shares of all classes, voting as a single voting group, excluding the votes of the shares owned by or voted under the control of the benefitted director; or (b) the Board of Directors determines that the loan or guarantee benefits the Corporation and either approves the specific loan or guarantee or a general plan authorizing the loans and guarantees. The fact that a loan or guarantee is made in violation of this provision shall not affect the borrower’s liability on the loan.

5.4 Checks, Drafts, Etc.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents, of the Corporation and in such manner as is from time to time determined by resolution of the Board of Directors.

5.5 Deposits

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

SECTION 6. CERTIFICATES FOR SHARES AND THEIR TRANSFER

6.1 Issuance of Shares

No shares of the Corporation shall be issued unless authorized by the Board of Directors, which authorization shall include the maximum number of shares to be issued and the consideration to be received for each share. Before the Corporation issues shares, the Board of Directors shall determine that the consideration received or to be received for such shares is adequate. Such determination by the Board of Directors shall be conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid and nonassessable.

6.2 Escrow for Shares

The Board of Directors may authorize the placement in escrow of shares issued for a contract for future services or benefits or a promissory note, or may authorize other arrangements to restrict the transfer of shares, and may authorize the crediting of distributions in respect of such shares against their purchase price, until the services are performed, the note is paid or the benefits received. If the services are not performed, the note is not paid, or the benefits are not received, the Board of Directors may cancel, in whole or in part, such shares placed in escrow or restricted and such distributions credited.

6.3 Certificates for Shares

Certificates representing shares of the Corporation shall be in such form as shall be determined by the Board of Directors Such certificates shall be signed by any two of the following officers: the Chair of the Board of Directors, the President, any Vice President, the Treasurer, the Secretary or any Assistant Secretary. Any or all of the signatures on a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar other than the Corporation itself or an employee of the Corporation. All certificates shall be consecutively numbered or otherwise identified.

6.4 Stock Records

The stock transfer books shall be kept at the registered office or principal place of business of the Corporation or at the office of the Corporation' s transfer agent or registrar. The name and address of each person to whom certificates for shares are issued, together with the class and number of shares represented by each such certificate and the date of issue thereof, shall be entered on the stock transfer books of the Corporation. The person in whose name shares stand on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes.

6.5 Restriction on Transfer

6.5.1 Securities Laws

Except to the extent that the Corporation has obtained an opinion of counsel acceptable to the Corporation that transfer restrictions are not required under applicable securities laws, or has otherwise satisfied itself that such transfer restrictions are not required, all certificates representing shares of the Corporation shall bear conspicuously on the front or back of the certificate a legend or legends describing the restriction or restrictions.

6.5.2 Other Restrictions

In addition, the front or back of all certificates shall include conspicuous written notice of any further restrictions which may be imposed on the transferability of such shares.

6.6 Transfer of Shares

Transfer of shares of the Corporation shall be made only on the stock transfer books of the Corporation pursuant to authorization or document of transfer made by the holder of record thereof or by his or her legal representative, who shall furnish proper evidence of authority to transfer, or by his or her attorney-in-fact authorized by power of attorney duly executed and filed with the Secretary of the Corporation. All certificates surrendered to the Corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificates for a like number of shares shall have been surrendered and cancelled.

6.7 Lost or Destroyed Certificates

In the case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

6.8 Transfer Agent and Registrar

The Board of Directors may from time to time appoint one or more Transfer Agents and one or more Registrars for the shares of the Corporation, with such powers and duties as the Board of Directors shall determine by resolution.

6.9 Officer Ceasing to Act

In case any officer who has signed or whose facsimile signature has been placed upon a stock certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if the signer were such officer at the date of its issuance.

6.10 Fractional Shares

The Corporation shall not issue certificates for fractional shares.

6.11 Waiver of Sections 78.378 - 78.3793

Sections 78.378 through and including 78.3793 of the Nevada Revised Statutes shall not apply to the Corporation.

SECTION 7. BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account, stock transfer books, minutes of the proceedings of its shareholders and Board of Directors and such other records as may be necessary or advisable.

SECTION 8. FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year; provided, however, that the Board of Directors may select a different fiscal year at any time for purposes of federal income taxes, or otherwise.

SECTION 9. SEAL

The seal of the Corporation, if any, shall consist of the name of the Corporation and the state of its incorporation

SECTION 10. INDEMNIFICATION

10.1 Right to Indemnification of Directors and Officers

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Nevada General Corporation Law, as the same exists or may hereafter be amended, (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section 10.3 of these Bylaws or with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

10.2 Right to Advancement of Expenses

The right to indemnification conferred in Section 10.1 of these Bylaws shall include the right to be paid by the Corporation the expenses incurred in defending any proceeding for which such right to indemnification is applicable in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Nevada General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this section or otherwise.

10.3 Right of Indemnitee to Bring Suit

The rights to indemnification and to the advancement of expenses conferred in Sections 10.1 and 10.2 of these Bylaws shall be contract rights. If a claim under Sections 10.1 and 10.2 of these Bylaws is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Nevada General Corporation Law. Neither the failure of the Corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in Nevada General Corporation Law, nor an actual determination by the Corporation (including its board of directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this section or otherwise shall be on the Corporation.

10.4 Non-Exclusivity of Rights

The rights to indemnification and to the advancement of expenses conferred in this article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's certificate of incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

10.5 Insurance

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Nevada General Corporation Law.

10.6 Indemnification of Employees and Agents of the Corporation

The Corporation may, to the extent authorized from time to time by the board of directors, grant rights to indemnification, and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

10.7 No Presumption of Bad Faith

The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nob contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of this Corporation, or, with respect to any criminal proceeding, that the person had reasonable cause to believe that the conduct was unlawful.

10.8 Survival of Rights

The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

10.9 Amendments to Law

For purposes of this Bylaw, the meaning of "law" within the phrase "to the fullest extent not prohibited by law" shall include, but not be limited to, the Nevada General Corporation Law, as the same exists on the date hereof or as it may be amended; provided, however, that in the case of any such amendment, such amendment shall apply only to the extent that it permits the Corporation to provide broader indemnification rights than the Act permitted the Corporation to provide prior to such amendment.

10.10 Savings Clause

If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, the Corporation shall indemnify each director, [officer or other agent] to the fullest extent permitted by any applicable portion of this Bylaw that shall not have been invalidated, or by any other applicable law.

10.11 Certain Definitions

For the purposes of this Section, the following definitions shall apply:

(a) The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement and appeal of any threatened, pending or completed action, suit or proceeding, whether brought in the right of the Corporation or otherwise and whether civil, criminal, administrative or investigative, in which the director or officer may be or may have been involved as a party or otherwise by reason of the fact that the director or officer is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise.

(b) The term "expenses" shall be broadly construed and shall include, without limitation, all costs, charges and expenses (including fees and disbursements of attorneys, accountants and other experts) actually and reasonably incurred by a director or officer in connection with any proceeding, all expenses of investigations, judicial or administrative proceedings or appeals, and any expenses of establishing a right to indemnification under these Bylaws, but shall not include amounts paid in settlement, judgments or fines.

(c) "Corporation" shall mean Flight Safety Technologies, Inc. and any successor corporation thereof.

(d) Reference to a "director" or "officer" of the Corporation shall include, without limitation, situations where such person is serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise.

(e) References to "other enterprises" shall include employee benefit plans. References to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan. References to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants, or beneficiaries. A person who acted in good faith and in a manner the person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Bylaw.

SECTION 11. AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors; provided. however, that the shareholders, in amending or repealing a particular Bylaw, may provide expressly that the Board of Directors may not amend or repeal that Bylaw. The shareholders may also make, alter, amend and repeal the Bylaws of the Corporation at any annual meeting or at a special meeting called for that purpose. All Bylaws made by the Board of Directors may be amended, repealed, altered or modified by the shareholders at any regular or special meeting called for that purpose.

The foregoing Bylaws were adopted by the Board of Directors of the Corporation on May 22, 2001 and amended on December 15, 2008.

December 15, 2008 By: /s/ Signatory Name

Richard S. Rosenfeld
Secretary of Flight Safety Technologies, Inc.

Exhibit 4.1

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this "**Agreement**") is made and entered into as of April 15, 2021, by and among Applied Blockchain, Inc., a Nevada corporation (together with any successor entity thereto, the "**Company**"), and B. Riley Securities, Inc., a Delaware corporation, as the placement agent ("**B. Riley**"), for the benefit of B. Riley and the Investors (as defined below).

WHEREAS, in connection with the Placement Agent Agreement by and between the Company and B. Riley dated as of April 7, 2021 (the "**Placement Agent Agreement**"), the Company has agreed, upon the terms and subject to the conditions set forth in the Placement Agent Agreement and subscription agreements with each of the Investors, to issue and sell to each Investor shares of its Series C Convertible Redeemable Preferred Stock, $0.001 par value per share (the "**Series C Preferred Stock**"); and

WHEREAS, in order to induce B. Riley to enter into the Placement Agent Agreement, the Company has agreed to provide the registration rights provided for in this Agreement to the Holders. The execution of this Agreement is a condition to the closing of the transactions contemplated by the Placement Agent Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and B. Riley hereby agree as follows:

1 . Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Placement Agent Agreement will have the respective meanings given such terms in the Placement Agent Agreement. As used in this Agreement, the following terms have the respective meanings set forth in this Section 1 and other terms are defined throughout this Agreement:

"Business Day" means a day other than Saturday, Sunday or any other day which commercial banks in New York, New York are authorized or required by law to close.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Common Stock**" means the common stock, par value $0.001 per share, of the Company.

"**Definitive Instrument**" has the meaning given to it in Section 2(c).

"Effective Date" means, as to a Registration Statement, the date on which such Registration Statement is first declared effective by the Commission.
"Effectiveness Deadline" means the date that is eight (8) months following the Initial Closing.

"Effectiveness Period" means, as to any Registration Statement required to be filed pursuant to this Agreement, the period commencing on the Effective Date of such Registration Statement and ending on (a) the date that all of the Registrable Securities covered by such Registration Statement have been publicly sold by the Holders of the Registrable Securities included therein, or (b) such time as all of the Registrable Securities covered by such Registration Statement may be sold by the Holders without restriction pursuant to Rule 144 as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Filing Deadline" means the date that is four (4) months following the Initial Closing.

"FINRA" means the Financial Industry Regulatory Authority, Inc.

"Holder" or **"Holders"** means the holder or holders, as the case may be, from time to time of Registrable Securities and, if other than an Investor, a Person to whom the rights hereunder have been properly assigned pursuant to Section 7 hereof.

"Investor" means the purchasers of the Series C Preferred Stock pursuant to subscription agreements by and between the Company and such investor, dated on or about the date hereof.

"**Losses**" has the meaning given to it in Section 5(a).

"New York Courts" means the state and federal courts sitting in the City of New York, Borough of Manhattan, State of New York.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means: (i) any shares of Common Stock issuable upon conversion of the Series C Preferred Stock issued to Investors pursuant to the applicable subscription agreement; and (ii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event, or any price adjustment as a result of such stock splits, reverse stock splits or similar events with respect to any of the securities referenced in clause (i) above, including any PIK Dividends (as defined in the Company's Articles of Incorporation). Notwithstanding the foregoing, a security shall cease to be a Registrable Security for purposes of this Agreement from and after such time as the Holder of such security may resell such security without restriction under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders.

"Registration Statement" means any registration statement of the Company filed or confidentially submitted with the Commission under the Securities Act that covers the resale of Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration

statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

"Required Holders" means the Holders of a majority of the outstanding shares of Series C Preferred Stock or, if the Series C Preferred Stock has been converted into Common Stock, the Holders of a majority of the Registrable Securities, or, if the Series C Preferred Stock has been converted in part but not in whole, the Holders of a majority of the Registrable Securities and the Registrable Securities underlying the outstanding Series C Preferred Stock on an as converted basis, in the aggregate.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"**Significant Transaction Event**" has the meaning given to it in Section 2(c).

"Trading Market" means any of the New York Stock Exchange, the NYSE American, the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market, or any other national securities exchange, or OTCQB or OTCQX (or any successors to any of the foregoing).

2. Registration.

(a) On or prior to the applicable Filing Deadline, the Company shall prepare and file or confidentially submit with the Commission a Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 (a "**Resale Shelf Registration Statement**"). The Resale Shelf Registration Statement shall be filed on Form S-1 (or on such other form appropriate for such purpose) and contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a "Plan of Distribution" in substantially the form attached hereto as Annex A. The Company shall cause the Resale Shelf Registration Statement to be declared effective under the Securities Act as soon as reasonably practicable but, in any event, no later than the Effectiveness Deadline, and shall use its reasonable best efforts to keep each such Resale Shelf Registration Statement continuously effective during its entire Effectiveness Period. By 5:00 p.m. (New York City time) on the Business Day immediately following the Effective Date of the Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 under the Securities Act the final prospectus to be used in connection with sales pursuant to such Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule).

(b) Promptly following any date on which the Company becomes eligible to use a registration statement on Form S-3 to register Registrable Securities for resale, the Company shall file a Registration Statement on Form S-3 covering all securities that are then deemed Registrable Securities (or a post-effective amendment on Form S-3 to the then effective Registration Statement) for an offering to be made on a continuous basis pursuant to Rule 415 (an "**S-3 Resale Shelf Registration Statement**") and shall cause such S-3 Resale Shelf Registration Statement to be filed as soon as commercially reasonable and declared effective under the Securities Act as soon as reasonably possible thereafter. Such S-3 Resale Shelf Registration Statement shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such S-3 Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a "Plan of Distribution" in substantially the form attached hereto as Annex A. The Company shall use its commercially reasonable efforts to keep such S-3 Resale Shelf Registration Statement continuously effective under the Securities Act during the entire Effectiveness Period. By 5:00 p.m. (New York City time) on the Business Day immediately following the Effective Date of such S-3 Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 under the Securities Act the final prospectus to be used in connection with sales pursuant to such S-3 Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule).

(c) If: (i) the Resale Shelf Registration Statement is not filed on or prior to its Filing Deadline covering the Registrable Securities required under this Agreement to be included therein pursuant to Section 2(a), or (ii) the Resale Shelf Registration Statement is not declared effective by the Commission on or prior to the Effectiveness Deadline and the Registrable Securities are not listed on a Trading Market (any such failure or breach being referred to as an **"Event,"** and the date on which such Event occurs being referred to as **"Event Date"**), then in addition to any other rights the Investors may have hereunder or under applicable law, on each such Event Date PIK Dividends (as defined in the Company's Articles of Incorporation) shall accrue and be payable on the outstanding shares of Series C Preferred Stock in accordance with and subject to the terms and conditions of the Company's Articles of Incorporation, until the applicable Event is cured. Notwithstanding the foregoing, (i) if within six (6) months of the Initial Closing, the Company enters into a binding definitive agreement or binding instrument relating to a Significant Transaction Event (a "**Definitive Instrument**"), then the Company shall have no obligation to pay any PIK Dividends accrued or payable through such date and any PIK Dividends that have accrued prior to such date shall be cancelled, and (ii) if the Company has entered into a Definitive Instrument within six (6) months of the Initial Closing and has consummated the Significant Transaction Event within ten (10) months of the Initial Closing, then the Company shall have no obligation to pay any PIK Dividends accrued or payable through such date and any PIK Dividends accrued prior to such date shall be cancelled. A "**Significant Transaction Event**" means the date that the Company enters into a Definitive Instrument, as applicable, with a third party relating to a merger, share exchange, sale of all or substantially all of the assets or shares of the Company or other business combination, restructuring or change of control transaction, including any such transaction intended to result in the Company becoming subject to the reporting requirements of Section 13 of 15(d) of the Exchange Act (or becoming a voluntary filer under the Exchange Act), a business combination intended to increase the number of shareholders of the Company to facilitate listing on a Trading Market, a business combination with a special purpose acquisition company, or a business combination with a company that is listed on a Trading Market.

(d) Each Holder agrees to furnish to the Company a completed Questionnaire in the form attached to this Agreement as Annex B (a **"Selling Holder Questionnaire"**). The Company shall not be required to include the Registrable Securities of a Holder in any Registration Statement and shall not be required to pay any PIK Dividends under Section 2(c) and the Company's Articles of Incorporation to any Holder who fails to furnish to the Company a fully completed Selling Holder Questionnaire at least two Business Days prior to the Filing Deadline (subject to the requirements set forth in Section 3(a)).

3. Registration Procedures. In connection with the Company's registration obligations hereunder:

(a) The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which the "Selling Stockholders" section thereof materially differs from the disclosure received from a Holder in its Selling Holder Questionnaire (as amended or supplemented). The Company

shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which it (i) characterizes any Holder as an underwriter, unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire, (ii) excludes a particular Holder due to such Holder refusing to be named as an underwriter, unless so required pursuant to written comments received from the Commission, or (iii) reduces the number of Registrable Securities being registered on behalf of a Holder without such Holder's express written authorization. The Company shall also ensure that each Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading.

(b) The Company shall (i) prepare and file with the Commission such amendments, including post-effective amendments, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to each Registration Statement or any amendment thereto, and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the Registration Statement(s) and the disposition of all Registrable Securities covered by each Registration Statement.

(c) The Company shall notify B. Riley and the Holders as promptly as reasonably possible (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; and (B) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (iv) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Company shall use its commercially reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify the Holders of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(e) The Company shall promptly deliver to the Holders, without charge, as many copies of each Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as the Holders may reasonably request. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(f) Prior to any public offering of Registrable Securities, the Company shall register or qualify such Registrable Securities for offer and sale under the securities or Blue Sky laws of all jurisdictions within the United States as any Holder may request, to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statements; provided, however, in connection with any such registration or qualification, the Company shall not be required to (i) qualify to do business in any jurisdiction where the Company would not otherwise be required to qualify, (ii) subject itself to general taxation in any such jurisdiction, (iii) file a general consent to service of process in any jurisdiction, or (iv) make any change to the Company's articles of incorporation or bylaws.

(g) Except to the extent the Registrable Securities are eligible to be transferred in book-entry form through the facilities of the Depository Trust Company or the book-entry system of the Company's transfer agent, the Company shall cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement(s). Such book-entry securities or certificates, as applicable, shall be free, to the extent permitted by the Placement Agent Agreement and by applicable federal securities laws, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(h) As promptly as reasonably possible upon the occurrence of any event contemplated by Section 3(c)(iv), the Company shall prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

( ) For so long as the Registrable Securities that have been registered under a Registration Statement remain Registrable Securities, the Company shall notify the Holders thereof in writing of the happening of any event, as promptly as reasonably practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information), and shall promptly prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission. The Company shall also notify the Holders of Registrable Securities that have been registered under a Registration Statement in writing as promptly as reasonably possible when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when the Registration Statement or any post-effective amendment relating to such Registrable Securities has become effective.

(a) If any Holder is required under applicable securities laws to be described in the Registration Statement as an underwriter, at the reasonable request of such Holder, the Company shall furnish to such Holder, on the date of the effectiveness of the Registration Statement and thereafter from time to time on such dates as a Holder may reasonably request: (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Holders, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance reasonably acceptable to such counsel and as is customarily given in an underwritten public offering, addressed to the Holders.

(b) Other than the information regarding a Holder provided by such Holder to the Company for inclusion in a Registration Statement, the Company shall hold in confidence and not make any disclosure of information concerning a Holder provided to the Company unless: (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii)

the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning a Holder is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Holder and allow such Holder, at the Holder's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(l) The Company shall use its commercially reasonable efforts to cause all of the Registrable Securities covered by a Registration Statement to be listed on each Trading Market on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such Trading Market. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(l).

(m) The Company shall cooperate with the Holders who hold Registrable Securities being offered and, to the extent applicable, facilitate the timely preparation and delivery of certificates or book-entry securities (not bearing any restrictive legend to the extent permitted by the subscription agreements with the Investors and the federal securities laws) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates or book-entry securities to be in such denominations or amounts, as the case may be, as the Holders may reasonably request and registered in such names as the Holders may request.

(n) If requested by a Holder and to the extent legally required for the Holder to offer and sell Registrable Securities, the Company shall as soon as practicable: (i) incorporate in a prospectus supplement or post-effective amendment such information as a Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement if reasonably requested by a Holder holding any Registrable Securities.

(o) The Company's obligation to file the Resale Shelf Registration Statement pursuant to Section 2(a) shall not be affected by the filing or effectiveness of a registration statement on Form S-1 or such other form under the Securities Act providing for the initial public offering of the Common Stock (the "**IPO Registration Statement**"). The Company will not permit the IPO Registration Statement to go effective prior to the effectiveness of the Resale Shelf Registration Statement.

4 . Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed or traded for trading, (B) with respect to filings with FINRA by any underwriter's counsel for compensation review pursuant to FINRA Rule 5110, and (C) in compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by a Holder), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any Trading Market as required hereunder. In no event shall the Company be responsible for any broker or similar commissions incurred by any Holder or, except to the extent provided for in the Transaction Agreements, any legal fees or other cost of the Holders in connection with this Agreement.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, investment advisors, partners, members and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was furnished in writing to the Company by or on behalf of such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon any untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent that, such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by or on behalf of such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and furnished in writing by or on behalf of such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an

"**Indemnified Party**"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party); provided, that, the Indemnifying Party shall pay for no more than two separate sets of counsel for all Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten trading days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), (i) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6 . Reports Under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 or any other similar rule or regulation of the SEC that may at any time permit the Holders to sell Registrable Securities of the Company to the public without registration, the Company agrees, commencing with the date that the Company becomes subject to periodic reporting requirements under Section 13(a) or Section 15(d) of the Exchange Act and continuing for so long as Registrable Securities are outstanding and held by the Holders, to:

(a) make and keep public information available, as those terms are understood, defined and required in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company is and remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Holder so long as such Holder owns Registrable Securities, promptly upon request, such information as may be reasonably and customarily requested to permit the Holders to sell such securities pursuant to Rule 144 without registration.

7. Assignment of Registration Rights. The rights under this Agreement shall be automatically assignable by the Investors to any permitted transferee of all or any portion of such Investor's Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights and such transferee agrees to be bound by the terms of this Agreement, and a copy of such agreement is furnished to the Company within five (5) Business Days after such assignment; (ii) the Company is, within five (5) Business Days after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act or applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; and (v) such transfer shall have been made in accordance with the applicable requirements of the Placement Agent Agreement.

8. Miscellaneous.

(a) Remedies. In the event of a breach by the Company, B. Riley or by a Holder, of any of their obligations under this Agreement, each Holder, B. Riley or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company, B. Riley and each Holder agree that monetary damages would not provide adequate

compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(c) Discontinued Disposition. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(d) Piggy-Back Registrations. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each Holder written notice of such determination and, if within fifteen calendar days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such holder requests to be registered, subject to customary underwriter cutbacks applicable to all holders of registration rights and other customary conditions of, and documentation required by, the underwriters of such offering.

(e) Amendments and Waivers. Except as set forth otherwise herein, the provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given, without the written consent of the Company and the Required Holders or, in the case of Section 2, the written consent of the Company and the Required Holders but substituting eighty percent (80%) for the majority threshold in such case; *provided, however*, that for purposes of this Section 8(e), Registrable Securities that are owned, directly or indirectly, by the Company or any of its subsidiaries shall not be deemed to be outstanding. No amendment shall be deemed effective unless it applies uniformly to all Holders. Notwithstanding the foregoing, a waiver or consent to or departure from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders may be given by such Holder; *provided* that the provisions of this sentence may not be amended, modified or supplemented except in accordance with the provisions of the first and second sentences of this paragraph.

(f) Notices. All notices and other communications, provided for or permitted hereunder, shall be made in writing and delivered by electronic mail (with receipt confirmed), overnight courier, registered or certified mail, return receipt requested, or by telegram:

i. if to a Holder, at the most current address given by the transfer agent and registrar of the Shares to the Company;

ii. if to the Company, shall be sufficient in all respects if delivered to the Company at the offices of the Company at 3811 Turtle Creek Blvd., Suite 2125, Dallas, Texas 75219, Attention: Wes Cummins; with a copy to Wick Phillips, 3131 McKinney Avenue, Suite 500, Dallas, Texas 75204, Attention: Matthew Zucker; and

iii. if to B. Riley, shall be sufficient in all respects if delivered or sent to B. Riley Securities, Inc., 299 Park Avenue, New York, New York 10171, Attention: General Counsel; with a copy to Nelson Mullins Riley & Scarborough LLP, 101 Constitution Avenue, NW, Suite 900, Washington, DC 20001, Attention: Jonathan H. Talcott.

(g) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, including, without limitation and without the need for an express assignment or assumption, subsequent Holders. The Company agrees that the Holders shall be third party beneficiaries to the agreements made hereunder by the parties hereto, and each Holder shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights hereunder.

(h) Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile or email transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile or email signature were the original thereof.

(i) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to any principle or rule that would require the application of the law of any other state. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, employees or agents) will be commenced in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of this Agreement, then the prevailing party in such Proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(j) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(k) Entire Agreement. This Agreement, the Placement Agent Agreement, and the Right of First Refusal and Co-Sale Agreement (collectively, the "**Transaction Agreements**") and the instruments referenced herein and therein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the Placement Agent Agreement, and the Right of First Refusal and Co-Sale Agreement and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

(l) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) Registrable Securities Held by the Company or its Affiliates. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company, its subsidiaries or members of management of the Company and the board of directors of the Company shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(n) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(o) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder under this Agreement are several and not joint with the obligations of any other Holder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder under this Agreement. Nothing contained herein or in any Transaction Agreement, and no action taken by any Holder pursuant thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement or any other Transaction Agreement, or with respect to any Holder's beneficial ownership of its Registrable Securities. Each Holder acknowledges that no other Holder will be acting as agent of such Holder in enforcing its rights under this Agreement. Each Holder shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any Proceeding for such purpose. The Company acknowledges that each of the Holders has been provided with the same Registration Rights Agreement for the purpose of closing a transaction with multiple Holders and not because it was required or requested to do so by any Holder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

COMPANY:

APPLIED BLOCKCHAIN, INC.

By: /s/ Wes Cummins

Name: Wes Cummins
Title: CEO

B. RILEY SECURITIES, INC.

By: /s/Jimmy Baker

Name: Jimmy Baker
Title: EVP, Head of Capital Markets

Annex A

Plan of Distribution

The selling stockholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of Common Stock on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. These sales may be at fixed or negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits Investors;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- through the writing of options on the shares;
- to cover short sales made after the date that this Registration Statement is declared effective by the Commission;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share; and

· a combination of any such methods of sale.

The selling stockholders may also sell shares under Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), or another exemption, if available, rather than under this prospectus. The selling stockholders shall have the sole and absolute discretion not to accept any purchase offer or make any sale of shares if it deems the purchase price to be unsatisfactory at any particular time.

The selling stockholders or their respective pledgees, donees, transferees or other successors in interest, may also sell the shares directly to market makers acting as principals and/or broker-dealers acting as agents for themselves or their customers. Such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal or both, which compensation as to a particular broker-dealer might be in excess of customary commissions. Market makers and block purchasers purchasing the shares will do so for their own account and at their own risk. It is possible that a selling stockholder will attempt to sell shares of common stock in block transactions to market makers or other purchasers at a price per share which may be below the then existing market price. We cannot assure that all or any of the shares offered in this prospectus will be issued to, or sold by, the selling stockholders. The selling stockholders and any brokers, dealers or agents, upon effecting the sale of any of the shares offered in this prospectus, may be deemed to be "underwriters" as that term is defined under the Securities Act, the Exchange Act and the rules and regulations of such acts. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

We are required to pay all fees and expenses incident to the registration of the shares, including fees and disbursements of counsel to the selling stockholders, but excluding brokerage commissions or underwriter discounts.

The selling stockholders, alternatively, may sell all or any part of the shares offered in this prospectus through an underwriter. The selling stockholders have not entered into any agreement with a prospective underwriter and there is no assurance that any such agreement will be entered into.

The selling stockholders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling stockholder defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares. The selling stockholders and any other persons participating in the sale or distribution of the shares will be subject to applicable provisions of the Exchange Act, and the rules and regulations under such act, including, without limitation, Regulation M. These provisions may restrict certain activities of, and limit the timing of purchases and sales of any of the shares by, the selling stockholders or any other such person. In the event that any of the selling stockholders are deemed an affiliated purchaser or distribution participant within the meaning of Regulation M, then the selling stockholders will not be permitted to engage in short sales of common stock. Furthermore, under Regulation M, persons engaged in a distribution of securities are prohibited from simultaneously engaging in market making and certain other activities with respect to such securities for a specified period of time prior to the commencement of such distributions, subject to specified exceptions or exemptions. In addition, if a short sale is deemed to be a stabilizing activity, then the selling stockholders will not be permitted to engage in a short sale of our common stock. All of these limitations may affect the marketability of the shares.

If a selling stockholder notifies us that it has a material arrangement with a broker-dealer for the resale of the common stock, then we would be required to amend the registration statement of which this prospectus is a part, and file a prospectus supplement to describe the agreements between the selling stockholder and the broker-dealer.

Annex B

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of common stock (the **"Common Stock"**), of Applied Blockchain, Inc., a Nevada corporation (the **"Company"**), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the **"Commission"**) a Registration Statement for the registration and resale of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement, dated as of April 12, 2021 (the **"Registration Rights Agreement"**), among the Company and the Investors named therein. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Securityholder:

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities Listed in Item 3 below are held:

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire):

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2. Address for Notices to Selling Securityholder:

Telephone:

Address:

Email:

Contact Person:

3. Beneficial Ownership of Registrable Securities:

Type and Amount of Registrable Securities beneficially owned:

4. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

Note: If yes, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(b) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(c) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

5. Beneficial Ownership of Other Securities of the Company Owned by the Selling Securityholder.

Except as set forth below in this Item 5, the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item 3.

Type and Amount of Other Securities beneficially owned by the Selling Securityholder:

_____

_____

6. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

7. The Company has advised each Selling Securityholder that it is the view of the Commission that it may not use shares registered on the Registration Statement to cover short sales of Common Stock made prior to the date on which the Registration Statement is declared effective by the Commission, in accordance with SEC Division of Corporation Finance Compliance & Disclosure Interpretations, Securities Act Sections, §239.10. If a Selling Securityholder uses the prospectus for any sale of the Common Stock, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Securityholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Securityholders in connection with resales of their respective shares under the Registration Statement.

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and prior to the Effective Date for the Registration Statement.

Certain legal consequences arise from being named as a Selling Securityholder in the Registration Statement and related prospectus. Accordingly, the undersigned is advised to consult their own securities law counsel regarding the consequence of being named or not being named as a Selling Securityholder in the Registration Statement and the related prospectus.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 6 and the inclusion of such information in the Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus. The undersigned hereby elects to include the Registrable Securities owned by it and listed above in Item 3 (unless otherwise specified in Item 3) in the Registration Statement.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____ Beneficial Owner:

By: _____

Name:

Title:

PLEASE EMAIL A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE TO:

Wick Phillips
3131 McKinney Avenue, Suite 500
Dallas, Texas 75204
Attn: Adam C. August
Adam.August@wickphillips.com

Exhibit 4.2

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this "Agreement") is made and entered into as of July 30, 2021, by and among Applied Blockchain, Inc., a Nevada corporation (together with any successor entity thereto, the "Company"), and B. Riley Securities, Inc., a Delaware corporation, as the placement agent ("B. Riley"), for the benefit of B. Riley and the Investors (as defined below).

WHEREAS, in connection with the Placement Agent Agreement by and between the Company and B. Riley dated as of July 30, 2021 (the "Placement Agent Agreement"), the Company has agreed, upon the terms and subject to the conditions set forth in the Placement Agent Agreement and Subscription Agreements (as defined below) with each of the Investors, to issue and sell to each Investor shares of its Series D Convertible Redeemable Preferred Stock, $0.001 par value per share (the "Series D Preferred Stock"); and

WHEREAS, in order to induce B. Riley to enter into the Placement Agent Agreement, the Company has agreed to provide the registration rights provided for in this Agreement to the Holders. The execution of this Agreement is a condition to the closing of the transactions contemplated by the Placement Agent Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and B. Riley hereby agree as follows:

1 . Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Placement Agent Agreement will have the respective meanings given such terms in the Placement Agent Agreement. As used in this Agreement, the following terms have the respective meanings set forth in this Section 1 and other terms are defined throughout this Agreement:

"Business Day" means a day other than Saturday, Sunday or any other day which commercial banks in New York, New York are authorized or required by law to close.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Common Stock**" means the common stock, par value $0.001 per share, of the Company.

"**Definitive Instrument**" has the meaning given to it in Section 2(c).

"Effective Date" means, as to a Registration Statement, the date on which such Registration Statement is first declared effective by the Commission.

"Effectiveness Deadline" means December 15, 2021.

"Effectiveness Period" means, as to any Registration Statement required to be filed pursuant to this Agreement, the period commencing on the Effective Date of such Registration Statement and ending on (a) the date that all of the Registrable Securities covered by such Registration Statement have been publicly sold by the Holders of the Registrable Securities included therein, or (b) such time as all of the Registrable Securities covered by such Registration Statement may be sold by the Holders without restriction pursuant to Rule 144 as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Filing Deadline" means August 15, 2021.

"Holder" or **"Holders"** means the holder or holders, as the case may be, from time to time of Registrable Securities and, if other than an Investor, a Person to whom the rights hereunder have been properly assigned pursuant to Section 7 hereof.

"Investors" means the purchasers of the Series D Preferred Stock pursuant to the Subscription Agreements.

"**Losses**" has the meaning given to it in Section 5(a).

"New York Courts" means the state and federal courts sitting in the City of New York, Borough of Manhattan, State of New York.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means: (i) any shares of Common Stock issuable or issued upon conversion of the Series D Preferred Stock issued to Investors pursuant to the applicable Subscription Agreement; and (ii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event, or any price adjustment as a result of such stock splits, reverse stock splits or similar events with respect to any of the securities referenced in clause (i) above, including any PIK Dividends on the Series D Preferred Stock (as defined in the Company's Certificate of Designations of the Series D Preferred Stock). Notwithstanding the foregoing, a security shall cease to be a Registrable Security for purposes of this Agreement from and after such time as the Holder of such security may resell such security without restriction under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders.

"Registration Statement" means any registration statement of the Company filed or confidentially submitted with the Commission under the Securities Act that covers the resale of Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

"Required Holders" means the Holders of a majority of the outstanding shares of Series D Preferred Stock or, if the Series D Preferred Stock has been converted into Common Stock, the Holders of a majority of the Registrable Securities, or, if the Series D Preferred Stock has been converted in part but not in whole, the Holders of a majority of the Registrable Securities and the Registrable Securities underlying the outstanding Series D Preferred Stock on an as-converted to Common Stock basis, in the aggregate.

"Right of First Refusal and Co-Sale Agreement" means the agreement by and among the Company and the parties listed on Schedule A thereto dated as of July 30, 2021.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"**Significant Transaction Event**" has the meaning given to it in Section 2(c).

"Subscription Agreements" means the subscription agreements entered into by and between the Company and the Investors, dated on or about the date hereof, for the sale and purchase of shares of the Series D Preferred Stock.

"Trading Market" means any of the New York Stock Exchange, the NYSE American, the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market, or any other national securities exchange, or OTCQB or OTCQX (or any successors to any of the foregoing).

2. Registration.

(a) On or prior to the Filing Deadline, the Company shall prepare and file or confidentially submit with the Commission a Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 (a "**Resale Shelf Registration Statement**"). The Resale Shelf Registration Statement shall be filed on Form S-1 (or on such other form appropriate for such purpose) and contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a "Plan of Distribution" in substantially the form attached hereto as Annex A. The Company shall cause the Resale Shelf Registration Statement to be declared effective under the Securities Act as soon as reasonably practicable but, in any event, no later than the Effectiveness Deadline, and shall use its reasonable best efforts to keep each such Resale Shelf Registration Statement continuously effective during its entire Effectiveness Period. By 5:00 p.m. (New York City time) on the Business Day immediately following the Effective Date of the Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 under the Securities Act the final prospectus to be used in connection with sales pursuant to such Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule).

(b) Promptly following any date on which the Company becomes eligible to use a registration statement on Form S-3 to register Registrable Securities for resale, the Company shall file a Registration Statement on Form S-3 covering all securities that are then deemed Registrable Securities (or a post-effective amendment on Form S-3 to the then effective Registration Statement) for an offering to be made on a continuous basis pursuant to Rule 415 (an "**S-3 Resale Shelf Registration Statement**") and shall cause such S-3 Resale Shelf Registration Statement to be filed as soon as commercially reasonable and declared effective under the Securities Act as soon as reasonably possible thereafter. Such S-3 Resale Shelf Registration Statement shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such S-3 Resale Shelf Registration Statement, other than as to the characterization of any Holder as an underwriter, which shall not occur unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire) a "Plan of Distribution" in substantially the form attached hereto as Annex A. The Company shall use its commercially reasonable efforts to keep such S-3 Resale Shelf Registration Statement continuously effective under the Securities Act during the entire Effectiveness Period. By 5:00 p.m. (New York City time) on the Business Day immediately following the Effective Date of such S-3 Resale Shelf Registration Statement, the Company shall file with the Commission in accordance with Rule 424 under the Securities Act the final prospectus to be used in connection with sales pursuant to such S-3 Resale Shelf Registration Statement (whether or not such filing is technically required under such Rule).

(c) If: (i) the Resale Shelf Registration Statement is not filed on or prior to the Filing Deadline covering the Registrable Securities required under this Agreement to be included therein pursuant to Section 2(a), or (ii) the Resale Shelf Registration Statement is not declared effective by the Commission on or prior to the Effectiveness Deadline and the Registrable Securities are not listed on a Trading Market (any such failure to meet the applicable deadlines in clauses (i) and (ii) of this sentence being referred to as an **"Event,"** and the date on which such Event occurs being referred to as **"Event Date"**), then in addition to any other rights the Investors may have hereunder or under applicable law, on each such Event Date, PIK Dividends (as defined in the Company's Certificate of Designations of the Series D Preferred Stock) shall accrue and be payable on the outstanding shares of Series D Preferred Stock in accordance with and subject to the terms and conditions of the Company's Certificate of Designations of the Series D Preferred Stock, until the applicable Event is cured. Notwithstanding the foregoing, (i) if on or prior to October 15, 2021, the Company enters into a binding definitive agreement or binding instrument relating to a Significant Transaction Event (a "**Definitive Instrument**"), then the Company shall have no obligation to pay any PIK Dividends accrued or payable through such date and any PIK Dividends that have accrued prior to such date shall be cancelled, and (ii) if the Company has entered into a Definitive Instrument on or prior to October 15, 2021 and has consummated the Significant Transaction Event on or prior to February 15, 2022, then the Company shall have no obligation to pay any PIK Dividends accrued or payable through such date and any PIK Dividends accrued prior to such date shall be cancelled. A "**Significant Transaction Event**" means (i) a merger or other business combination designed to increase the number of stockholders of the Company in order to facilitate a listing on a Trading Market, (ii) a business combination with a special purpose acquisition company that results in the Company's securities being listed for trading on a Trading Market, or (iii) a business combination with a company that is listed on a Trading Market that results in the Company's securities being listed for trading on a Trading Market.

(d) Each Holder agrees to furnish to the Company a completed Questionnaire in the form attached to this Agreement as Annex B (a **"Selling Holder Questionnaire"**). The Company shall not be required to include the Registrable Securities of a Holder in any Registration Statement and shall not be required to pay any PIK Dividends under Section 2(c) and the Company's Certificate of Designations of the Series D Preferred Stock to any Holder who fails to furnish to the Company a fully

completed Selling Holder Questionnaire at least two Business Days prior to the Filing Deadline (subject to the requirements set forth in Section 3(a)).

3. Registration Procedures. In connection with the Company's registration obligations hereunder:

(a) The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which the "Selling Stockholders" section thereof materially differs from the disclosure received from a Holder in its Selling Holder Questionnaire (as amended or supplemented). The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which it (i) characterizes any Holder as an underwriter, unless such characterization is consistent with written information provided by the Holder in the Selling Holder Questionnaire, (ii) excludes a particular Holder due to such Holder refusing to be named as an underwriter, unless so required pursuant to written comments received from the Commission, or (iii) reduces the number of Registrable Securities being registered on behalf of a Holder without such Holder's express written authorization. The Company shall also ensure that each Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading.

(b) The Company shall (i) prepare and file with the Commission such amendments, including post-effective amendments, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to each Registration Statement or any amendment thereto, and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the Registration Statement(s) and the disposition of all Registrable Securities covered by each Registration Statement.

(c) The Company shall notify B. Riley and the Holders as promptly as reasonably possible (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; and (B) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (iv) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The Company shall use its commercially reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify the Holders of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(e) The Company shall promptly deliver to the Holders, without charge, as many copies of each Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as the Holders may reasonably request. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(f) Prior to any public offering of Registrable Securities, the Company shall register or qualify such Registrable Securities for offer and sale under the securities or blue sky laws of all jurisdictions within the United States as any Holder may request, to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statements; provided, however, in connection with any such registration or qualification, the Company shall not be required to (i) qualify to do business in any jurisdiction where the Company would not otherwise be required to qualify, (ii) subject itself to general taxation in any such jurisdiction, (iii) file a general consent to service of process in any jurisdiction, or (iv) make any change to the Company's articles of incorporation or bylaws.

(g) Except to the extent the Registrable Securities are eligible to be transferred in book-entry form through the facilities of the Depository Trust Company or the book-entry system of the Company's transfer agent, the Company shall cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement(s). Such book-entry securities or certificates, as applicable, shall be free, to the extent permitted by the Placement Agent Agreement and by applicable federal securities laws, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(h) As promptly as reasonably possible upon the occurrence of any event contemplated by Section 3(c)(iv), the Company shall prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) For so long as the Registrable Securities that have been registered under a Registration Statement remain Registrable Securities, the Company shall notify the Holders thereof in writing of the happening of any event, as promptly as reasonably practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information), and shall promptly prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission. The Company shall also notify the Holders of Registrable Securities that have been registered under a Registration Statement in writing as promptly as reasonably possible when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when the Registration Statement or any post-effective amendment relating to such Registrable Securities has become effective.

(j) If any Holder is required under applicable securities laws to be described in the Registration Statement as an underwriter, at the reasonable request of such Holder, the Company shall furnish to such Holder, on the date of the effectiveness of the Registration Statement and thereafter from time to time on such dates as a Holder may reasonably request: (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by

independent certified public accountants to underwriters in an underwritten public offering, addressed to the Holders, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance reasonably acceptable to such counsel and as is customarily given in an underwritten public offering, addressed to the Holders.

(k) Other than the information regarding a Holder provided by such Holder to the Company for inclusion in a Registration Statement, the Company shall hold in confidence and not make any disclosure of information concerning a Holder provided to the Company unless: (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning a Holder is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Holder and allow such Holder, at the Holder's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(l) The Company shall use its commercially reasonable efforts to cause all of the Registrable Securities covered by a Registration Statement to be listed on each Trading Market on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such Trading Market. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(l).

(m) The Company shall cooperate with the Holders who hold Registrable Securities being offered and, to the extent applicable, facilitate the timely preparation and delivery of certificates or book-entry securities (not bearing any restrictive legend to the extent permitted by the Subscription Agreements with the Investors and the federal securities laws) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates or book-entry securities to be in such denominations or amounts, as the case may be, as the Holders may reasonably request and registered in such names as the Holders may request.

(n) If requested by a Holder and to the extent legally required for the Holder to offer and sell Registrable Securities, the Company shall as soon as practicable: (i) incorporate in a prospectus supplement or post-effective amendment such information as a Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement if reasonably requested by a Holder holding any Registrable Securities.

(o) The Company's obligation to file the Resale Shelf Registration Statement pursuant to Section 2(a) shall not be affected by the filing or effectiveness of a registration statement on Form S-1 or such other form under the Securities Act providing for the initial public offering of the Common Stock (the "**IPO Registration Statement**"). The Company will not permit the IPO Registration Statement to go effective prior to the effectiveness of the Resale Shelf Registration Statement.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed or traded for trading, (B) with respect to filings with FINRA by any underwriter's counsel for compensation review pursuant to FINRA Rule 5110, and (C) in compliance with applicable state securities or blue sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by a Holder), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any Trading Market as required hereunder. In no event shall the Company be responsible for any broker or similar commissions incurred by any Holder or, except to the extent provided for in the Transaction Agreements, any legal fees or other cost of the Holders in connection with this Agreement.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, investment advisors, partners, members and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was furnished in writing to the Company by or on behalf of such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon any untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent,

but only to the extent that, such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by or on behalf of such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and furnished in writing by or on behalf of such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "**Indemnified Party**"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party); provided, that, the Indemnifying Party shall pay for no more than two separate sets of counsel for all Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten trading days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), (i) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6 . Reports Under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 or any other similar rule or regulation of the Commission that may at any time permit the Holders to sell Registrable Securities of the Company to the public without registration, the Company agrees, commencing with the date that the Company becomes subject to periodic reporting requirements under Section 13(a) or Section 15(d) of the Exchange Act and continuing for so long as Registrable Securities are outstanding and held by the Holders, to:

(a) make and keep public information available, as those terms are understood, defined and required in Rule 144;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company is and remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Holder so long as such Holder owns Registrable Securities, promptly upon request, such information as may be reasonably and customarily requested to permit the Holders to sell such securities pursuant to Rule 144 without registration.

7 . Assignment of Registration Rights. The rights under this Agreement shall be automatically assignable by the Investors to any permitted transferee of all or any portion of such Investor's Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights and such transferee agrees to be bound by the terms of this Agreement, and a copy of such agreement is furnished to the Company within five (5) Business Days after such assignment; (ii) the Company is, within five (5) Business Days after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act or applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by

clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; and (v) such transfer shall have been made in accordance with the applicable requirements of the Placement Agent Agreement.

8. Miscellaneous.

(a) Remedies. In the event of a breach by the Company, B. Riley or by a Holder, of any of their obligations under this Agreement, each Holder, B. Riley or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company, B. Riley and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(c) Discontinued Disposition. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(d) Piggy-Back Registrations. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each Holder written notice of such determination and, if within fifteen calendar days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such holder requests to be registered, subject to customary underwriter cutbacks applicable to all holders of registration rights, including holders of the Company's Series C Convertible Redeemable Preferred Stock, par value $0.001 per share, and other customary conditions of, and documentation required by, the underwriters of such offering.

(e) Amendments and Waivers. Except as set forth otherwise herein, the provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given, without the written consent of the Company and the Required Holders or, in the case of Section 2, the written consent of the Company and the Required Holders but substituting eighty percent (80%) for the majority threshold in such case; *provided, however*, that for purposes of this Section 8(e), Registrable Securities that are owned, directly or indirectly, by the Company or any of its subsidiaries shall not be deemed to be outstanding. No amendment shall be deemed effective unless it applies uniformly to all Holders. Notwithstanding the foregoing, a waiver or consent to or departure from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders may be given by such Holder; *provided* that the provisions of this sentence may not be amended, modified or supplemented except in accordance with the provisions of the first and second sentences of this paragraph.

(f) Notices. All notices and other communications, provided for or permitted hereunder, shall be made in writing and delivered by electronic mail (with receipt confirmed), overnight courier, registered or certified mail, return receipt requested, or by telegram:

i. if to a Holder, at the most current address given by the transfer agent and registrar of the Shares to the Company;

ii. if to the Company, shall be sufficient in all respects if delivered to the Company at the offices of the Company at 3811 Turtle Creek Blvd., Suite 2100, Dallas, Texas 75219, Attention: Wes Cummins; with a copy to Wick Phillips, 3131 McKinney Avenue, Suite 500, Dallas, Texas 75204, Attention: Matthew Zucker; and

iii. if to B. Riley, shall be sufficient in all respects if delivered or sent to B. Riley Securities, Inc., 299 Park Avenue, New York, New York 10171, Attention: General Counsel; with a copy to Nelson Mullins Riley & Scarborough LLP, 101 Constitution Avenue, NW, Suite 900, Washington, DC 20001, Attention: Jonathan H. Talcott.

(g) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, including, without limitation and without the need for an express assignment or assumption, subsequent Holders. The Company agrees that the Holders shall be third party beneficiaries to the agreements made hereunder by the parties hereto, and each Holder shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights hereunder.

(h) Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile or email transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile or email signature were the original thereof.

(i) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to any principle or rule that would require the application of the law of any other state. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, employees or agents) will be commenced in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of this Agreement, then the prevailing party in such Proceeding shall be reimbursed by the other party for its attorney's fees

and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(j) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(k) Entire Agreement. This Agreement, the Placement Agent Agreement, and the Right of First Refusal and Co-Sale Agreement (collectively, the "**Transaction Agreements**") and the instruments referenced herein and therein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. The Transaction Agreements and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

(l) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) Registrable Securities Held by the Company or its Affiliates. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company, its subsidiaries or members of management of the Company and the board of directors of the Company shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(n) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(o) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder under this Agreement are several and not joint with the obligations of any other Holder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder under this Agreement. Nothing contained herein or in any Transaction Agreement, and no action taken by any Holder pursuant thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement or any other Transaction Agreement, or with respect to any Holder's beneficial ownership of its Registrable Securities. Each Holder acknowledges that no other Holder will be acting as agent of such Holder in enforcing its rights under this Agreement. Each Holder shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any Proceeding for such purpose. The Company acknowledges that each of the Holders has been provided with the same Registration Rights Agreement for the purpose of closing a transaction with multiple Holders and not because it was required or requested to do so by any Holder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

COMPANY:

APPLIED BLOCKCHAIN, INC.

By: /s/ Wes Cummins

Name: Wes Cummins
Title: Chief Executive Director

B. RILEY SECURITIES, INC.

By: /s/ Jimmy Baker

Name: Jimmy Baker
Title: EVP, Head of Capital Markets

Annex A

Plan of Distribution

The selling stockholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of Common Stock on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. These sales may be at fixed or negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits Investors;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;

- privately negotiated transactions;
- through the writing of options on the shares;
- to cover short sales made after the date that this Registration Statement is declared effective by the Commission;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share; and
- a combination of any such methods of sale.

The selling stockholders may also sell shares under Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), or another exemption, if available, rather than under this prospectus. The selling stockholders shall have the sole and absolute discretion not to accept any purchase offer or make any sale of shares if it deems the purchase price to be unsatisfactory at any particular time.

The selling stockholders or their respective pledgees, donees, transferees or other successors in interest, may also sell the shares directly to market makers acting as principals and/or broker-dealers acting as agents for themselves or their customers. Such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal or both, which compensation as to a particular broker-dealer might be in excess of customary commissions. Market makers and block purchasers purchasing the shares will do so for their own account and at their own risk. It is possible that a selling stockholder will attempt to sell shares of common stock in block transactions to market makers or other purchasers at a price per share which may be below the then existing market price. We cannot assure that all or any of the shares offered in this prospectus will be issued to, or sold by, the selling stockholders. The selling stockholders and any brokers, dealers or agents, upon effecting the sale of any of the shares offered in this prospectus, may be deemed to be "underwriters" as that term is defined under the Securities Act, the Exchange Act and the rules and regulations of such acts. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

We are required to pay all fees and expenses incident to the registration of the shares, including fees and disbursements of counsel to the selling stockholders, but excluding brokerage commissions or underwriter discounts.

The selling stockholders, alternatively, may sell all or any part of the shares offered in this prospectus through an underwriter. The selling stockholders have not entered into any agreement with a prospective underwriter and there is no assurance that any such agreement will be entered into.

The selling stockholders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling stockholder defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares. The selling stockholders and any other persons participating in the sale or distribution of the shares will be subject to applicable provisions of the Exchange Act, and the rules and regulations under such act, including, without limitation, Regulation M. These provisions may restrict certain activities of, and limit the timing of purchases and sales of any of the shares by, the selling stockholders or any other such person. In the event that any of the selling stockholders are deemed an affiliated purchaser or distribution participant within the meaning of Regulation M, then the selling stockholders will not be permitted to engage in short sales of common stock. Furthermore, under Regulation M, persons engaged in a distribution of securities are prohibited from simultaneously engaging in market making and certain other activities with respect to such securities for a specified period of time prior to the commencement of such distributions, subject to specified exceptions or exemptions. In addition, if a short sale is deemed to be a stabilizing activity, then the selling stockholders will not be permitted to engage in a short sale of our common stock. All of these limitations may affect the marketability of the shares.

If a selling stockholder notifies us that it has a material arrangement with a broker-dealer for the resale of the common stock, then we would be required to amend the registration statement of which this prospectus is a part, and file a prospectus supplement to describe the agreements between the selling stockholder and the broker-dealer.

Annex B

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of common stock (the **"Common Stock"**), of Applied Blockchain, Inc., a Nevada corporation (the **"Company"**), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the **"Commission"**) a Registration Statement for the registration and resale of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement, dated as of July __, 2021 (the **"Registration Rights Agreement"**), among the Company and the Investors named therein. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Securityholder:

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities Listed in Item 3 below are held:

_____

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire):

_____

2. Address for Notices to Selling Securityholder:

Telephone:

Address:

Email:

Contact Person:

3. Beneficial Ownership of Registrable Securities:

Type and Amount of Registrable Securities beneficially owned:

_____

4. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes [ ] No [ ]

Note: If yes, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(b) Are you an affiliate of a broker-dealer?

Yes [ ] No [ ]

(c) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes [ ] No [ ]

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

5. Beneficial Ownership of Other Securities of the Company Owned by the Selling Securityholder.

Except as set forth below in this Item 5, the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item 3.

Type and Amount of Other Securities beneficially owned by the Selling Securityholder:

6. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

7. The Company has advised each Selling Securityholder that it is the view of the Commission that it may not use shares registered on the Registration Statement to cover short sales of Common Stock made prior to the date on which the Registration Statement is declared effective by the Commission, in accordance with SEC Division of Corporation Finance Compliance & Disclosure Interpretations, Securities Act Sections, §239.10. If a Selling Securityholder uses the prospectus for any sale of the Common Stock, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Securityholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Securityholders in connection with resales of their respective shares under the Registration Statement.

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and prior to the Effective Date for the Registration Statement.

Certain legal consequences arise from being named as a Selling Securityholder in the Registration Statement and related prospectus. Accordingly, the undersigned is advised to consult their own securities law counsel regarding the consequence of being named or not being named as a Selling Securityholder in the Registration Statement and the related prospectus.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 6 and the inclusion of such information in the Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus. The undersigned hereby elects to include the Registrable Securities owned by it and listed above in Item 3 (unless otherwise specified in Item 3) in the Registration Statement.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____ Beneficial Owner: _____

By: _____

Name:
Title:

PLEASE EMAIL A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE TO:

Wick Phillips
3131 McKinney Avenue, Suite 500
Dallas, Texas 75204
Attn: Adam C. August
Adam.August@wickphillips.com

Exhibit 4.3

RIGHT OF FIRST REFUSAL
AND CO-SALE AGREEMENT

THIS RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT (this "**Agreement**"), is made as of 15, 2021 by and among Applied Blockchain, Inc., a Nevada corporation (the "**Company**"), the Investors (as defined below) and the Key Holders (as defined below) listed onSchedule A.

WHEREAS, each Key Holder is the beneficial owner of shares of Capital Stock, or of options to purchase Common Stock;

WHEREAS, the Company and the Investors are parties to those certain subscription agreements, of even date herewith (the '**Subscription Agreements**"), pursuant to which the Investors have agreed to purchase shares of the Series C Preferred Stock of the Company, par value $0.001 per share ("**Series C Preferred Stock**"); and

WHEREAS, the Key Holders and the Company desire to further induce the Investors to purchase the Series C Preferred Stock;

NOW, THEREFORE, the Company, the Key Holders and the Investors agree as follows:

1. Definitions.

1.1 "**Affiliate**" means, with respect to any specified Investor or Key Holder, any other Person who (A) directly or indirectly, controls, is controlled by or is under common control with such Investor or such Key Holder, including, without limitation, any general partner, managing member, officer, director or trustee of such Investor or Key Holder, or (B) any venture capital fund, other investment fund or similar entity now or hereafter existing which is controlled by one (1) or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Investor or such Key Holder.

1.2 "**Board of Directors**" means the board of directors of the Company.

1.3 "**Capital Stock**" means (a) shares of Common Stock and Preferred Stock (whether now outstanding or hereafter issued in any context), (b) shares of Common Stock issued or issuable upon conversion of Preferred Stock, and (c) shares of Common Stock issued or issuable upon exercise or conversion, as applicable, of stock options, warrants or other convertible securities of the Company, in each case now owned or subsequently acquired by any Key Holder, any Investor, or their respective successors or permitted transferees or assigns. For purposes of the number of shares of Capital Stock held by an Investor or Key Holder (or any other calculation based thereon), all shares of Preferred Stock shall be deemed to have been converted into Common Stock at the then-applicable conversion ratios.

1.4 "**Change of Control**" means a transaction or series of related transactions in which a Person, or a group of related Persons, acquires from stockholders of the Company shares representing more than fifty percent (50%) of the outstanding voting power of the Company.

1.5 "**Common Stock**" means shares of Common Stock of the Company, $0.01 par value per share.

1.6 "**Company Notice**" means written notice from the Company notifying the selling Key Holders and each Investor that the Company intends to exercise its Right of First Refusal as to some or all of the Transfer Stock with respect to any Proposed Key Holder Transfer.

1.7 "**Investor Notice**" means written notice from any Investor notifying the Company and the selling Key Holder(s) that such Investor intends to exercise its Secondary Refusal Right as to a portion of the Transfer Stock with respect to any Proposed Key Holder Transfer.

1.8 "**Investors**" means the investors party to the Subscription Agreements, each Person to whom the rights of an Investor are assigned pursuant toSection 6.9, each Person who hereafter becomes a signatory to this Agreement pursuant toSection 6.11 and any one of them, as the context may require.

1.9 "**Key Holders**" means the persons named on Schedule A hereto, each Person to whom the rights of a Key Holder are assigned pursuant toSection 3.1, each Person who hereafter becomes a signatory to this Agreement pursuant to Section 6.9 or 6.17 and any one of them, as the context may require.

1.10 "**Person**" means any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Code), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.11 "**Preferred Stock**" means collectively, all shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock.

1.12 "**Proposed Key Holder Transfer**" means any assignment, sale, offer to sell, pledge, mortgage, hypothecation, encumbrance, disposition of or any other like transfer or encumbering of any Transfer Stock (or any interest therein) proposed by any of the Key Holders.

1.13 "**Proposed Transfer Notice**" means written notice from a Key Holder setting forth the terms and conditions of a Proposed Key Holder Transfer.

1.14 "**Prospective Transferee**" means any Person to whom a Key Holder proposes to make a Proposed Key Holder Transfer.

1.15 "**Right of Co-Sale**" means the right, but not an obligation, of an Investor to participate in a Proposed Key Holder Transfer on the terms and conditions specified in the Proposed Transfer Notice.

1.16 "**Right of First Refusal**" means the right, but not an obligation, of the Company, or its permitted transferees or assigns, to purchase some or all of the Transfer Stock with respect to a Proposed Key Holder Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

1.17 "**Secondary Notice**" means written notice from the Company notifying the Investors and the selling Key Holder that the Company does not intend to exercise its Right of First Refusal as to all shares of any Transfer Stock with respect to a Proposed Key Holder Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

1.18 "**Secondary Refusal Right**" means the right, but not an obligation, of each Investor to purchase up to its pro rata portion (based upon the total number of shares of Capital Stock then held by all Investors on an as-converted basis) of any Transfer Stock not purchased pursuant to the Right of First Refusal, on the terms and conditions specified in the Proposed Transfer Notice.

1.19 "**Series A Preferred Stock**" means the Series A Preferred Stock, par value $0.001 per share, of the Company.

1.20 "**Series B Preferred Stock**" means the Series B Preferred Stock, par value $0.001 per share, of the Company.

1.21 "**Transfer Stock**" means shares of Capital Stock owned by a Key Holder, or issued to a Key Holder after the date hereof (including, without limitation, in connection with any stock split, stock dividend, recapitalization, reorganization, or the like), but does not include any shares of Series C Preferred Stock or of Common Stock that are issued or issuable upon conversion of Series C Preferred Stock.

1.22 "**Undersubscription Notice**" means written notice from an Investor notifying the Company and the selling Key Holder that such Investor intends to exercise its option to purchase all or any portion of the Transfer Stock not purchased pursuant to the Right of First Refusal or the Secondary Refusal Right.

2. Agreement Among the Company, the Investors and the Key Holders.

2.1 Right of First Refusal.

(a) Grant. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Company a Right of First Refusal to purchase all or any portion of Transfer Stock that such Key Holder may propose to transfer in a Proposed Key Holder Transfer, at the same price and on the same terms and conditions as those offered to the Prospective Transferee.

(b) Notice. Each Key Holder proposing to make a Proposed Key Holder Transfer must deliver a Proposed Transfer Notice to the Company and each Investor not later than forty-five (45) days prior to the consummation of such Proposed Key Holder Transfer. Such Proposed Transfer Notice shall contain the material terms and conditions (including price and form of consideration) of the Proposed Key Holder Transfer, the identity of the Prospective Transferee and the intended date of the Proposed Key Holder Transfer. To exercise its Right of First Refusal under this Section 2, the Company must deliver a Company Notice to the selling Key Holder and the Investors within fifteen (15) days after delivery of the Proposed Transfer Notice specifying the number of shares of Transfer Stock to be purchased by the Company. In the event of a conflict between this Agreement and the Company's Bylaws containing a preexisting right of first refusal, the terms of the Bylaws will control and compliance with the Bylaws shall be deemed compliance with this Section 2.1(a) and (b) in full.

(c) Grant of Secondary Refusal Right to the Investors. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Investors a Secondary Refusal Right to purchase all or any portion of the Transfer Stock not purchased by the Company pursuant to the Right of First Refusal, as provided in this Section 2.1(c). If the Company does not provide the Company Notice exercising its Right of First Refusal with respect to all Transfer Stock subject to a Proposed Key Holder Transfer, the Company must deliver a Secondary Notice to the selling Key Holder and to each Investor to that effect no later than fifteen (15) days after the selling Key Holder delivers the Proposed Transfer Notice to the Company. To exercise its Secondary Refusal Right, an Investor must deliver an Investor Notice to the selling Key Holder and the Company within ten (10) days after the Company's deadline for its delivery of the Secondary Notice as provided in the preceding sentence.

(d) Undersubscription of Transfer Stock. If options to purchase have been exercised by the Company and the Investors pursuant to Sections 2.1(b) and (c) with respect to some but not all of the Transfer Stock by the end of the ten (10) day period specified in the last sentence of Section 2.1(c) (the "**Investor Notice Period**"), then the Company shall, within five (5) days after the expiration of the Investor Notice Period, send written notice (the "**Company Undersubscription Notice**") to those Investors who fully exercised their Secondary Refusal Right within the Investor Notice Period (the "**Exercising Investors**"). Each Exercising Investor shall, subject to the provisions of this Section 2.1(d), have an additional option to purchase all or any part of the balance of any such remaining unsubscribed shares of Transfer Stock on the terms and conditions set forth in the Proposed Transfer Notice. To exercise such option, an Exercising Investor must deliver an Undersubscription Notice to the selling Key Holder and the Company within ten (10) days after the expiration of the Investor Notice Period. In the event there are two (2) or more such Exercising Investors that choose to exercise the last-mentioned option for a total number of remaining shares in excess of the number available, the remaining shares available for purchase under this Section 2.1(d) shall be allocated to such Exercising Investors pro rata based on the number of shares of Transfer Stock such Exercising Investors have elected to purchase pursuant to the Secondary Refusal Right (without giving effect to any shares of Transfer Stock that any such Exercising Investor has elected to purchase pursuant to the Company Undersubscription Notice). If the options to purchase the remaining shares are exercised in full by the Exercising Investors, the Company shall immediately notify all of the Exercising Investors and the selling Key Holder of that fact.

(e) Forfeiture of Rights. Notwithstanding the foregoing, if the total number of shares of Transfer Stock that the Company and the Investors have agreed to purchase in the Company Notice, Investor Notices and Undersubscription Notices is less than the total number of shares of Transfer Stock, then the Company and the Investors shall be deemed to have forfeited any right to purchase such Transfer Stock, and the selling Key Holder shall be free to sell all, but not less than all, of the Transfer Stock to the Prospective Transferee on terms and conditions substantially similar to (and in no event more favorable than) the terms and conditions set forth in the Proposed Transfer Notice, it being understood and agreed that: (i) any such sale or transfer shall be subject to the other terms and restrictions of this Agreement, including, without limitation, the terms and restrictions set forth in Sections 2.2 and 6.9(b); (ii) any future Proposed Key Holder Transfer shall remain subject to the terms and conditions of this Agreement, including this Section 2; and (iii) such sale shall be consummated within forty-five (45) days after receipt of the Proposed Transfer Notice by the Company and, if such sale is not consummated within such forty-five (45) day period, such sale shall again become subject to the Right of First Refusal and Secondary Refusal Right on the terms set forth herein.

(f) Consideration; Closing. If the consideration proposed to be paid for the Transfer Stock is in property, services or other non-cash consideration, the fair market value of the consideration shall be as determined in good faith by the Board of Directors and as set forth in the Company Notice. If the Company or any Investor cannot for any reason pay for the Transfer Stock in the same form of non-cash consideration, the Company or such Investor may pay the cash value equivalent thereof, as determined in good faith by the Board of Directors and as set forth in the Company Notice. The closing of the purchase of Transfer Stock by the Company and the Investors shall take place, and all payments from the Company and the Investors shall have been delivered to the selling Key Holder, by the later of (i) the date specified in the Proposed Transfer Notice as the intended date of the Proposed Key Holder Transfer; and (ii) forty-five (45) days after delivery of the Proposed Transfer Notice.

2.2 Right of Co-Sale.

(a) Exercise of Right. If any Transfer Stock subject to a Proposed Key Holder Transfer is not purchased pursuant to Section 2.1 above and thereafter is to be sold to a Prospective Transferee, each respective Investor may elect to exercise its Right of Co-Sale and participate on a pro rata basis in the Proposed Key Holder Transfer as set forth in Section 2.2(b) below and, subject to Section 2.2(d), otherwise on the same terms and conditions specified in the Proposed Transfer Notice. Each

Investor who desires to exercise its Right of Co-Sale (each, a "**Participating Investor**") must give the selling Key Holder written notice to that effect within fifteen (15) days after the deadline for delivery of the Secondary Notice described above, and upon giving such notice such Participating Investor shall be deemed to have effectively exercised the Right of Co-Sale.

(b) Shares Includable. Each Participating Investor may include in the Proposed Key Holder Transfer all or any part of such Participating Investor's Capital Stock equal to the product obtained by multiplying (i) the aggregate number of shares of Transfer Stock subject to the Proposed Key Holder Transfer (excluding shares purchased by the Company or the Participating Investors pursuant to the Right of First Refusal or the Secondary Refusal Right) by (ii) a fraction, the numerator of which is the number of shares of Capital Stock owned by such Participating Investor immediately before consummation of the Proposed Key Holder Transfer (including any shares that such Participating Investor has agreed to purchase pursuant to the Secondary Refusal Right) and the denominator of which is the total number of shares of Capital Stock owned, in the aggregate, by all Participating Investors immediately prior to the consummation of the Proposed Key Holder Transfer (including any shares that all Participating Investors have collectively agreed to purchase pursuant to the Secondary Refusal Right), plus the number of shares of Transfer Stock held by the selling Key Holder. To the extent one (1) or more of the Participating Investors exercise such right of participation in accordance with the terms and conditions set forth herein, the number of shares of Transfer Stock that the selling Key Holder may sell in the Proposed Key Holder Transfer shall be correspondingly reduced.

(c) Purchase and Sale Agreement. The Participating Investors and the selling Key Holder agree that the terms and conditions of any Proposed Key Holder Transfer in accordance with this Section 2.2 will be memorialized in, and governed by, a written purchase and sale agreement with the Prospective Transferee (the "**Purchase and Sale Agreement**") with customary terms and provisions for such a transaction, and the Participating Investors and the selling Key Holder further covenant and agree to enter into such Purchase and Sale Agreement as a condition precedent to any sale or other transfer in accordance with this Section 2.2.

(d) Allocation of Consideration.

(i) Subject to Section 2.2(d)(ii), the aggregate consideration payable to the Participating Investors and the selling Key Holder shall be allocated based on the number of shares of Capital Stock sold to the Prospective Transferee by each Participating Investor and the selling Key Holder as provided in Section 2.2(b), provided that if a Participating Investor wishes to sell Preferred Stock, the price set forth in the Proposed Transfer Notice shall be appropriately adjusted based on the conversion ratio of the Preferred Stock into Common Stock.

(ii) In the event that the Proposed Key Holder Transfer constitutes a Change of Control, the terms of the Purchase and Sale Agreement shall provide that the aggregate consideration from such transfer shall be allocated to the Participating Investors and the selling Key Holder in accordance with Sections 1.1(b)(i) and 1.1(b)(ii) of the Certificate of Designations of the Series C Preferred Stock and, if applicable, the next sentence as if (A) such transfer were a Deemed Liquidation Event (as defined in the Certificate of Designations of the Series C Preferred Stock), and (B) the Capital Stock sold in accordance with the Purchase and Sale Agreement were the only Capital Stock outstanding. In the event that a portion of the aggregate consideration payable to the Participating Investor(s) and selling Key Holder is placed into escrow and/or is payable only upon satisfaction of contingencies, the Purchase and Sale Agreement shall provide that (x) the portion of such consideration that is not placed in escrow and is not subject to contingencies (the "**Initial Consideration**") shall be allocated in accordance with Sections 1.1(b)(i) and 1.1(b)(ii) of the Certificate of Designations of the Series C Preferred Stock as if the Initial Consideration were the only consideration payable in connection with such transfer, and (y) any additional consideration which becomes payable to the Participating Investor(s) and selling Key Holder upon release from escrow or satisfaction of such contingencies shall be allocated in accordance with Sections 1.1(b)(i) and 1.1(b)(ii) of the Certificate of Designations of the Series C Preferred Stock after taking into account the previous payment of the Initial Consideration as part of the same transfer.

(e) Purchase by Selling Key Holder; Deliveries. Notwithstanding Section 2.2(c) above, if any Prospective Transferee(s) refuse(s) to purchase securities subject to the Right of Co-Sale from any Participating Investor or Investors or upon the failure to negotiate in good faith a Purchase and Sale Agreement satisfactory to the Participating Investors, no Key Holder may sell any Transfer Stock to such Prospective Transferee(s) unless and until, simultaneously with such sale, such Key Holder purchases all securities subject to the Right of Co-Sale from such Participating Investor or Investors on the same terms and conditions (including the proposed purchase price) as set forth in the Proposed Transfer Notice and as provided in Section 2.2(d)(i); provided, however, if such sale constitutes a Change of Control, the portion of the aggregate consideration paid by the selling Key Holder to such Participating Investor or Investors shall be made in accordance with the first sentence of Section 2.2(d)(ii). In connection with such purchase by the selling Key Holder, such Participating Investor or Investors shall deliver to the selling Key Holder any stock certificate or certificates, properly endorsed for transfer, representing the Capital Stock being purchased by the selling Key Holder (or request that the Company effect such transfer in the name of the selling Key Holder). Any such shares transferred to the selling Key Holder will be transferred to the Prospective Transferee against payment therefor in consummation of the sale of the Transfer Stock pursuant to the terms and conditions specified in the Proposed Transfer Notice, and the selling Key Holder shall concurrently therewith remit or direct payment to each such Participating Investor the portion of the aggregate consideration to which each such Participating Investor is entitled by reason of its participation in such sale as provided in this Section 2.2(e).

(f) Additional Compliance. If any Proposed Key Holder Transfer is not consummated within forty-five (45) days after receipt of the Proposed Transfer Notice by the Company, the Key Holders proposing the Proposed Key Holder Transfer may not sell any Transfer Stock unless they first comply in full with each provision of this Section 2. The exercise or election not to exercise any right by any Investor hereunder shall not adversely affect its right to participate in any other sales of Transfer Stock subject to this Section 2.2.

2.3 Effect of Failure to Comply.

(a) Transfer Void; Equitable Relief. Any Proposed Key Holder Transfer not made in compliance with the requirements of this Agreement shall be null and void ab initio, shall not be recorded on the books of the Company or its transfer agent and shall not be recognized by the Company. Each party hereto acknowledges and agrees that any breach of this Agreement would result in substantial harm to the other parties hereto for which monetary damages alone could not adequately compensate. Therefore, the parties hereto unconditionally and irrevocably agree that any non-breaching party hereto shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity (including, without limitation, seeking specific performance or the rescission of purchases, sales and other transfers of Transfer Stock not made in strict compliance with this Agreement).

(b) Violation of First Refusal Right. If any Key Holder becomes obligated to sell any Transfer Stock to the Company or any Investor under this Agreement and fails to deliver such Transfer Stock in accordance with the terms of this Agreement, the Company and/or such Investor may, at its option, in addition to all other remedies it may have, send to such Key Holder the purchase price for such Transfer Stock as is herein specified and transfer to the name of the Company or such Investor (or request that the Company effect such transfer in the name of an Investor) on the Company's books any certificates, instruments, or book entry representing the Transfer Stock to be sold.

(c) Violation of Co-Sale Right. If any Key Holder purports to sell any Transfer Stock in contravention of the Right of Co-Sale (a "**Prohibited Transfer**"), each Participating Investor who desires to exercise its Right of Co-Sale under Section 2.2 may, in addition to such remedies as may be available by law, in equity or hereunder, require such Key Holder to purchase from such Participating Investor the type and number of shares of Capital Stock that such Participating Investor would have been entitled to sell to the Prospective Transferee had the Prohibited Transfer been effected in compliance with the terms of Section 2.2. The sale will be made on the same terms, including, without limitation, as provided in Section 2.2(d)(i) and the first sentence of Section 2.2(d)(ii), as applicable, and subject to the same conditions as would have applied had the Key Holder not made the Prohibited Transfer, except that the sale (including, without limitation, the delivery of the purchase price) must be made within ninety (90) days after the Participating Investor learns of the Prohibited Transfer, as opposed to the timeframe proscribed in Section 2.2. Such Key Holder shall also reimburse each Participating Investor for any and all reasonable and documented out-of-pocket fees and expenses, including reasonable legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the Participating Investor's rights under Section 2.2.

3. Exempt Transfers.

3.1 Exempted Transfers. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Sections 2.1 and 2.2 shall not apply (a) in the case of a Key Holder that is an entity, upon a transfer by such Key Holder to its stockholders, members, partners or other equity holders or Affiliates, (b) to a repurchase of Transfer Stock from a Key Holder by the Company at a price no greater than that originally paid by such Key Holder for such Transfer Stock and pursuant to an agreement containing vesting and/or repurchase provisions approved by a majority of the Board of Directors, (c) to a pledge of Transfer Stock that creates a mere security interest in the pledged Transfer Stock or (d) in the case of a Key Holder that is a natural person, upon a transfer of Transfer Stock by such Key Holder made for bona fide estate planning purposes, either during his or her lifetime or on death by will or intestacy to his or her spouse, including any life partner or similar statutorily-recognized domestic partner, child (natural or adopted), or any other direct lineal descendant of such Key Holder (or his or her spouse, including any life partner or similar statutorily-recognized domestic partner) (all of the foregoing collectively referred to as "family members"), or any other Person approved by the Board of Directors, or any custodian or trustee of any trust, partnership or limited liability company for the benefit of, or the ownership interests of which are owned wholly by such Key Holder or any such family members; (e) to any transfer by a Key Holder of Transfer Stock, or any derivate thereof, to any employee of the Company, or (f) to the sale by the Key Holder of up to ten percent (10%) of the Transfer Stock held by such Key Holder as of the date that such Key Holder first became party to this Agreement; provided that in the case of clause(s) (a), (c), (d), (e) or (f), the Key Holder shall deliver prior written notice to the Investors of such pledge, gift or transfer and such shares of Transfer Stock shall at all times remain subject to the terms and restrictions set forth in this Agreement and such transferee shall, as a condition to such transfer, deliver a counterpart signature page to this Agreement as confirmation that such transferee shall be bound by all the terms and conditions of this Agreement as a Key Holder (but only with respect to the securities so transferred to the transferee), including the obligations of a Key Holder with respect to Proposed Key Holder Transfers of such Transfer Stock pursuant to Section 2.

3.2 Exempted Offerings. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Section 2 shall not apply to the sale of any Transfer Stock (a) to the public in an offering pursuant to an effective registration statement or qualified offering statement (i.e., Regulation A) under the Securities Act of 1933, as amended (a "**Public Offering**"); or (b) pursuant to a Deemed Liquidation Event (as defined in the Certificate of Designations of the Series C Preferred Stock).

4. Legend. Each certificate, instrument, or book entry representing shares of Transfer Stock held by the Key Holders or issued to any permitted transferee in connection with a transfer permitted by Section 3.1 hereof shall be notated with the following legend:

> THE SALE, PLEDGE, HYPOTHECATION, OR TRANSFER OF THE SECURITIES REPRESENTED HEREBY IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE TERMS AND CONDITIONS OF A CERTAIN RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT BY AND AMONG THE STOCKHOLDER, THE CORPORATION AND CERTAIN OTHER HOLDERS OF STOCK OF THE CORPORATION. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.

Each Key Holder agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares notated with the legend referred to in this Section 4 above to enforce the provisions of this Agreement, and the Company agrees to promptly do so. The legend shall be removed upon termination of this Agreement at the request of the holder.

5. Lock-Up.

5.1 Agreement to Lock-Up. Each Key Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial public offering (the "**IPO**") and ending on the date specified by the Company and the managing underwriter (a) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Capital Stock held immediately prior to the effectiveness of the registration statement for the IPO; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Capital Stock, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Capital Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 5 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement or to the establishment of a trading plan pursuant to Rule 10b5-1, provided that such plan does not permit transfers during the restricted period, and shall only be applicable to the Key Holders if all officers, directors and holders of more than one percent (1%) of the outstanding Common Stock (after giving effect to the conversion into Common Stock of all outstanding Series C Preferred Stock) enter into similar agreements. The underwriters in connection with the IPO are intended third-party beneficiaries of this Section 5 and shall have the right, power and authority to enforce, amend or waive the provisions hereof as though they were a party hereto. Each Key Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the IPO that are consistent with this Section 5 or that are necessary to give further effect thereto.

5.2 Stop Transfer Instructions. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the shares of Capital Stock of each Key Holder (and transferees and assignees thereof) until the end of such restricted period.

6. Miscellaneous.

6.1 Term. This Agreement shall automatically terminate upon the earlier of (a) except with respect to the provisions of Section 5, immediately prior to the consummation of the Company's IPO; (b) the consummation of a Deemed Liquidation Event (as defined in the Certificate of Designations of the Series C Preferred Stock); or (c) the date that all of the outstanding Series C Preferred Stock is converted to Common Stock.

6.2 Stock Split. All references to numbers of shares in this Agreement shall be appropriately adjusted to reflect any stock dividend, split, combination or

other recapitalization affecting the Capital Stock occurring after the date of this Agreement.

6.3 Ownership. Each Key Holder represents and warrants that such Key Holder is the sole legal and beneficial owner of the shares of Transfer Stock subject to this Agreement and that no other Person or entity has any interest in such shares (other than a community property interest as to which the holder thereof has acknowledged and agreed in writing to the restrictions and obligations hereunder).

6.4 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of New York State and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York or the Southern District Court of the State of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.5 Notices.

(a) All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth in the Investor's respective Subscription Agreement or Schedule B hereof, as the case may be, or to such email address or address as subsequently modified by written notice given in accordance with this Section 6.5. If notice is given to the Company, it shall be sent to the Company at the offices of the Company at 3811 Turtle Creek Blvd., Suite 2125, Dallas, TX 75219, Attention: Wes Cummins, CEO, President, Treasurer and Secretary, with a copy to Wick Phillips, 3131 McKinney Avenue, Suite 500, Dallas, Texas 75204, Attention: Matthew Zucker.

(b) Consent to Electronic Notice. Each Investor and Key Holder consents to the delivery of any stockholder notice pursuant to the Nevada Revised Statutes, as amended or superseded from time to time ("**NRS**"), by electronic transmission pursuant to Section 75.150 of the NRS (or any successor thereto) at the electronic mail address set forth below such Investor's or Key Holder's name on the Schedules hereto, as updated from time to time by notice to the Company, or as on the books of the Company. To the extent that any notice given by means of electronic transmission is returned or undeliverable for any reason, the foregoing consent shall be deemed to have been revoked until a new or corrected electronic mail address has been provided, and such attempted electronic notice shall be ineffective and deemed to not have been given. Each Investor and Key Holder agrees to promptly notify the Company of any change in its electronic mail address, and that failure to do so shall not affect the foregoing.

6.6 Entire Agreement. This Agreement (including, the Exhibits and Schedules hereto) together with the Registration Rights Agreement (as defined in the Subscription Agreements) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

6.7 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.8 Amendment; Waiver and Termination. This Agreement may be amended, modified or terminated (other than pursuant to Section 6.1 above) and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument executed by (a) the Company, (b) the Key Holders holding a majority of the shares of Transfer Stock then held by all of the Key Holders, and (c) the holders of a majority of the shares of Common Stock issued or issuable upon conversion of the then outstanding shares of Series C Preferred Stock held by the Investors (voting as a single separate class and on an as-converted basis). Any amendment, modification, termination or waiver so effected shall be binding upon the Company, the Investors, the Key Holders and all of their respective successors and permitted assigns whether or not such party, assignee or other shareholder entered into or approved such amendment, modification, termination or waiver. Notwithstanding the foregoing, (i) this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Investor or Key Holder without the written consent of such Investor or Key Holder unless such amendment, modification, termination or waiver applies to all Investors and Key Holders, respectively, in the same fashion, (ii) this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Investor without the written consent of such Investor, if such amendment, modification, termination or waiver would adversely affect the rights of such Investor in a manner disproportionate to any adverse effect such amendment, modification, termination or waiver would have on the rights of the other Investors under this Agreement, and (iii) the consent of the Key Holders shall not be required for any amendment, modification, termination or waiver if such amendment, modification, termination or waiver does not apply to the Key Holders. The Company shall give prompt written notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination or waiver. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one (1) or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

6.9 Assignment of Rights.

(a) The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns

any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) Any successor or permitted assignee of any Key Holder, including any Prospective Transferee who purchases shares of Transfer Stock in accordance with the terms hereof, shall deliver to the Company and the Investors, as a condition to any transfer or assignment, a counterpart signature page hereto pursuant to which such successor or permitted assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the predecessor or assignor of such successor or permitted assignee.

(c) The rights of the Investors hereunder are assignable without the Company's consent, it being acknowledged and agreed that any such assignment shall be subject to and conditioned upon any such assignee's delivery to the Company and the other Investors of a counterpart signature page hereto pursuant to which such assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the assignor of such assignee.

(d) Except in connection with an assignment by the Company by operation of law to the acquirer of the Company, the rights and obligations of the Company hereunder may not be assigned under any circumstances.

6.10 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

6.11 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Series C Preferred Stock after the date hereof, any purchaser of such shares of Series C Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and thereafter shall be deemed an "Investor" for all purposes hereunder.

6.12 Governing Law. This Agreement shall be governed by the internal law of the State of New York, without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York.

6.13 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.14 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.15 Aggregation of Stock. All shares of Capital Stock held or acquired by Affiliated entities or Persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated Persons may apportion such rights as among themselves in any manner they deem appropriate.

6.16 Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, each Investor shall be entitled to specific performance of the agreements and obligations of the Company and the Key Holders hereunder and to such other injunction or other equitable relief as may be granted by a court of competent jurisdiction.

6.17 Additional Key Holders. In the event that after the date of this Agreement, the Company issues shares of Common Stock, or options to purchase Common Stock, to any employee or consultant, which shares or options would collectively constitute with respect to such employee or consultant (taking into account all shares of Common Stock, options and other purchase rights held by such employee or consultant) one percent (1%) or more of the Company's then outstanding Common Stock (treating for this purpose all shares of Common Stock issuable upon exercise of or conversion of outstanding options, warrants or convertible securities, as if exercised or converted), the Company shall, as a condition to such issuance, cause such employee or consultant to execute a counterpart signature page hereto as a Key Holder, and such person shall thereby be bound by, and subject to, all the terms and provisions of this Agreement applicable to a Key Holder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Right of First Refusal and Co-Sale Agreement as of the date first written above.

COMPANY:

APPLIED BLOCKCHAIN, INC.

By: /s/ Wes Cummins

Name: Wes Cummins

Title: Chief Executive Officer, President, Treasurer and Secretary

[Signature Page to Right of First Refusal and Co-Sale Agreement]

KEY HOLDERS:

Wes Cummins
Print Name Above

/s/ Wes Cummins
Sign Above

If signer is an entity, specify name and title of authorized signer below:

Name: _____

Title: _____

[Signature Page to Right of First Refusal and Co-Sale Agreement]

INVESTORS:

_____
Print Name Above

_____
Sign Above

If signer is an entity, specify name and title of authorized signer below:

Name: _____

Title: _____

[Signature Page to Right of First Refusal and Co-Sale Agreement]

SCHEDULE A

KEY HOLDERS

Name and Address

[Name]
[Address]
[Phone]
[Email]

Exhibit 4.4

RIGHT OF FIRST REFUSAL
AND CO-SALE AGREEMENT

THIS RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT (this "**Agreement**"), is made as of July 30, 2021 by and among Applied Blockchain, Inc., a Nevada corporation (the "**Company**"), the Investors (as defined below) and the Key Holders (as defined below) listed onSchedule A.

WHEREAS, each Key Holder is the beneficial owner of shares of Capital Stock, or of options to purchase Common Stock;

WHEREAS, the Company and the Investors are parties to those certain subscription agreements, of even date herewith (the '**Subscription Agreements**"), pursuant to which the Investors have agreed to purchase shares of the Series D Preferred Stock of the Company, par value $0.001 per share ("**Series D Preferred Stock**"); and

WHEREAS, the Key Holders and the Company desire to further induce the Investors to purchase the Series D Preferred Stock;

NOW, THEREFORE, the Company, the Key Holders and the Investors agree as follows:

1. Definitions.

1.1 "**Affiliate**" means, with respect to any specified Investor or Key Holder, any other Person who (A) directly or indirectly, controls, is controlled by or is under common control with such Investor or such Key Holder, including, without limitation, any general partner, managing member, officer, director or trustee of such Investor or Key Holder, or (B) any venture capital fund, other investment fund or similar entity now or hereafter existing which is controlled by one (1) or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Investor or such Key Holder.

1.2 "**Board of Directors**" means the board of directors of the Company.

1.3 "**Capital Stock**" means (a) shares of Common Stock and Preferred Stock (whether now outstanding or hereafter issued in any context), (b) shares of Common Stock issued or issuable upon conversion of Preferred Stock, and (c) shares of Common Stock issued or issuable upon exercise or conversion, as applicable, of stock options, warrants or other convertible securities of the Company, in each case now owned or subsequently acquired by any Key Holder, any Investor, or their respective successors or permitted transferees or assigns. For purposes of the number of shares of Capital Stock held by an Investor or Key Holder (or any other calculation based thereon), all shares of Preferred Stock shall be deemed to have been converted into Common Stock at the then-applicable conversion ratios.

1.4 "**Change of Control**" means a transaction or series of related transactions in which a Person, or a group of related Persons, acquires from stockholders of the Company shares representing more than fifty percent (50%) of the outstanding voting power of the Company.

1.5 "**Common Stock**" means shares of Common Stock of the Company, $0.001 par value per share.

1.6 "**Company Notice**" means written notice from the Company notifying the selling Key Holders and each Investor that the Company intends to exercise its Right of First Refusal as to some or all of the Transfer Stock with respect to any Proposed Key Holder Transfer.

1.7 "**Investor Notice**" means written notice from any Investor notifying the Company and the selling Key Holder(s) that such Investor intends to exercise its Secondary Refusal Right as to a portion of the Transfer Stock with respect to any Proposed Key Holder Transfer.

1.8 "**Investors**" means the investors party to the Subscription Agreements, each Person to whom the rights of an Investor are assigned pursuant toSection 6.9, each Person who hereafter becomes a signatory to this Agreement pursuant toSection 6.11 and any one of them, as the context may require.

1.9 "**Key Holders**" means the persons named on Schedule A hereto, each Person to whom the rights of a Key Holder are assigned pursuant toSection 3.1, each Person who hereafter becomes a signatory to this Agreement pursuant to Section 6.9 or 6.17 and any one of them, as the context may require.

1.10 "**Person**" means any individual, sole proprietorship, partnership, corporation (including any corporation which elects subchapter S status under the Code), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.11 "**Preferred Stock**" means collectively, all shares of Series C Preferred Stock and Series D Preferred Stock.

1.12 "**Proposed Key Holder Transfer**" means any assignment, sale, offer to sell, pledge, mortgage, hypothecation, encumbrance, disposition of or any other like transfer or encumbering of any Transfer Stock (or any interest therein) proposed by any of the Key Holders.

1.13 "**Proposed Transfer Notice**" means written notice from a Key Holder setting forth the terms and conditions of a Proposed Key Holder Transfer.

1.14 "**Prospective Transferee**" means any Person to whom a Key Holder proposes to make a Proposed Key Holder Transfer.

1.15 "**Right of Co-Sale**" means the right, but not an obligation, of an Investor to participate in a Proposed Key Holder Transfer on the terms and conditions specified in the Proposed Transfer Notice.

1.16 "**Right of First Refusal**" means the right, but not an obligation, of the Company, or its permitted transferees or assigns, to purchase some or all of the Transfer Stock with respect to a Proposed Key Holder Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

1.17 "**Secondary Notice**" means written notice from the Company notifying the Investors and the selling Key Holder that the Company does not intend to exercise its Right of First Refusal as to all shares of any Transfer Stock with respect to a Proposed Key Holder Transfer, on the terms and conditions specified in the Proposed Transfer Notice.

1.18 "**Secondary Refusal Right**" means the right, but not an obligation, of each Investor to purchase up to its pro rata portion (based upon the total number of shares of Capital Stock then held by all Investors on an as-converted to Common Stock basis) of any Transfer Stock not purchased pursuant to the Right of First Refusal, on the terms and conditions specified in the Proposed Transfer Notice.

1.19 "**Series C Preferred Stock**" means the Series C Convertible Redeemable Preferred Stock, par value $0.001 per share, of the Company.

1.20 "**Transfer Stock**" means shares of Capital Stock owned by a Key Holder, or issued to a Key Holder after the date hereof (including, without limitation, in connection with any stock split, stock dividend, recapitalization, reorganization, or the like), but does not include any shares of Series D Preferred Stock or of Common Stock that are issued or issuable upon conversion of Series D Preferred Stock.

1.21 "**Undersubscription Notice**" means written notice from an Investor notifying the Company and the selling Key Holder that such Investor intends to exercise its option to purchase all or any portion of the Transfer Stock not purchased pursuant to the Right of First Refusal or the Secondary Refusal Right.

2. Agreement Among the Company, the Investors and the Key Holders.

2.1 Right of First Refusal.

(a) Grant. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Company a Right of First Refusal to purchase all or any portion of Transfer Stock that such Key Holder may propose to transfer in a Proposed Key Holder Transfer, at the same price and on the same terms and conditions as those offered to the Prospective Transferee.

(b) Notice. Each Key Holder proposing to make a Proposed Key Holder Transfer must deliver a Proposed Transfer Notice to the Company and each Investor not later than forty-five (45) days prior to the consummation of such Proposed Key Holder Transfer. Such Proposed Transfer Notice shall contain the material terms and conditions (including price and form of consideration) of the Proposed Key Holder Transfer, the identity of the Prospective Transferee and the intended date of the Proposed Key Holder Transfer. To exercise its Right of First Refusal under this Section 2, the Company must deliver a Company Notice to the selling Key Holder and the Investors within fifteen (15) days after delivery of the Proposed Transfer Notice specifying the number of shares of Transfer Stock to be purchased by the Company. In the event of a conflict between this Agreement and the Company's Bylaws containing a preexisting right of first refusal, the terms of the Bylaws will control and compliance with the Bylaws shall be deemed compliance with this Section 2.1(a) and (b) in full.

(c) Grant of Secondary Refusal Right to the Investors. Subject to the terms of Section 3 below, each Key Holder hereby unconditionally and irrevocably grants to the Investors a Secondary Refusal Right to purchase all or any portion of the Transfer Stock not purchased by the Company pursuant to the Right of First Refusal, as provided in this Section 2.1(c). If the Company does not provide the Company Notice exercising its Right of First Refusal with respect to all Transfer Stock subject to a Proposed Key Holder Transfer, the Company must deliver a Secondary Notice to the selling Key Holder and to each Investor to that effect no later than fifteen (15) days after the selling Key Holder delivers the Proposed Transfer Notice to the Company. To exercise its Secondary Refusal Right, an Investor must deliver an Investor Notice to the selling Key Holder and the Company within ten (10) days after the Company's deadline for its delivery of the Secondary Notice as provided in the preceding sentence.

(d) Undersubscription of Transfer Stock. If options to purchase have been exercised by the Company and the Investors pursuant to Sections 2.1(b) and (c) with respect to some but not all of the Transfer Stock by the end of the ten (10) day period specified in the last sentence of Section 2.1(c) (the "**Investor Notice Period**"), then the Company shall, within five (5) days after the expiration of the Investor Notice Period, send written notice (the "**Company Undersubscription Notice**") to those Investors who fully exercised their Secondary Refusal Right within the Investor Notice Period (the "**Exercising Investors**"). Each Exercising Investor shall, subject to the provisions of this Section 2.1(d), have an additional option to purchase all or any part of the balance of any such remaining unsubscribed shares of Transfer Stock on the terms and conditions set forth in the Proposed Transfer Notice. To exercise such option, an Exercising Investor must deliver an Undersubscription Notice to the selling Key Holder and the Company within ten (10) days after the expiration of the Investor Notice Period. In the event there are two (2) or more such Exercising Investors that choose to exercise the last-mentioned option for a total number of remaining shares in excess of the number available, the remaining shares available for purchase under this Section 2.1(d) shall be allocated to such Exercising Investors pro rata based on the number of shares of Transfer Stock such Exercising Investors have elected to purchase pursuant to the Secondary Refusal Right (without giving effect to any shares of Transfer Stock that any such Exercising Investor has elected to purchase pursuant to the Company Undersubscription Notice). If the options to purchase the remaining shares are exercised in full by the Exercising Investors, the Company shall immediately notify all of the Exercising Investors and the selling Key Holder of that fact.

(e) Forfeiture of Rights. Notwithstanding the foregoing, if the total number of shares of Transfer Stock that the Company and the Investors have agreed to purchase in the Company Notice, Investor Notices and Undersubscription Notices is less than the total number of shares of Transfer Stock, then the Company and the Investors shall be deemed to have forfeited any right to purchase such Transfer Stock, and the selling Key Holder shall be free to sell all, but not less than all, of the Transfer Stock to the Prospective Transferee on terms and conditions substantially similar to (and in no event more favorable than) the terms and conditions set forth in the Proposed Transfer Notice, it being understood and agreed that: (i) any such sale or transfer shall be subject to the other terms and restrictions of this Agreement, including, without limitation, the terms and restrictions set forth in Sections 2.2 and 6.9(b); (ii) any future Proposed Key Holder Transfer shall remain subject to the terms and conditions of this Agreement, including this Section 2; and (iii) such sale shall be consummated within forty-five (45) days after receipt of the Proposed Transfer Notice by the Company and, if such sale is not consummated within such forty-five (45) day period, such sale shall again become subject to the Right of First Refusal and Secondary Refusal Right on the terms set forth herein.

(f) Consideration; Closing. If the consideration proposed to be paid for the Transfer Stock is in property, services or other non-cash consideration, the fair market value of the consideration shall be as determined in good faith by the Board of Directors and as set forth in the Company Notice. If the Company or any Investor cannot for any reason pay for the Transfer Stock in the same form of non-cash consideration, the Company or such Investor may pay the cash value equivalent thereof, as determined in good faith by the Board of Directors and as set forth in the Company Notice. The closing of the purchase of Transfer Stock by the Company and the Investors shall take place, and all payments from the Company and the Investors shall have been delivered to the selling Key Holder, by the later of (i) the date specified in the Proposed Transfer Notice as the intended date of the Proposed Key Holder Transfer; and (ii) forty-five (45) days after delivery of the Proposed Transfer Notice.

2.2 Right of Co-Sale.

(a) Exercise of Right. If any Transfer Stock subject to a Proposed Key Holder Transfer is not purchased pursuant to Section 2.1 above and thereafter is to be sold to a Prospective Transferee, each respective Investor may elect to exercise its Right of Co-Sale and participate on a pro rata basis in the Proposed Key Holder Transfer as set forth in Section 2.2(b) below and, subject to Section 2.2(d), otherwise on the same terms and conditions specified in the Proposed Transfer Notice. Each Investor who desires to exercise its Right of Co-Sale (each, a "**Participating Investor**") must give the selling Key Holder written notice to that effect within fifteen (15) days after the deadline for delivery of the Secondary Notice described above, and upon giving such notice such Participating Investor shall be deemed to have effectively exercised

the Right of Co-Sale.

(b) Shares Includable. Each Participating Investor may include in the Proposed Key Holder Transfer all or any part of such Participating Investor's Capital Stock equal to the product obtained by multiplying (i) the aggregate number of shares of Transfer Stock subject to the Proposed Key Holder Transfer (excluding shares purchased by the Company or the Participating Investors pursuant to the Right of First Refusal or the Secondary Refusal Right) by (ii) a fraction, the numerator of which is the number of shares of Capital Stock owned by such Participating Investor immediately before consummation of the Proposed Key Holder Transfer (including any shares that such Participating Investor has agreed to purchase pursuant to the Secondary Refusal Right) and the denominator of which is the total number of shares of Capital Stock owned, in the aggregate, by all Participating Investors immediately prior to the consummation of the Proposed Key Holder Transfer (including any shares that all Participating Investors have collectively agreed to purchase pursuant to the Secondary Refusal Right), plus the number of shares of Transfer Stock held by the selling Key Holder. To the extent one (1) or more of the Participating Investors exercise such right of participation in accordance with the terms and conditions set forth herein, the number of shares of Transfer Stock that the selling Key Holder may sell in the Proposed Key Holder Transfer shall be correspondingly reduced.

(c) Purchase and Sale Agreement. The Participating Investors and the selling Key Holder agree that the terms and conditions of any Proposed Key Holder Transfer in accordance with this Section 2.2 will be memorialized in, and governed by, a written purchase and sale agreement with the Prospective Transferee (the "**Purchase and Sale Agreement**") with customary terms and provisions for such a transaction, and the Participating Investors and the selling Key Holder further covenant and agree to enter into such Purchase and Sale Agreement as a condition precedent to any sale or other transfer in accordance with this Section 2.2.

(d) Allocation of Consideration.

(i) Subject to Section 2.2(d)(ii), the aggregate consideration payable to the Participating Investors and the selling Key Holder shall be allocated based on the number of shares of Capital Stock sold to the Prospective Transferee by each Participating Investor and the selling Key Holder as provided in Section 2.2(b), provided that if a Participating Investor wishes to sell Preferred Stock, the price set forth in the Proposed Transfer Notice shall be appropriately adjusted based on the conversion ratio of the Preferred Stock into Common Stock.

(ii) In the event that the Proposed Key Holder Transfer constitutes a Change of Control, the terms of the Purchase and Sale Agreement shall provide that the aggregate consideration from such transfer shall be allocated to the Participating Investors and the selling Key Holder in accordance with Sections 1.1(a)(i) and 1.1(a)(ii) of the Certificate of Designations of the Series D Preferred Stock and, if applicable, the next sentence as if (A) such transfer were a Deemed Liquidation Event (as defined in the Certificate of Designations of the Series D Preferred Stock), and (B) the Capital Stock sold in accordance with the Purchase and Sale Agreement were the only Capital Stock outstanding. In the event that a portion of the aggregate consideration payable to the Participating Investor(s) and selling Key Holder is placed into escrow and/or is payable only upon satisfaction of contingencies, the Purchase and Sale Agreement shall provide that (x) the portion of such consideration that is not placed in escrow and is not subject to contingencies (the "**Initial Consideration**") shall be allocated in accordance with Sections 1.1(a)(i) and 1.1(a)(ii) of the Certificate of Designations of the Series D Preferred Stock as if the Initial Consideration were the only consideration payable in connection with such transfer, and (y) any additional consideration which becomes payable to the Participating Investor(s) and selling Key Holder upon release from escrow or satisfaction of such contingencies shall be allocated in accordance with Sections 1.1(a)(i) and 1.1(a)(ii) of the Certificate of Designations of the Series D Preferred Stock after taking into account the previous payment of the Initial Consideration as part of the same transfer.

(e) Purchase by Selling Key Holder; Deliveries. Notwithstanding Section 2.2(c) above, if any Prospective Transferee(s) refuse(s) to purchase securities subject to the Right of Co-Sale from any Participating Investor or Investors or upon the failure to negotiate in good faith a Purchase and Sale Agreement satisfactory to the Participating Investors, no Key Holder may sell any Transfer Stock to such Prospective Transferee(s) unless and until, simultaneously with such sale, such Key Holder purchases all securities subject to the Right of Co-Sale from such Participating Investor or Investors on the same terms and conditions (including the proposed purchase price) as set forth in the Proposed Transfer Notice and as provided in Section 2.2(d)(i); provided, however, if such sale constitutes a Change of Control, the portion of the aggregate consideration paid by the selling Key Holder to such Participating Investor or Investors shall be made in accordance with the first sentence of Section 2.2(d)(ii). In connection with such purchase by the selling Key Holder, such Participating Investor or Investors shall deliver to the selling Key Holder any stock certificate or certificates, properly endorsed for transfer, representing the Capital Stock being purchased by the selling Key Holder (or request that the Company effect such transfer in the name of the selling Key Holder). Any such shares transferred to the selling Key Holder will be transferred to the Prospective Transferee against payment therefor in consummation of the sale of the Transfer Stock pursuant to the terms and conditions specified in the Proposed Transfer Notice, and the selling Key Holder shall concurrently therewith remit or direct payment to each such Participating Investor the portion of the aggregate consideration to which each such Participating Investor is entitled by reason of its participation in such sale as provided in this Section 2.2(e).

(f) Additional Compliance. If any Proposed Key Holder Transfer is not consummated within forty-five (45) days after receipt of the Proposed Transfer Notice by the Company, the Key Holders proposing the Proposed Key Holder Transfer may not sell any Transfer Stock unless they first comply in full with each provision of this Section 2. The exercise or election not to exercise any right by any Investor hereunder shall not adversely affect its right to participate in any other sales of Transfer Stock subject to this Section 2.2.

2.3 Effect of Failure to Comply.

(a) Transfer Void; Equitable Relief. Any Proposed Key Holder Transfer not made in compliance with the requirements of this Agreement shall be null and void ab initio, shall not be recorded on the books of the Company or its transfer agent and shall not be recognized by the Company. Each party hereto acknowledges and agrees that any breach of this Agreement would result in substantial harm to the other parties hereto for which monetary damages alone could not adequately compensate. Therefore, the parties hereto unconditionally and irrevocably agree that any non-breaching party hereto shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity (including, without limitation, seeking specific performance or the rescission of purchases, sales and other transfers of Transfer Stock not made in strict compliance with this Agreement).

(b) Violation of First Refusal Right. If any Key Holder becomes obligated to sell any Transfer Stock to the Company or any Investor under this Agreement and fails to deliver such Transfer Stock in accordance with the terms of this Agreement, the Company and/or such Investor may, at its option, in addition to all other remedies it may have, send to such Key Holder the purchase price for such Transfer Stock as is herein specified and transfer to the name of the Company or such Investor (or request that the Company effect such transfer in the name of an Investor) on the Company's books any certificates, instruments, or book entry representing the Transfer Stock to be sold.

(c) Violation of Co-Sale Right. If any Key Holder purports to sell any Transfer Stock in contravention of the Right of Co-Sale (a "**Prohibited Transfer**"), each Participating Investor who desires to exercise its Right of Co-Sale under Section 2.2 may, in addition to such remedies as may be available by law, in equity or hereunder, require such Key Holder to purchase from such Participating Investor the type and number of shares of Capital Stock that such Participating Investor would have been entitled to sell to the Prospective Transferee had the Prohibited Transfer been effected in compliance with the terms of Section 2.2. The sale will be

made on the same terms, including, without limitation, as provided in Section 2.2(d)(i) and the first sentence of Section 2.2(d)(ii), as applicable, and subject to the same conditions as would have applied had the Key Holder not made the Prohibited Transfer, except that the sale (including, without limitation, the delivery of the purchase price) must be made within ninety (90) days after the Participating Investor learns of the Prohibited Transfer, as opposed to the timeframe proscribed in Section 2.2. Such Key Holder shall also reimburse each Participating Investor for any and all reasonable and documented out-of-pocket fees and expenses, including reasonable legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the Participating Investor's rights under Section 2.2.

3. Exempt Transfers.

3.1 Exempted Transfers. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Sections 2.1 and 2.2 shall not apply (a) in the case of a Key Holder that is an entity, upon a transfer by such Key Holder to its stockholders, members, partners or other equity holders or Affiliates, (b) to a repurchase of Transfer Stock from a Key Holder by the Company at a price no greater than that originally paid by such Key Holder for such Transfer Stock and pursuant to an agreement containing vesting and/or repurchase provisions approved by a majority of the Board of Directors, (c) to a pledge of Transfer Stock that creates a mere security interest in the pledged Transfer Stock, (d) in the case of a Key Holder that is a natural person, upon a transfer of Transfer Stock by such Key Holder made for bona fide estate planning purposes, either during his or her lifetime or on death by will or intestacy to his or her spouse, including any life partner or similar statutorily-recognized domestic partner, child (natural or adopted), or any other direct lineal descendant of such Key Holder (or his or her spouse, including any life partner or similar statutorily-recognized domestic partner) (all of the foregoing collectively referred to as "family members"), or any other Person approved by the Board of Directors, or any custodian or trustee of any trust, partnership or limited liability company for the benefit of, or the ownership interests of which are owned wholly by such Key Holder or any such family members, or (e) to the sale by the Key Holder of up to ten percent (10%) of the Transfer Stock held by such Key Holder as of the date that such Key Holder first became party to this Agreement; provided that in the case of clause(s) (a), (c), (d) or (e), the Key Holder shall deliver prior written notice to the Investors of such pledge, gift or transfer and such shares of Transfer Stock shall at all times remain subject to the terms and restrictions set forth in this Agreement and such transferee shall, as a condition to such transfer, deliver a counterpart signature page to this Agreement as confirmation that such transferee shall be bound by all the terms and conditions of this Agreement as a Key Holder (but only with respect to the securities so transferred to the transferee), including the obligations of a Key Holder with respect to Proposed Key Holder Transfers of such Transfer Stock pursuant to Section 2.

3.2 Exempted Offerings. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Section 2 shall not apply to the sale of any Transfer Stock (a) to the public in an offering pursuant to an effective registration statement or qualified offering statement (i.e., Regulation A) under the Securities Act of 1933, as amended (a "**Public Offering**"); or (b) pursuant to a Deemed Liquidation Event (as defined in the Certificate of Designations of the Series D Preferred Stock).

4. Legend. Each certificate, instrument, or book entry representing shares of Transfer Stock held by the Key Holders or issued to any permitted transferee in connection with a transfer permitted by Section 3.1 hereof shall be notated with the following legend:

> THE SALE, PLEDGE, HYPOTHECATION, OR TRANSFER OF THE SECURITIES REPRESENTED HEREBY IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE TERMS AND CONDITIONS OF A CERTAIN RIGHT OF FIRST REFUSAL AND CO-SALE AGREEMENT BY AND AMONG THE STOCKHOLDER, THE CORPORATION AND CERTAIN OTHER HOLDERS OF STOCK OF THE CORPORATION. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.

Each Key Holder agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares notated with the legend referred to in this Section 4 above to enforce the provisions of this Agreement, and the Company agrees to promptly do so. The legend shall be removed upon termination of this Agreement at the request of the holder.

5. Lock-Up.

5.1 Agreement to Lock-Up. Each Key Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial public offering (the "**IPO**") and ending on the date specified by the Company and the managing underwriter (a) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Capital Stock held immediately prior to the effectiveness of the registration statement for the IPO; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Capital Stock, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Capital Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 5 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement or to the establishment of a trading plan pursuant to Rule 10b5-1, provided that such plan does not permit transfers during the restricted period, and shall only be applicable to the Key Holders if all officers, directors and holders of more than one percent (1%) of the outstanding Common Stock (after giving effect to the conversion into Common Stock of all outstanding Series D Preferred Stock) enter into similar agreements. The underwriters in connection with the IPO are intended third-party beneficiaries of this Section 5 and shall have the right, power and authority to enforce, amend or waive the provisions hereof as though they were a party hereto. Each Key Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the IPO that are consistent with this Section 5 or that are necessary to give further effect thereto.

5.2 Stop Transfer Instructions. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the shares of Capital Stock of each Key Holder (and transferees and assignees thereof) until the end of such restricted period.

6. Miscellaneous.

6.1 Term. This Agreement shall automatically terminate upon the earlier of (a) except with respect to the provisions of Section 5, immediately prior to the consummation of the Company's IPO; (b) the consummation of a Deemed Liquidation Event (as defined in the Certificate of Designations of the Series D Preferred Stock); or (c) the date that all of the outstanding Series D Preferred Stock is converted to Common Stock.

6.2 Stock Split. All references to numbers of shares in this Agreement shall be appropriately adjusted to reflect any stock dividend, split, combination or other recapitalization affecting the Capital Stock occurring after the date of this Agreement.

6.3 Ownership. Each Key Holder represents and warrants that such Key Holder is the sole legal and beneficial owner of the shares of Transfer Stock subject to this Agreement and that no other Person or entity has any interest in such shares (other than a community property interest as to which the holder thereof has acknowledged and agreed in writing to the restrictions and obligations hereunder).

6.4 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of New York State and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York or the Southern District Court of the State of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.5 Notices.

(a) All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth in the Investor's respective Subscription Agreement or Schedule B hereof, as the case may be, or to such email address or address as subsequently modified by written notice given in accordance with this Section 6.5. If notice is given to the Company, it shall be sent to the Company at the offices of the Company at 3811 Turtle Creek Blvd., Suite 2100, Dallas, TX 75219, Attention: Wes Cummins, CEO, President, Treasurer and Secretary, with a copy to Wick Phillips, 3131 McKinney Avenue, Suite 500, Dallas, Texas 75204, Attention: Matthew Zucker.

(b) Consent to Electronic Notice. Each Investor and Key Holder consents to the delivery of any stockholder notice pursuant to the Nevada Revised Statutes, as amended or superseded from time to time ("**NRS**"), by electronic transmission pursuant to Section 75.150 of the NRS (or any successor thereto) at the electronic mail address set forth below such Investor's or Key Holder's name on the Schedules hereto, as updated from time to time by notice to the Company, or as on the books of the Company. To the extent that any notice given by means of electronic transmission is returned or undeliverable for any reason, the foregoing consent shall be deemed to have been revoked until a new or corrected electronic mail address has been provided, and such attempted electronic notice shall be ineffective and deemed to not have been given. Each Investor and Key Holder agrees to promptly notify the Company of any change in its electronic mail address, and that failure to do so shall not affect the foregoing.

6.6 Entire Agreement. This Agreement (including, the Exhibits and Schedules hereto) together with the Registration Rights Agreement (as defined in the Subscription Agreements) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

6.7 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.8 Amendment; Waiver and Termination. This Agreement may be amended, modified or terminated (other than pursuant to Section 6.1 above) and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument executed by (a) the Company, (b) the Key Holders holding a majority of the shares of Transfer Stock then held by all of the Key Holders, and (c) the holders of a majority of the shares of Common Stock issued or issuable upon conversion of the then outstanding shares of Series D Preferred Stock held by the Investors (voting as a single separate class and on an as-converted to Common Stock basis). Any amendment, modification, termination or waiver so effected shall be binding upon the Company, the Investors, the Key Holders and all of their respective successors and permitted assigns whether or not such party, assignee or other shareholder entered into or approved such amendment, modification, termination or waiver. Notwithstanding the foregoing, (i) this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Investor or Key Holder without the written consent of such Investor or Key Holder unless such amendment, modification, termination or waiver applies to all Investors and Key Holders, respectively, in the same fashion, (ii) this Agreement may not be amended, modified or terminated and the observance of any term hereunder may not be waived with respect to any Investor without the written consent of such Investor, if such amendment, modification, termination or waiver would adversely affect the rights of such Investor in a manner disproportionate to any adverse effect such amendment, modification, termination or waiver would have on the rights of the other Investors under this Agreement, and (iii) the consent of the Key Holders shall not be required for any amendment, modification, termination or waiver if such amendment, modification, termination or waiver does not apply to the Key Holders. The Company shall give prompt written notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination or waiver. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one (1) or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

6.9 Assignment of Rights.

(a) The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) Any successor or permitted assignee of any Key Holder, including any Prospective Transferee who purchases shares of Transfer Stock in accordance with the terms hereof, shall deliver to the Company and the Investors, as a condition to any transfer or assignment, a counterpart signature page hereto pursuant to which such successor or permitted assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the predecessor or assignor of such successor or permitted assignee.

(c) The rights of the Investors hereunder are assignable without the Company's consent, it being acknowledged and agreed that any such assignment shall be subject to and conditioned upon any such assignee's delivery to the Company and the other Investors of a counterpart signature page hereto pursuant to which such assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the assignor of such assignee.

(d) Except in connection with an assignment by the Company by operation of law to the acquirer of the Company, the rights and obligations of the Company hereunder may not be assigned under any circumstances.

6.10 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

6.11 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Series D Preferred Stock after the date hereof, any purchaser of such shares of Series D Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and thereafter shall be deemed an "Investor" for all purposes hereunder.

6.12 Governing Law. This Agreement shall be governed by the internal law of the State of New York, without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York.

6.13 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.14 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.15 Aggregation of Stock. All shares of Capital Stock held or acquired by Affiliated entities or Persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated Persons may apportion such rights as among themselves in any manner they deem appropriate.

6.16 Specific Performance. In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, each Investor shall be entitled to specific performance of the agreements and obligations of the Company and the Key Holders hereunder and to such other injunction or other equitable relief as may be granted by a court of competent jurisdiction.

6.17 Additional Key Holders. In the event that after the date of this Agreement, the Company issues shares of Common Stock, or options to purchase Common Stock, to any employee or consultant, which shares or options would collectively constitute with respect to such employee or consultant (taking into account all shares of Common Stock, options and other purchase rights held by such employee or consultant) one percent (1%) or more of the Company's then outstanding Common Stock (treating for this purpose all shares of Common Stock issuable upon exercise of or conversion of outstanding options, warrants or convertible securities, as if exercised or converted), the Company shall, as a condition to such issuance, cause such employee or consultant to execute a counterpart signature page hereto as a Key Holder, and such person shall thereby be bound by, and subject to, all the terms and provisions of this Agreement applicable to a Key Holder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Right of First Refusal and Co-Sale Agreement as of the date first written above.

COMPANY:

APPLIED BLOCKCHAIN, INC.

By: /s/ David Rench
Name: David Rench
Title: Chief Financial Officer

[Signature Page to Right of First Refusal and Co-Sale Agreement]

KEY HOLDERS:

Wes Cummins
Print Name Above

/s/ Wes Cummins
Sign Above

If signer is an entity, specify name and title of authorized signer below:

Name: Wes Cummins

Title: Managing Partner

[Signature Page to Right of First Refusal and Co-Sale Agreement]

INVESTORS:

Cummins Family Ltd.
Print Name Above

/s/ Wes Cummins
Sign Above

If signer is an entity, specify name and title of authorized signer below:

Name: Wes Cummins

Title: CEO

[Signature Page to Right of First Refusal and Co-Sale Agreement]

SCHEDULE A

KEY HOLDERS

Name and Address

Wes Cummins
3811 Turtle Creek Blvd., Suite 2100
Dallas, TX 75219

Cummins Family Ltd
C/o Wes Cummins
3811 Turtle Creek Blvd., Suite 2100
Dallas, TX 75219

SERVICES AGREEMENT

This Services Agreement (this "***Agreement***"), effective as of March 19, 2021 (the "***Effective Date***"), is entered into by and among Applied Science Products, Inc., a Nevada corporation (the "***Company***"), GMR Limited, a British Virgin Islands limited liability company ("***GMR***"), Xsquared Holding Limited, a British Virgin Islands limited liability company ("***SparkPool***"), and Valuefinder, a British Virgin Islands limited liability company ("***Valuefinder***" and with GMR and SparkPool, each a "***Service Provider***" and collectively, the "***Service Providers***").

WITNESSETH

WHEREAS, the Company desires to appoint, engage and retain the Service Providers to provide cryptocurrency mining management, equipment and other services with respect to the Company in accordance with the terms and conditions set forth herein; and

WHEREAS, the Service Providers desire to accept such appointment and engagement as Service Providers with respect to the Company and agree to provide certain cryptocurrency mining management, equipment and other services with respect to the Company in accordance with and subject to the terms and conditions hereof.

NOW THEREFORE, in consideration of the mutual covenants and agreements of the parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, do hereby agree as follows:

1. Engagement.

Subject to the terms and conditions set forth herein, the Company hereby appoints, engages and retains each of the Service Providers to provide, respectively, cryptocurrency mining management, equipment and other services set forth in Section 2 (the "***Services***") for the Company. The Service Providers each hereby accept such engagement as a Service Provider and agree to provide the Services subject to the terms and conditions set forth herein.

2. Authority and Duties of the Service Providers.

Without limiting the generality of the foregoing and subject to the limitations contained herein, each Service Provider will provide respectively the following services:

SparkPool shall:

(a) assist the Company in procuring mining equipment;

(b) manage all cryptocurrency mining operations on behalf of the Company, including, without limitation, operating the equipment, determining hosts for the equipment;

GMR and Valuefinder shall:

(a) provide advisory and strategy planning services for the Company on determing the best time to purchase or sell mining equipment, making decisions as to the types of cryptocurrencies to mine, conducting investment research for the benefit of the Company on the cryptocurrency market in general, and individual cryptocurrencies specifically, establishing profitable mining strategy;

(b) provide portfolio management advisory services of all cryptocurrency assets of the Company, including, without limitation, purchases, sales, trading, hedging and yield generation with respect to any and all such cryptocurrencies, subject to any trading limits imposed on the Service Providers by the Company, and full transparency reporting of the Company's cryptocurrency portfolio and related transactions;

Each of the Service Providers shall also:

(a) enter into, execute, maintain and/or terminate contracts, undertakings, agreements and any and all other documents and instruments in the name of the Company as the Service Providers shall determine to be necessary or desirable in connection with the Services; and

(b) do any and all acts on behalf of the Company as the Service Providers may deem necessary or advisable in connection with the performance of their respective duties and obligations hereunder.

3. Compensation; Expenses.

(a) For their provision of the Services, within [30 days] upon the execution of this Agreement, the Company shall issue to the Service Providers the 24% percentages of the fully diluted issued and outstanding shares of **[Common Stock of the Company]** at USD 0.01 per share (the "***Shares***") of the Company, calculated subsequent to the offering of the Company's shares anticipated to take place on or about March 25, 2021, free and clear of any liens or encumbrances: (i) 9.9% to SparkPool[or its designated party]; (ii) 9.9% to GMR[or its designated party]; and (iii) 4.2% to Valuefinder[or its designated party].

(a) The Company shall bear full responsibility for and shall bear all of its own expenses and costs of its cryptocurrency mining operations, including without limitation (i) the purchase price for the Equipment, (ii) costs of use of the Equipment, including electricity costs and cost of storage, (iii) costs, expenses, taxes and government levies in relation to the purchasing, selling, hedging or otherwise trading its cryptocurrencies, including any and all brokerage costs, (iv) other potential costs and expenses iccurred by its cryptocurrency mining operations. The Company shall, promptly upon demand, reimburse the Service Providers for any such expenses incurred or expended by the Service Providers on the Company's behalf. The Service Providers shall be responsible for all general overhead expenses incurred by the Service Providers in the operation of their businesses including, without limitation, compensation and benefits for employees of the Service Providers, costs associated with the Service Providers' internal staff, office rent and utilities.

4. Other Activities and Investments.

The Service Providers and their respective members, officers, employees, agents, delegates and affiliates (and each of their respective direct and indirect partners, members, managers, directors, officers, employees, delegates, agents and affiliates) (collectively, "***Affiliates***") may engage, simultaneously with their Services on behalf of the Company, in other businesses, and may render services similar to those described in this Agreement to Other Clients (as defined below) and shall not by reason of engaging in other businesses or rendering of services for others be deemed to be acting in conflict with the interests of the Company; provided, however, that in the event that a Service Provider renders the same or similar services as the Services to Other Clients ("***Other Services***"), such Service Provider shall notify the

Company and give the Company the option to engage such Service Provider for such Other Services on the same or better terms as such Other Services are being provided to such Other Clients. The Service Providers and their respective Affiliates, in their individual capacities, may engage in cryptocurrency transactions that may be different from, and contrary to, transactions engaged in by the Company. The Service Providers and their respective Affiliates may provide similar services to individuals, entities and other clients ("***Other Clients***") and in connection therewith engage in cryptocurrency transactions that may be different from, and contrary to, transactions engaged in by the Company.

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5. Custody.

To the extent required by law and if applicable, the cryptocurrency assets of the Company shall be held in the custody of one or more custodians (or other independent institutions performing the functions of custodian, with respect to the assets which are held by such institutions) selected by the Company in its discretion. The Service Providers shall not be responsible for the selection and appointment of the custodian, any expenses related hereto and any loss incurred by reason of any act or omission of a custodian.

6. Scope of Liability.

To the fullest extent permitted by applicable law, the Service Providers shall not be liable to the Company or to any shareholder (or any of their respective affiliates, employees, agents or officers) for any losses, damages, expenses, liabilities, or claims incurred by any of them in connection with the performance of the Services hereunder, other than such losses, liabilities, damages and expenses incurred primarily as a result of a Service Provider's fraud, bad faith, willful misconduct, or gross negligence.

Notwithstanding anything contained in this Agreement to the contrary, no party to this Agreement shall be liable for failures or delays in performing their obligations hereunder arising from any cause beyond their control, including without limitation, acts of God, acts of civil or military authority, fires, strikes, lockouts or labour disputes, epidemics, governmental restrictions, wars, terrorist acts, riots, earthquakes, storms, typhoons, floods and breakdowns in electronic and computer information and communications systems (each a "Force Majeure Event") and in the event of any such delay, the time for the parties' performance shall be extended for a period equal to the time lost by reason of the delay which shall be remedied with all due despatch in the circumstances.

7. Indemnification.

(a) To the fullest extent permitted by applicable law, the Company shall indemnify and hold harmless each of the Service Providers, their respective members, officers, directors, managers, employees, agents, owners, and Affiliates (each, a "***Service Provider Indemnified Party***") from and against any and all claims, liabilities, damages, losses, costs and expenses (including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses, including attorneys' fees, of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by any Service Provider Indemnified Party and arise out of or in connection with such Service Provider's serving or having served as Service Provider pursuant to this Agreement (the "***Indemnified Expenses***"); *provided*, *however*, a Service Provider Indemnified Party shall not be entitled to indemnification hereunder if and to the extent that there is a final adjudication, in an underlying action or proceeding in which the Indemnified Expenses were incurred, that the Service Provider Indemnified Party's conduct constituted fraud, bad faith, willful misconduct, or gross negligence.

(b) To the fullest extent permitted by applicable law, each Service Provider, jointly and severally, shall indemnify and hold harmless the Company, its shareholders, officers, directors, managers, employees, agents, owners, and Affiliates (each, a "***Company Indemnified Party***" and together with the Service Provider Indemnified Parties, the "***Indemnified Parties***") from and against any and all Indemnified Expenses that are incurred by any Company Indemnified Party and arise out of or in connection with (i) a Service Provider's material breach of this Agreement or (ii) the fraud, bad faith, willful misconduct, or gross negligence on the part of any Service Provider Indemnified Party.

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8. Representations and Warranties of the Service Providers

Each of the Service Providers, jointly and severally, hereby represents and warrants to the Company as follows:

(a) It has full power and authority to enter into this Agreement;

(b) Entering into this Agreement shall not conflict with any other agreement of such Service Provider;

(c) It possesses the requisite skill and expertise to carry out its duties hereunder and shall perform the Services in a diligent and workmanlike manner to the best of its abilities;

(d) It is acquiring the Shares for its own account, and not with a view to the distribution (as such term is used in Section 2(11) of the Securities Act of 1933, as amended (the "***Securities Act***"**)) thereof. Each Service Provider understands that the Shares have not been registered under the Securities Act, and that the Shares may not be transferred or sold until the Shares are registered under the Securities Act, or an exemption from such registration is available.**

(e) It understands and agrees that the Company, at the time of issuance, shall cause the legends set forth below, or substantially equivalent legends, to be placed upon any certificate(s) evidencing ownership of the Shares, together with any legends that may be required by the Company or by applicable state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE SECURITIES ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE SECURITIES ACT.

(f) It represents and acknowledges that it has adequately analyzed and fully considered the risks of holding the Shares and determined that the Shares are a suitable investment for such Service Provider and that it is able at this time and in the foreseeable future to bear the economic risk of a total loss of its investment in the Company.

Except for the express representations and warranties contained in this section 8 or otherwise under this Agreement, no Service Provider is making any representation or warranty, express or implied, of any nature whatsoever with respect to such Service Provider or the Service.

9. Representations and Warranties of the Company

The Company, hereby represents and warrants to each of the Service Providers, as follows:

(a) It is duly incorporated and is validly existing as a company under the laws of the State of Nevada and is not insolvent, in liquidation or in receivership;

(b) The Company has full legal capacity to execute and deliver this Agreement and to perform Company's obligations hereunder;

(c) The Shares when issued, delivered and held by each of the Service Providers will be duly and validly issued, free and clear of any liens or encumbrances, and will be subject to no restrictions on transferring except the restrictions on transfer under applicable federal and state securities laws;

(d) The execution, delivery and performance of this Agreement by the Company will not (A) materially violate any law, order or other restrictions of any governmental entity to which such Company is subject, (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any contract or other arrangement relating to the Shares, or (C) result in the imposition or creation of a lien upon, or with respect to, such Company's Shares;

(e) There are no proceedings pending or, to such Company's knowledge, threatened against or by such Company or its affiliate that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement or that otherwise relate to the Shares.

(f) the Company shall use its best effort to cause the Shares to be registered under the Securities Act within 120 days of closing.

10. Independent Contractor.

For all purposes of this Agreement, each of the Service Providers shall be an independent contractor and not an employee or dependent agent of the Company, nor shall anything herein be construed as making the Company a partner or co-venturer with any of the Service Providers or any of their respective Affiliates or Other Clients.

11. Term; Termination; Renewal.

(a) Unless agreed otherwise by the parties hereto in writing, upon execution hereof, this Agreement shall remain in full force and effect for a period of three (3) years from the Effective Date, and shall automatically renew each year thereafter for an additional one-year period, unless and until terminated in accordance with Section 11(b) of this Agreement.

(b) This Agreement may be terminated, without penalty, by (i) the Company upon at least **[seventy-five (75)]** days' prior written notice to a Service Provider, (ii) a Service Provider upon at least **[seventy-five (75)]** days' prior written notice to the Company, or (iii) a Service Provider, on the one hand, and the Company, on the other hand, by mutual written agreement at any time. The termination of this Agreement with respect to one Service Provider shall not affect the validity or continuation of this Agreement with respect to any other Service Provider.

(c) The termination of this Agreement shall not extinguish the obligations of the Company for the payment or reimbursement of any expenses in respect of Services prior to the effective date of such termination. For clarity, the termination of this Agreement shall not affect the Shares that have been issued to and held by a Service Provider.

(d) The provisions of Sections 3, 6, 7, 8, 9, 10, 14, 15, 16, 18, and 21 hereof shall survive indefinitely any termination of this Agreement.

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12. Delegation of Rights.

The Service Providers shall have the power and authority to (a) retain the services of others to assist it in the performance of their duties and obligations hereunder, and/or (b) delegate any of their rights, duties or responsibilities hereunder, in whole or in part, to any other persons, firms or entities (including Affiliates of the Service Providers); *provided*, that payment to any such persons shall be the sole responsibility of the Service Providers, and the Company shall not have any liability for such payment, except to the extent such expenses are allocable to the Company pursuant to Section 3(b) hereof. Notwithstanding the foregoing, the Service Providers shall be responsible for managing and supervising any such persons and for causing such persons to comply with the terms and provisions of this Agreement.

13. Amendment; Modification; Waiver.

Except as otherwise expressly provided herein, this Agreement shall not be amended, nor shall any provision of this Agreement be considered modified or waived, unless evidenced by a writing signed by the party to be charged with such amendment, waiver or modification. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

14. Binding Effect; Assignment.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, but the rights and obligations hereunder shall not, except as otherwise expressly provided herein, be assignable, transferable or delegable without the written consent of the other party hereto and any attempted assignment, transfer or delegation hereof without such consent shall be void.

15. Invalid Provisions.

If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as part of this

Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as is possible to be legal, valid, and enforceable.

16. Notices.

Any and all written communications provided herein shall be deemed duly given if personally delivered or delivered by mail, postage prepaid or email to the physical address or email address set forth below, unless notice of a change of physical address or email address is furnished in the manner provided herein.

If to the Service Providers:	If to the Company:
for Sparkpool	Applied Science Products, Inc.
Xsquared Holding Limited Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	3811 Turtle Creek Blvd Suite 2125 Dallas, TX 75219

for General Mining Research

GMR Limited
Trinity Chambers, PO Box 4301,
Road Town, Tortola,
British Virgin Islands

for Valuefinder

Valuefinder Limited
Vistra Corporate Services Centre, Wickhams Cay II,
Road Town, Tortola, VG1110,
British Virgin Islands.

17. Entire Agreement.

This Agreement embodies all understandings and agreements of the parties hereto with respect to the subject matter hereof and the terms and conditions hereof may not be amended except in writing dated even date herewith or subsequent hereto signed by all of the parties hereto. This Agreement supersedes any prior agreement or understanding among the parties with respect to the subject matter hereto.

18. Governing Law.

This Agreement shall be governed and construed according to the laws of the State of Texas, without regard to the conflict of law provisions thereof. Each of the parties hereto irrevocably and unconditionally confirms and agrees that it is and shall continue to be (i) subject to the jurisdiction of the courts of the State of Texas and of the federal courts sitting in the State of Texas and (ii) subject to service of process in the State ofTexas.

19. Execution.

This Agreement may be executed in several counterparts, each of which shall be deemed an original hereof, but only one of which as executed by all parties shall be required as evidence in any action maintained in connection with this Agreement.

20. No Third-Party Beneficiary.

Except with respect to the Indemnified Parties pursuant to Section 7, this Agreement is made solely and specifically between and for the benefit of the parties hereto and their respective successors and assigns, subject to the express provisions hereof relating to successors and assigns, and no other person or entity whatsoever has any rights, interest, or claims hereunder or is or will be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.

21. Further Assurances.

Each party hereto shall execute and deliver such other documents or agreements as may be necessary or desirable to implement this Agreement and to consummate the transactions contemplated herein.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement on and as of the Effective Date.

THE COMPANY

APPLIED SCIENCE PRODUCTS, INC.,
a Nevada corporation

By: /s/ Wes Cummins
Wes Cummins, President,

THE SERVICE PROVIDERS

GMR LIMITED (GENERAL MINING RESEARCH),
a British Virgin Islands limited liability company

By: /s/ Guo Chen
Guo Chen, Director

XSQUARED HOLDING LIMITED (SPARKPOOL),
a British Virgin Islands limited liability company

By: /s/ Xin Xu
Xin Xu, Director

VALUEFINDER LIMITED,
a British Virgin Islands limited liability company

By: /s/ Jason Zhang
Jason Zhang, Director

Exhibit 10.2

Master Professional Services Agreement

between

Ulteig Engineers, Inc.

and

APLD Hosting, LLC.

THIS MASTER PROFESSIONAL SERVICES AGREEMENT (hereinafter the "Agreement") is made as of the latter of the dates set forth on the signature blocks below (the "Effective Date") by and between **ULTEIG ENGINEERS, INC.**, a North Dakota corporation ("Ulteig"), and **APLD HOSTING, LLC.** (the "Client") (each, a "Party" and, collectively, the "Parties").

IN CONSIDERATION of the mutual promises and covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. ULTEIG'S RESPONSIBILITIES

1.1 SCOPE. Client desires that Ulteig provide to Client services (the "Services"), from time to time, with respect to various projects, all of which will be subject to the terms and conditions of this Agreement. The Services that Ulteig will perform with respect to such projects shall be described in separately authorized work orders (each, a "Work Order") in the form attached hereto as Exhibit A. Each Work Order shall also include the schedule and compensation to be paid for the Services. Ulteig is authorized to begin the Services upon written notice from Client to proceed. Ulteig's Services under this Agreement are undertaken and performed solely for the benefit of Client.

1.2 ADDITIONAL SERVICES. With respect to any services that do not constitute Services under a Work Order, Ulteig shall provide such additional services (any "Additional Services") only if authorized in writing by the Client. Ulteig will not be obligated to provide Additional Services unless and until the scope of such Additional Services and the compensation for all Additional Services shall be mutually agreed by written amendment to the applicable Work Order.

1.3 STANDARD OF CARE. Ulteig agrees that Ulteig will perform the Services according to the standard of care and skill exercised by reputable members of its profession practicing under similar conditions at the same time and in a similar locale. Other than the foregoing, Ulteig makes no warranties, express or implied, under this Agreement or otherwise, in connection with the Services.

1.4 RESPONSIBILITY FOR CORRECTIONS. The Services will materially conform to the specifications set forth in the applicable Work Order. Ulteig shall correct any material technical inaccuracies in the Services without additional compensation, except to the extent such inaccuracies are attributable to deficiencies in Client-furnished information or otherwise the fault, in whole or in part, of Client. If Ulteig fails to materially conform to the specifications set forth in the applicable Work Order, Client must notify Ulteig of any claim related thereto within 30 days of the completion of the applicable Services. If Client fails to provide such notice within such time period, Client's claim with respect to such breach shall be deemed irrevocably waived. Ulteig's correction of its breach as referenced in this Section 1.04 above shall be Client's sole remedy for Services that do not materially conform to the specifications set forth in the applicable Work Order, and Ulteig will not be liable for any costs and expenses Client may incur if it elects to have a third party remedy, fix, or reperform the Services it alleges were not materially in conformance with the specifications set forth in the applicable Work Order.

1.5 LIMITATION OF RESPONSIBILITY. Ulteig shall not supervise, direct, or have control over or responsibility for the means, methods, techniques, sequences, or procedures of construction used or selected on any project. Furthermore, Ulteig shall not be responsible for the acts or omissions of Client or any contractor, or their subcontractors or suppliers or for any of their agents or employees or any other persons furnishing or performing service related to any project (any "Client Party"), or for any interpretations or clarifications of documents created by Ulteig hereunder made by any Client Party, except upon consultation with and the written advice of Ulteig. If Ulteig's performance of any Services is prevented or delayed by any act or omission of any Client Party, Ulteig shall not be deemed in breach of its obligations under this Agreement or the applicable Work Order or otherwise liable for any costs, charges or losses sustained or incurred by Client, in each case, to the extent arising directly or indirectly from such prevention or delay.

2. CLIENT'S RESPONSIBILITIES

2.1 DUTY TO COOPERATE. Client acknowledges Ulteig's legal and ethical obligations with respect to public health and safety and will use Client's best efforts to help Ulteig comply with these obligations. Moreover, Client shall not require Ulteig to sign, and Ulteig shall have no obligation to sign, any document that would obligate Ulteig to certify, guarantee or warrant the existence of conditions the existence of which Ulteig may not be able to, cannot or is not required to ascertain. Client agrees not to resolve or attempt to resolve any dispute with Ulteig or to make payment of any amount to Ulteig in any way contingent upon any such certification.

2.2 DUTY TO PROVIDE ACCURATE, COMPLETE, AND TIMELY INFORMATION. Client agrees to provide Ulteig with any and all documents, including but not limited to, structural documents, geotechnical reports and other technical information regarding the Services, Additional Services, and/or the location where any Services are to be performed (any "Site"), if any, which are available to Client. Client shall be responsible for, and Ulteig may rely upon, the accuracy and completeness of all requirements, programs, instructions, reports, data, documents and other information furnished by Client to Ulteig. Ulteig may use such requirements, reports, data, documents and information in performing or furnishing the Services. Client shall respond promptly to any Ulteig request to provide direction, information, approvals, authorizations or decisions that are reasonably necessary for Ulteig to perform the Services. Client agrees to cooperate with Ulteig in all matters relating to the Services and provide such access to the Site, and such office accommodation and other facilities as Ulteig may reasonably request, for the purposes of performing the Services.

3. TIME AND SCHEDULE

3.1 TERM. The term of this Agreement shall commence on the Effective Date and shall terminate on **December 31, 2024** (the "Term") unless earlier terminated pursuant to Section 5.

3.2 TIME. Ulteig will perform the Services according to the schedule set forth in the relevant Work Order. The Parties acknowledge and agree that the Parties determination of the schedule set forth in any Work Order, and the compensation for performing the Services according to such schedule, is made in anticipation of the orderly and continuous progress of the applicable project through completion and Client's performance of its obligations under this Agreement in an accurate and timely manner so as not to delay Ulteig's ability to timely perform the Services. Ulteig shall use reasonable efforts to comply with such periods of time or meet any specific dates, but any such time periods or specific dates shall be estimates only. In the event that Ulteig will be unable to complete the Services according to any schedule, in whole or in part, due to Client's acts or omissions, the schedule and/or the compensation terms set forth in the applicable Work Order will be modified accordingly.

3.3 SUSPENSION. If Client fails to give prompt written authorization to proceed with any phase of Services after completion of the immediately preceding phase under any Work Order, or if the Services are delayed, in whole or in part, due to Client's acts or omissions, Ulteig may, after giving seven (7) days' written notice to Client, suspend such Services.

If any Services are delayed or suspended, in whole or in part, due to Client's acts or omissions for more than thirty (30) days through no fault of Ulteig, Ulteig shall be entitled to an equitable adjustment of compensation and/or the schedule, to reflect the costs incurred by Ulteig in connection with, among other things, such delay or suspension and reactivation.

4. ULTEIG'S COMPENSATION

4.1 COMPENSATION. Client shall pay Ulteig for Services, Additional Services, and those reasonable and necessary business expenses incurred by Ulteig and any of Ulteig's consultants (any "Consultant") in the performance of the Services (the "Reimbursable Expenses"), if applicable, as set forth in the relevant Work Order. Client shall pay Ulteig for all sales tax or use tax for which Ulteig may become liable to pay or withhold with respect to the Services.

4.2 INVOICES. Invoices will be prepared in accordance with Ulteig's standard invoicing practices and be submitted to Client by Ulteig on a monthly basis. Invoices are due and payable upon receipt. If Client fails to make such payment within thirty (30) days after receipt, Ulteig will charge interest at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from the date the invoice was received. In addition, Ulteig may, after giving seven (7) days' written notice to Client, suspend all Services under this Agreement until Ulteig has been paid in full all amounts due. Payments will be credited first to interest and then to principal.

4.3 PAYMENTS UPON TERMINATION. In the event of any termination under Article 5, Ulteig will be entitled to invoice Client and Client will pay Ulteig for all Services performed and all Reimbursable Expenses incurred by Ulteig through the effective date of such termination.

4.4 RECORDS OF ULTEIG'S COSTS. Records of Ulteig's costs pertinent to Ulteig's compensation under this Agreement shall be kept in accordance with generally accepted accounting practices. To the extent necessary to verify Ulteig's charges and upon Client's reasonable request, copies of such records will be made available to Client at Client's cost.

4.5 CHANGES IN LAWS OR REGULATIONS. In the event of changes in applicable laws or regulations after the Effective Date of the Agreement that impose taxes, fees, or costs on any Services or other costs in connection with the Services, any project or compensation therefore, such new taxes, fees, or costs shall be invoiced to and paid by Client as a Reimbursable Expense. Should such taxes, fees, or costs be imposed, they shall be in addition to Ulteig's estimated total compensation.

5. TERMINATION

5.1 TERMINATION FOR CAUSE. The Term may be terminated for cause by either party upon seven (7) days' written notice in the event of substantial failure by the other Party to perform in accordance with the terms hereof through no fault of the terminating Party. However, the Term will not terminate as a result of such substantial failure if the Party receiving such notice begins, within seven (7) days of receipt of such notice, to correct its failure to perform and proceeds diligently to cure such failure within no more than thirty (30) days of receipt thereof (unless cure is impossible); provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such thirty (30) day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, sixty (60) days after the date of receipt of the notice. Where the Term has been so terminated by either Party, the termination will not affect any rights or remedies of either Party against the other then existing or which may thereafter accrue.

5.2 CLIENT'S TERMINATION FOR CONVENIENCE. The Term may be terminated for convenience by Client effective upon the receipt of written notice of termination by Ulteig. Ulteig shall have no liability to Client on account of a termination under this Paragraph 5.2.

5.3 TERMINATION BY ULTEIG. In addition to the rights set forth in Paragraph 5.01 above, Ulteig may terminate the Term immediately upon written notice if: (a) Ulteig believes that Client has requested Ulteig to furnish or perform Services contrary to Ulteig's responsibilities as a licensed professional; (b) Client files a voluntary petition seeking relief under the United States Bankruptcy Code or there is an involuntary bankruptcy petition filed against Client in the United States Bankruptcy Court; or (c) if Ulteig's services are delayed or suspended for more than sixty (60) days for reasons beyond Ulteig's control. Ulteig shall have no liability to Client on account of a termination under this Paragraph 5.3.

6. DOCUMENTATION

6.1 CLIENT USE OF ULTEIG DOCUMENTS. All data, reports, drawings, specifications, record drawings, work-product, and other deliverables (whether in printed or electronic format) provided by or furnished to Client by Ulteig with respect to this Agreement or any applicable Work Order (the "Documents") are instruments of service in respect to this Agreement and any project, and Ulteig shall retain an ownership and property interest therein (including the right of reuse at the discretion of Ulteig) whether or not the applicable project is completed. Notwithstanding the foregoing, Ulteig hereby grants to Client a royalty-free, non-exclusive, non-transferable, perpetual basis license to utilize any such Documents provided to Client as part of the Services to the extent necessary for the construction, operation, maintenance or repair of any such project or any unit or component thereof and Client may also make and retain copies of Documents for information and reference in connection with use on such project by Client and others. Such Documents are not intended or represented to be suitable for reuse by Client or others on extensions of the project or on any other project. Client's reuse or modification of any Document without written verification or adaptation by Ulteig will be at Client's sole risk and without liability or legal exposure to Ulteig, its officers, directors, employees, agents, or Consultants. Client shall indemnify and hold harmless Ulteig, its officers, directors, owners, representatives, partners, employees, agents, and its Consultants (the "Ulteig Parties") from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from any such unverified reuse or modification of any Document. Any verification or adaptation of any Document for extensions of any project will entitle Ulteig to further compensation at rates to be mutually agreed upon by Client and Ulteig.

6.2 DRAFTS. Client agrees not to use or permit any third party to use plans, drawings, or other work product prepared by Ulteig, which plans, Documents, drawings or other work product are not final, as determined by Ulteig in its sole discretion, and which are not signed and stamped or sealed by Ulteig. Client agrees it shall be liable and responsible for any such use of non-final plans, Documents, drawings or other work product not signed and stamped or sealed by Ulteig. Client waives liability against Ulteig for any such use and agrees to indemnify and hold harmless the Ulteig Parties from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from such use of non-final plans, Documents, drawings or other work-product not signed and stamped or sealed by Ulteig.

6.3 ELECTRONIC MEDIA. Copies of data furnished by Client to Ulteig or by Ulteig to Client that may be relied upon are limited to the printed copies (also known as hard copies) of such data. Files in electronic media format of text, data, graphics, or of other types are furnished only for the convenience of the receiving party. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk. When transferring Documents in electronic media format, no representations are made by either party as to long term compatibility, usability, or readability of Documents resulting from the use of software application packages, operating systems, or computer hardware differing from those agreed to by the Parties at the beginning of any project. Ulteig shall not be responsible to maintain Documents stored in electronic media format after acceptance by Client.

7. INSURANCE AND RELATED ISSUES

7.1 INSURANCE. Ulteig will purchase and maintain such insurance as is reasonable and necessary for the Services being performed. The insurance required by this Section 7 shall include the specific coverage and be written for not less than the limits of liability and coverage as hereinafter provided, or as required by law, whichever is greater.

Workers Compensation: Statutory Limits in the state where the subject project is located.

Master Professional Services Agreement
Ulteig Engineers, Inc. – APLD Hosting, LLC

Commercial Gen. Liability: $1,000,000 per occurrence
$1,000,000 general aggregate
Prof. Errors and Omissions: $1,000,000 per claim
$1,000,000 general aggregate

7.2 CERTIFICATES OF INSURANCE. Upon Client's request, Ulteig shall deliver to Client certificates of insurance evidencing the coverage indicated in Paragraph 7.01.

7.3 NEGLIGENCE. Other than any cost, loss, or damages that is proven to have been caused by the sole negligence of Ulteig, Ulteig shall not be liable to Client or anyone claiming by, through, or under Client for any cost, loss, or damages caused, in whole or in part, by the negligence of any entity or individual under the Agreement or in any way relating to the Services.

7.4 COOPERATION REGARDING COVERED CHANGES. Client shall promptly notify Ulteig if Client believes that certain minor changes may be required to be made as a result of, in whole or part, any ambiguities, inconsistencies, incompleteness, and/or slight or minor inaccuracies in the drawings, specifications, and other design documentation that Ulteig furnished or other Services that Ulteig performed or furnished under the Agreement (any "Covered Changes"). The Parties agree to cooperate in good

faith to determine whether Ulteig shall perform or furnish any such Covered Changes. Client shall not make a claim directly or indirectly against Ulteig with respect to the costs of any Covered Changes, unless Client has promptly informed Ulteig of any such Covered Changes, and has attempted in good faith to reach an agreement with Ulteig regarding same. Nothing in this provision changes the professional liability standard for determining if Ulteig is liable for the cost of such Covered Changes.

7.5 MUTUAL EXCLUSION OF SPECIAL, INCIDENTAL, INDIRECT AND CONSEQUENTIAL DAMAGES. To the fullest extent permitted by law, and notwithstanding any other provision in this Agreement, the Parties and their officers, directors, employees, agents, and Consultants shall not be liable to one another or any third party for any loss of use, revenue or profit, or for any special, incidental, indirect, consequential, exemplary or punitive damages whatsoever arising out of or resulting from any project, the Services or the Agreement from any cause or causes, including but not limited to any such damages caused by the, professional errors or omissions, strict liability or breach of contract, or warranty express or implied, or otherwise, regardless of whether such damage was foreseeable and whether or not such Party has been advised of the possibility of such damages, and notwithstanding the failure of any remedy of its essential purpose.

7.6 ULTEIG'S LIABILITY LIMITED TO AMOUNT OF ULTEIG COMPENSATION. To the fullest extent permitted by law, and notwithstanding any other provision of the Agreement, the total liability, in the aggregate, of Ulteig and the Ulteig Parties to Client and anyone claiming by, through, or under Client for any and all claims, losses, costs, or damages arising out of, resulting from, or in any way related to any project, Services or this Agreement from any cause or causes shall not exceed the total compensation received by Ulteig under the applicable Work Order. It is intended that this limitation apply to any and all liability or causes of action however alleged or arising, unless otherwise prohibited by law.

8. SITE CONDITIONS

8.1 REPRESENTATION OF CLIENT. Client represents and warrants to Ulteig that, to the best of its knowledge, a Hazardous Environmental Condition does not exist at or near the Site. A "Hazardous Environmental Condition" hereunder shall mean the existence of any substance, product, waste, or other material of any nature (including, but not limited to asbestos, petroleum, radioactive material, and PCBs), which is or becomes listed, regulated, or addressed under: (a) the Comprehensive Environmental Response, Compensation, and Liability Act of 1990 ("CERCLA"), (b) the Hazardous Materials Transportation Act, (c) the Resource Conservation and Property Recovery Act, (d) the Toxic Substances Control Act, (e) the Clean Water Act, (f) the Clean Air Act, and (g) any other federal, state, or local statute, law, rule, regulation, order, or decree relating to or imposing liability or standards concerning any hazardous, toxic, or dangerous waste, substance or material. Client represents and warrants that it has disclosed to Ulteig the existence of any and all Hazardous Environmental Conditions at or near the Site, including type, quantity and location.

Client further acknowledges that Ulteig is not and shall not be required to become an "arranger," "operator," "generator," or "transporter" of hazardous substances, as defined in the CERCLA which are or may be encountered at or near the Site in connection with Ulteig's activities or Services under the Agreement.

8.2 ULTEIG'S OBLIGATION TO NOTIFY. If a Hazardous Environmental Condition is encountered or alleged, Ulteig shall notify Client and, to the extent required by applicable laws or regulations, appropriate governmental officials.

8.3 ULTEIG'S RIGHT TO SUSPEND OR TERMINATE SERVICES. It is acknowledged by both Parties that the Services do not include any services related to a Hazardous Environmental Condition. In the event Ulteig or any other party encounters a Hazardous Environmental Condition, Ulteig may, at its option and without liability for damages, suspend performance of the Services on the portion of any project affected thereby until Client: (i) identifies and, as appropriate, abates, remediates, or removes the Hazardous Environmental Condition; and (ii) warrants that the Site is in full compliance with applicable laws or regulations. If Ulteig cannot perform Services because of a Hazardous Environmental Condition, Ulteig may terminate this Agreement for cause on thirty (30) days' notice. Ulteig shall have no liability to Client on account of a termination under this Paragraph 8.03, and Ulteig will be entitled to invoice Client and Client will pay Ulteig for all Services performed and all Reimbursable Expenses incurred through the effective date of termination.

9. GENERAL

9.1 AMENDMENT. This Agreement may only be amended, supplemented, modified, or canceled by a written instrument signed by both Parties.

9.2 ASSIGNMENT. Neither Client nor Ulteig may assign, sublet, or transfer any rights under or interest (including, but without limitation, monies that are due or may become due) in this Agreement without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

9.3 CONSULTANTS. Ulteig may employ any Consultants Ulteig deems necessary to assist in the performance or furnishing of any Services. Ulteig shall not be required to employ any Consultant unacceptable to Ulteig. Ulteig makes no warranties under this Agreement or otherwise with respect to any part of the Services performed or provided by Consultants.

9.4 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS. Ulteig and Client shall comply with all applicable laws or regulations. The terms and conditions set forth in this Agreement are based on applicable laws and regulations in effect as of the Effective Date. Changes to any applicable laws or regulations after the Effective Date may be the basis for modifications to Client's obligations under this Agreement or to any Services, including, but not limited to, times of performance and compensation.

9.5 CONTROLLING LAW. This Agreement is to be governed by North Dakota law. Any dispute between the Parties that cannot be resolved by the Parties shall be venued in a court of competent jurisdiction in Fargo, North Dakota.

9.6 ENTIRE AGREEMENT. This Agreement together with the exhibits identified herein constitutes the entire agreement between Client and Ulteig and supersedes all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, whether written or oral.

9.7 DISPUTE RESOLUTION. The Parties agree to submit all disputes between them to mediation prior to exercising their rights under the Agreement or under law.

9.8 HEADINGS. The headings used in this Agreement are for general reference only and do not have special significance.

9.9 NOTICES. Any notice required under this Agreement shall be made in writing, addressed to the appropriate Party at its address on the signature page and given personally, or by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

9.10 SEVERABILITY. Any provision or part of this Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon the Parties, who agree that this Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision. However, if such court finds any of the provisions regarding the ownership and use of any deliverables, if any, and/or confidentiality, warranties and representations, or indemnification terms of this Agreement to be unenforceable, then Ulteig may elect to terminate the Term immediately for convenience.

9.11 SUCCESSORS AND ASSIGNS. Each Party, together with their respective partners, successors, executors, administrators and legal representatives, are hereby bound to the other Party and to such other Party's partners, successors, executors, administrators and legal representatives (and said assigns), in respect of all covenants, agreements and obligations of this Agreement.

9.12 SURVIVAL. All express representations, indemnifications, or limitations of liability included in this Agreement will survive their completion or the expiration or early termination of the Term for any reason.

9.13 THIRD PARTY OBLIGATIONS. Nothing contained herein shall create any obligation or contractual relationship with any third party or any third party beneficiary relationship.

9.14 WAIVER. Non-enforcement of any provision by either Party shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

9.15 ATTORNEYS' FEES. If any legal action or proceeding is brought by either Party to enforce this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding (including, without limitation, expert witness fees), in addition to any other relief to which the prevailing Party may be entitled.

9.16. COUNTERPARTS. This Agreement may be executed and delivered by original signature, facsimile, or other image capturing technology, and in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will constitute one and the same agreement.

9.17 RELATIONSHIP OF THE PARTIES. The relationship between the Parties is that of independent contractors. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the Parties, and neither party shall have authority to contract for or bind the other Party in any manner whatsoever.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Client and Ulteig have signed and dated this Agreement.

APLD HOSTING, LLC.	**ULTEIG ENGINEERS, INC.**
/s/ David Rench	/s/ Matthew Kavanaugh
BY: David Rench TITLE: CFO	BY: Matthew Kavanaugh TITLE:
DATE: 7/1/2021	DATE: 7/1/2021

ADDRESS:
3811 Turtle Creek Blvd, Suite 2100
Dallas, TX 75219

ADDRESS:
3350 38th Avenue South
Fargo, ND 58104

EXHIBIT A

WORK ORDER NO. – PROJECT NUMBER

PROJECT TITLE

In accordance with this Work Order No.___, made and entered into this ___ day of_____ , 20__,**ULTEIG ENGINEERS, INC.,** a North Dakota corporation (hereinafter "Ulteig") agrees to perform and complete the following services (the "Services") for **[*Insert name of Client and State of Incorporation*]** (hereinafter "Client"), in accordance with the terms and conditions of the Master Professional Services Agreement (the "Agreement"), dated_____ , 20___, all of which terms and conditions are
incorporated herein by reference:

Project Location:

Project Description:

Scope of Services:

Services Compensation and Method of Payment:

Additional Services Compensation and Method of Payment

Schedule:

Other Considerations/Requirements:

ULTEIG ENGINEERS, INC.

BY: _____
Print Name: _____
Title: _____

[CLIENT]

BY: _____
Print Name: _____
Title: _____

NON-FIXED PRICE

SALES AND PURCHASE AGREEMENT

BETWEEN
Bitmain Technologies Limited
("Bitmain")

AND

Applied Blockchain Inc.
("Purchaser")

This non-fixed price sales and purchase agreement (this "Agreement") is made on 13th April 2021 by and between Bitmain Technologies Limited ("Bitmain") (Company number: 2024301), with its registered office at Unit Al of Unit A, 1 1 th Floor, Success Commercial Building, 245-251 Hennessy Road, Hong Kong, and Applied Blockchain Inc. (the "Purchaser") (EIN: 95-4863690 with its principal place of business at State of 3811 Turtle Creek Blvd, Suite 2125, Dallas, Texas 75219.

Bitmain and the Purchaser shall hereinafter collectively be referred to as the "Parties", and individually as a "Party".

Whereas:

1. Purchaser fully understands the market risks, the price-setting principles and the market fluctuations relating to the Products sold under this Agreement.

2. Purchaser has purchased the Products through the website of Bitmain (i.e., https://shop.bitmain.com/, similarly hereinafter) for many times, and is familiar with the purchase order processes of Bitmain's website.

3. Based on the above consensus, the Purchaser is willing to purchase and Bitmain is willing to supply cryptocurrency mining hardware and other equipment in accordance with the terms and conditions of this Agreement.

The Parties hereto agree as follows:

1. Definitions and Interpretations

The following terms, as used herein, have the following meanings:

"Affiliate" means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person; "Person" means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity (whether or not having separate legal personality); and "Control" means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, provided that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms "Controlled" and "Controlling" have meanings correlative to the foregoing.

"Applicable Law" means any treaty, law, decree, order, regulation, decision, statute, ordinance, rule, directive, code or other document that has legal force under any system of law, including, without limitation, local law, law of any other state or part thereof or international law, and which creates or purports to create any requirement or rule that may affect, restrict, prohibit or expressly allow the terms of this Agreement or any activity contemplated or carried out under this Agreement.

"Bank Account" means the bank account information of Bitmain provided in Appendix A of this Agreement.

"Force Majeure" means in respect of either Party, any event or occurrence whatsoever beyond the reasonable control of that Party, which delays, prevents or hinders that Party from performing any obligation imposed upon that Party under this Agreement, including to the extent such event or occurrence shall delay, prevent or hinder such Party from performing such obligation, war (declared or undeclared), terrorist activities, acts of sabotage, blockade, fire, lightning, acts of god, national strikes, riots, insurrections, civil commotions, quarantine restrictions, epidemics, earthquakes, landslides, avalanches, floods, hurricanes, explosions and regulatory and administrative or similar action or delays to take actions of any governmental authority.

"Intellectual Property Rights" means any and all intellectual property rights, including but not limited to those concerning inventions, patents, utility models, registered designs and models, engineering or production materials, drawings, trademarks, service marks, domain names, applications for any of the foregoing (and the rights to apply for any of the foregoing), proprietary or business sensitive information and/or technical know-how, copyright, authorship, whether registered or not, and any neighbor rights.

"Order" means the Purchaser's request to Bitmain for certain Product(s) in accordance with this Agreement.

"Product(s)" means the merchandise that Bitmain will provide to the Purchaser in accordance with this Agreement.

"Total Purchase Price" means the aggregate amount payable by the Purchaser as set out in Appendix A of this Agreement.

"Warranty Period" means the period of time that the Product(s) are covered by the warranty granted by Bitmain or its Affiliates in accordance with Clause 7 of this Agreement.

"Warranty Start Date" means the date on which the Product(s) are delivered to the carrier. Interpretations:

i) Words importing the singular include the plural and vice versa where the context so requires.

ii) The headings in this Agreement are for convenience only and shall not be taken into consideration in the interpretation or construction of this Agreement.

iii) References to Clauses and Appendix(es) are references to Clauses and Appendix(es) of this Agreement.

iv) Unless specifically stated otherwise, all references to days shall mean calendar days.

v) Any reference to a code, law, statute, statutory provision, statutory instrument, order, regulation or other instrument of similar effect shall include any re-enactment or amendment thereof for the time being in force.

2. Sales of Product(s)

Bitmain will provide the Product(s) set forth in Appendix A (attached hereto as part of this Agreement) to the Purchaser in accordance with provisions of Clause 2, Clause 3, Clause 4, Clause 5 and Appendix A of this Agreement, and the Purchaser shall make payment in accordance with the terms specified in this Agreement.

2.1. Both Parties agree that the Product(s) shall be sold in accordance with the following steps:

(i) The Purchaser shall place Order through Bitmain's website or through other methods accepted by Bitmain, and such Order shall constitute an irrevocable offer to purchase specific Product(s) from Bitmain.

(ii) After receiving the Order, Bitmain will send an order receipt confirmation email to the Purchaser. The Purchaser's Order will be valid for a period of twenty-four (24) hours after its placement, and upon expiration of such period, Bitmain will have the right to cancel the Order at its sole discretion if the Purchaser fails to pay the down payment in accordance with Appendix A of this Agreement.

(iii) The Purchaser shall pay the Total Purchase Price in accordance with Appendix A of this Agreement.

(iv) Upon receipt of the Total Purchase Price, Bitmain will provide a payment receipt to the Purchaser.

(v) Bitmain will send a shipping confirmation to the Purchaser after it has delivered the Product(s) to the carrier, and the Order shall be deemed accepted by Bitmain upon Bitmain's issuance of the shipping confirmation.

2.2. Both Parties acknowledge and agree that the order receipt confirmation and the payment receipt shall not constitute nor be construed as Bitmain's acceptance of the Purchaser's Order, but mere acknowledgement of the receipt of the Order and the Total Purchase Price.

2.3. Both Parties acknowledge and agree that in case of product unavailability, Bitmain shall have the right to cancel the Order after it has issued the order receipt confirmation, the payment receipt or the shipping confirmation without any penalty or liability.

2.4. The Purchaser acknowledges and confirms that the Order is irrevocable and cannot be cancelled by the Purchaser, and that the Product(s) ordered are neither returnable nor refundable. All sums paid by the Purchaser to Bitmain shall not be subject to any abatement, set-off, claim, counterclaim, adjustment, reduction, or defense for any reason. Down payment and payment of Total Purchase Price are not refundable, save as otherwise mutually agreed by the Parties.

3. Prices and Terms of Payment

3.1 The Total Purchase Price (inclusive of any tax payable) shall be paid in accordance with the payment schedule set forth in Appendix B of this Agreement.

3.2 In the event that the Purchaser fails to fully settle the respective percentage of the Total Purchase Price before the prescribed deadlines and fails to make a written request to Bitmain no less than five (5) business days prior to the prescribed deadline and obtain Bitmain's written consent, Bitmain shall be entitled to terminate this Agreement and the Purchase shall be liable for a reasonable liquidated damage (not a penalty) of [20]% of the purchase price of such batch of Products. If there are any remaining balance after deducting the liquidated damage, such remaining balance shall be refunded to the Purchaser free of any interest. If the Purchaser fails to pay the down payment on a timely basis and Bitmain has arranged production or procurement, Bitmain shall be entitled to request the Purchaser to be responsible for the loss related to such production or procurement.

3.3 The Total Purchase Price set forth in this Agreement is merely an estimate of the price and not the actual price. The actual price will be determined [one] month before the current batch is shipped and with reference to the market circumstances, provided that the actual price shall not be higher than the estimated price.

3.4 Upon receipt of notification of the actual price provided by Bitmain, the Purchaser shall be entitled to three options:

(i) continue to perform the Order of the current batch of the Product(s) with the original rated hashrate and pay the remaining amount at the actual price; or

(ii) request Bitmain to increase the rated hashrate in equivalent to the difference in price. Under this circumstance, Bitmain shall have the right to negotiate with the Purchaser for the amount of the additional rated hashrate based on its then inventory; or

(iii) partially or wholly cancel the Order of the current batch of Product(s). Under this circumstance, the Purchaser shall not claim any refund from Bitmain. If the Purchaser has made payments and there is remaining balance, such remaining balance shall be credited to the balance of the Purchaser and its affiliates.

Furthermore, the Purchaser shall confirm in writing the result of its exercise of the options under this Clause within two (2) days after Bitmain provides the Purchaser with the actual price, and if it is overdue and no agreement is reached between the Parties, the Purchaser shall be deemed to have voluntarily and irrevocably waived its option under this Clause and the Parties shall continue to perform the Order of the current batch of Product(s) with the original rated hashrate and the Purchaser shall pay the remaining amount at the actual price.

3.5 The Parties understand and agree that the applicable prices of the Product(s) are inclusive of applicable bank transaction fee, but are exclusive of any and all applicable import duties, taxes and governmental charges. The Purchaser shall pay or reimburse Bitmain for all taxes levied on or assessed against the amounts payable hereunder. If any payment is subject to withholding, the Purchaser shall pay such additional amounts as necessary, to ensure that Bitmain receives the full amount it would have received had payment not been subject to such withholding.

4. Product Discount

Based on the sales results and sales strategy, Bitmain is willing to offer the following discount as set forth in clause 4.1:

4.1. With respect of the signing of this Agreement, Bitmain offers the following discount to the Purchaser:

4.1.1. The Products under this Agreement consists of twelve (12) batches and the discount amount of each batch shall be calculated separately.

4.1.2. Bitmain may provide difference discounts to the Purchaser based on the actual amount of the prepayment and the payment time.

Discount Amount =Amount of prepayment * 1% * Number of months prepaid. The amount of prepayment shall be calculated at the end of each month. The number of months prepaid shall be calculated from the month of payment without counting the month of delivery. For clarification, the payment date shall be the date as evidenced in the remittance copy of such payment, and the discount term shall be calculated when the respective amounts under this Agreement have been received by Bitmain in full and without further consideration of the remaining amount. Payment schedules may be further adjusted in accordance with the actual situations.

4.1.3. If the Purchaser fails to make the payments on time, the discount applicable to such batch shall be cancelled.

4.2. No discount will be offered by Bitmain to the Purchaser.

5. Shipping of Product(s)

5.1. Bitmain shall deliver the Products in accordance with the shipping schedule to the first carrier or the carrier designated by the Purchaser.

5.2. Subject to the limitations stated in Appendix A, the terms of delivery of the Product(s) shall be CIP (carriage and insurance paid to (named place of destination) according to Incoterms 2010) to the place of delivery designated by the Purchaser. Once the Product(s) have been delivered to the carrier, Bitmain shall have fulfilled its obligation to supply the Product(s) to the Purchaser, and the title and risk of loss or damage to the Product(s) shall pass to the Purchaser.

5.3. In the event of any discrepancy between this Agreement and Bitmain's cargo insurance policy regarding the insurance coverage, the then effective Bitmain cargo insurance policy shall prevail, and Bitmain shall be required to provide the then effective insurance coverage to the Purchaser.

5.4. If Bitmain fails to deliver the Products after thirty (30) days after the prescribed deadline, the Purchaser shall be entitled to cancel the Order of such batch of Products and request Bitmain to refund the price of such undelivered batch of Products together with *an* interest at 0.0333% per day for the period from the next day of each payment of the price of such batch of Products to the date immediately prior to the request. In the event that the Purchaser does not cancel the Order of the undelivered batch of Products and requests Bitmain to perform its delivery obligation, Bitmain shall continue to perform its delivery obligation and compensate the Purchaser in accordance with Clause 5.5 of this Agreement.

5.5. If Bitmain postpones the shipping schedule of the Products and the Purchaser does not cancel the Order, Bitmain shall make a compensation to the Purchaser on daily basis, the amount of which shall equal to 0.0333% of the price of such undelivered batch of Products, which compensation shall be made in the form of delivery of more rated hashrate. Amount less than one unit of Product shall be credited to the balance of the Purchaser in the user system on Bitmain's official website, which shall be viewable by the Purchaser.

5.6. There are twelve (12) batches of Products under this Agreement and each batch shall constitute independent legal obligations of and shall be performed separately by the Parties. The delay of a particular batch shall not constitute waiver of the payment obligation of the Purchaser in respect of other batches. The Purchaser shall not be entitled to terminate this Agreement solely on the ground of delay of delivery of a single batch of Products.

5.7. The purchaser shall choose the following shipping method:

Ei Shipping by Bitmain via Fedex/DHL/UPS/other logistics company; ❑Self-pick

Note: Logistics costs shall be borne by the Purchaser. Bitmain may collect payments on behalf of the services providers and issue services invoices if the Purchaser requests Bitmain to send the Products.

5.8. Bitmain shall not be responsible for any delivery delay caused by the Purchaser or any third party, including but not limited to the carrier, the customs, and the import brokers, nor shall it be liable for damages, whether direct, indirect, incidental, consequential, or otherwise, for any failure, delay or error in delivery of any Product(s) for any reason whatsoever.

5.9. Bitmain shall not be responsible and the Purchaser shall be fully and exclusively responsible for any loss of Product(s), personal injury, property damage, other damage or liability caused by the Product(s) or the transportation of the Product(s) either to the Purchaser or any third party, or theft of the Product(s) during transportation from Bitmain to the Purchaser.

5.10. Bitmain has the right to discontinue the sale of the Product(s) and to make changes to its Product(s) at any time, without prior approval from or notice to the Purchaser.

5.11. If the Product(s) is rejected and/or returned back to Bitmain because of any reason and regardless of the cause of such delivery failure, the Purchaser shall be solely and exclusively liable for and shall defend, fully indemnify and hold harmless Bitmain against any and all related expenses, fees, charges and costs incurred, arising out of or incidental to such rejection and/or return (the "Return Expense"). Furthermore, if the Purchaser would like to ask for Bitmain's assistance in redelivering such Product(s) or assist in any other manner, and if Bitmain at its sole discretion decides to provide this assistance, then in addition to the Return Expense, the Purchaser shall also pay Bitmain an administrative fee in accordance with Bitmain's then applicable internal policy.

5.12. If the Purchaser fails to provide Bitmain with the delivery place or the delivery place provided by the Purchaser is a false address or does not exist, or the Purchaser reject to accept the Products, any related costs occurred (including storage costs, warehousing charge and labor costs) shall be borne by the Purchaser. Bitmain may issue the Purchaser a notice of self-pick-up and ask the Purchaser to pick up the Products itself. Bitmain shall be deemed to have completed the delivery obligation under this Agreement after two (2) business days following the issue of the self-pickup notice. After 30 days of the self-pick-up notice, the Purchaser shall be entitled to deal with the Products in any manner as it deems appropriate.

5.13. The Purchaser shall inspect the Products within 2 days (the "Acceptance Time") after receiving the Products (the date of signature on the carrier's delivery voucher shall be the date of receipt), if the Purchaser does not raise any written objection within the agreed Acceptance Time, the Products delivered by Bitmain shall be deemed to be in full compliance with the provisions of this Agreement.

6. Customs

6.1. Bitmain shall obtain in due time and maintain throughout the term of this Agreement (if applicable), any and all approvals, permits, authorizations, licenses and clearances for the export of the Product(s) that are required to be obtained by Bitmain or the carrier under Applicable Laws.

6.2. The Purchaser shall obtain in due time and maintain throughout the term of this Agreement (if applicable), any and all approvals, permits, authorizations, licenses and clearances required for the import of the Product(s) to the country of delivery as indicated in the shipping information, that are required to be obtained by the Purchaser or the carrier under Applicable Laws, and shall be responsible for any and all additional fees, expenses and charges in relation to the import of the Product(s).

7. **Warranty**

7.1 The Warranty Period shall start on the Warranty Start Date and end on the 365th day after the Warranty Start Date. During the Warranty Period, the Purchaser's sole and exclusive remedy, and Bitmain's entire liability, will be to repair or replace, at Bitmain's option, the defective part/component of the Product(s) or the defective Product(s) at no charge to the Purchaser. If the Purchaser requires Bitmain to provide any warranty services, the Purchaser shall create a maintenance order on Bitmain's website during the Warranty Period (the time of creation of the maintenance order shall be determined by the display time of such order on Bitmain's website) and send the Product to the place designated by Bitmain within the time limit required by Bitmain. Otherwise, Bitmain shall be entitled to refuse to provide the warranty service.

7.2. The Parties acknowledge and agree that the warranty provided by Bitmain as stated in the preceding paragraph does not apply to the following:

(i) normal wear and tear;

(ii) damage resulting from accident, abuse, misuse, neglect, improper handling or improper installation;

(iii) damage or loss of the Product(s) caused by undue physical or electrical stress, including but not limited to moisture, corrosive environments, high voltage surges, extreme temperatures, shipping, or abnormal working conditions;

(iv) damage or loss of the Product(s) caused by acts of nature including, but not limited to, floods, storms, fires, and earthquakes;

(v) damage caused by operator error, or non-compliance with instructions as set out in accompanying documentation;

(vi) alterations by persons other than Bitmain, associated partners or authorized service facilities;

(vii) Product(s), on which the original software has been replaced or modified by persons other than Bitmain, associated partners or authorized service facilities;

(viii) counterfeit products;

(ix) damage or loss of data due to interoperability with current and/or future versions of operating system, software and/or hardware;

(x) damage or loss of data caused by improper usage and behavior which is not recommended and/or permitted in the product documentation;

(xi) failure of the Product(s) caused by usage of products not supplied by Bitmain; and

(xii) hash boards or chips are burnt.

In case the warranty is voided, Bitmain may, at its sole discretion, provide repair service to the Purchaser, and the Purchaser shall bear all related expenses and costs.

7.3. Notwithstanding anything to the contrary herein, the Purchaser acknowledges and agrees that the Product(s) provided by Bitmain do not guarantee any cryptocurrency mining time and, Bitmain shall not be liable for any cryptocurrency mining time loss or cryptocurrency mining revenue loss that are caused by downtime of any part/component of the Product(s). Bitmain does not warrant that the Product(s) will meet the Purchaser's requirements or the Product(s) will be uninterrupted or error free. Except as provided in Clause 7.1 of this Agreement, Bitmain makes no warranties to the Purchaser with respect to the Product(s), and no warranties of any kind, whether written, oral, express, implied or statutory, including warranties of merchantability, fitness for a particular purpose or non-infringement or arising from course of dealing or usage in trade shall apply.

7.4. In the event of any ambiguity or discrepancy between this Clause 7 of this Agreement and Bitmain's After-sales Service Policy from time to time, it is intended that the After-sales Service Policy shall prevail and the Parties shall comply with and give effect to the After-sales Service Policy. Please refer to the website of Bitmain for detailed terms of warranty and after-sales maintenance. Bitmain has no obligation to notify the Purchaser of the update or modification of such terms.

7.5. During the warranty period, if the hardware product needs to be repaired or replaced, the Purchaser shall bear the logistics costs of shipping the Product to the address designated by Bitmain, and Bitmain shall bear the logistics costs of shipping back the repaired or replaced Product to the address designated by the Purchaser. The Purchaser shall bear all and any additional costs incurred due to incorrect or incomplete delivery information provided by the Purchaser and all and any risks of loss or damage to the Product, or the parts or components of the Products during the transportation period (including the transportation period when the product is sent to Bitmain and returned by Bitmain to the Purchaser).

8. Representations and Warranties

The Purchaser makes the following representations and warranties to Bitmain:

8.1. It has the full power and authority to own its assets and carry on its businesses.

8.2. The obligations expressed to be assumed by it under this Agreement are legal, valid, binding and enforceable obligations.

8.3. It has the power to enter into, perform and deliver, and has taken all necessary action to authorize its entry into, performance and delivery of, this Agreement and the transactions contemplated by this Agreement.

8.4. The entry into and performance by it of, and the transactions contemplated by, this Agreement do not and will not conflict with:

(i) any Applicable Law;

(ii) its constitutional documents; or

(iii) any agreement or instrument binding upon it or any of its assets.

8.5. All authorizations required or desirable:

(i) to enable it lawfully to enter into, exercise its rights under and comply with its obligations under this Agreement;

(ii) to ensure that those obligations are legal, valid, binding and enforceable; and

(iii) to make this Agreement admissible in evidence in its jurisdiction of incorporation, have been or will have been by the time, obtained or effected and are, or will be by the appropriate time, in full force and effect.

8.6. It is not aware of *any* circumstances which are likely to lead to:

(i) any authorization obtained or effected not remaining in full force and effect;

(ii) any authorization not being obtained, renewed or effected when required or desirable; or

(iii) any authorization being subject to a condition or requirement which it does not reasonably expect to satisfy or the compliance with which has or could reasonably be expected to have a material adverse effect.

8.7. (a) It is not the target of economic sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury or Singapore ("Sanctions"), including by being listed on the Specially Designated Nationals and Blocked Persons (SDN) List maintained by OFAC or any other Sanctions list maintained by one of the foregoing governmental authorities, directly or indirectly owned or controlled by one or more SDNs or other Persons included on any other Sanctions list, or located, organized or resident in a country or territory that is the target of Sanctions, and (b) the purchase of the Product(s) will not violate any Sanctions or import and export control related laws and regulations.

8.8. All information supplied by the Purchaser is and shall be true and correct, and the information does not contain and will not contain any statement that is false or misleading.

9. Indemnification and Limitation of Liability

9.1. The Purchaser shall, during the term of this Agreement and at any time thereafter, indemnify and save Bitmain and/or its Affiliates harmless from and against any and all damages, suits, claims, judgments, liabilities, losses, fees, costs or expenses of any kind, including legal fees, whatsoever arising out of or incidental to the Products pursuant to this Agreement.

9.2. Notwithstanding anything to the contrary herein, Bitmain and its Affiliates shall under no circumstances, be liable to the Purchaser for any consequential loss, or loss of goodwill, business, anticipated profits, revenue, contract, or business opportunity arising out of or in connection with this Agreement, and the Purchaser hereby waives any claim it may at any time have against Bitmain and its Affiliates in respect of any such damages. The foregoing limitation of liability shall apply whether in an action at law, including but not limited to contract, strict liability, negligence, willful misconduct or other tortious action, or an action in equity.

9.3. Bitmain and its Affiliates' cumulative aggregate liability pursuant to this Agreement, whether arising from tort, breach of contract or any other cause of action shall be limited to and not exceed the amount of one hundred percent (100%) of the down payment actually received by Bitmain from the Purchaser for the Product(s).

9.4. The Product(s) are not designed, manufactured or intended for use in hazardous or critical environments or in activities requiring emergency or fail-safe operation, such as the operation of nuclear facilities, aircraft navigation or communication systems or in any other applications or activities in which failure of the Product(s) may pose the risk of environmental harm or physical injury or death to humans. Bitmain specifically disclaims any express or implied warranty of fitness for any of the above described application and any such use shall be at the Purchaser's sole risk.

9.5. The above limitations and exclusions shall apply (1) notwithstanding failure of essential purpose of any exclusive or limited remedy; and (2) whether or not Bitmain has been advised of the possibility of such damages. This Clause allocates the risks under this Agreement and Bitmain's pricing reflects this allocation of risk and the above limitations.

10. Distribution

10.1. This Agreement does not constitute a distributor agreement between Bitmain and the Purchaser. Therefore, the Purchaser is not an authorized distributor of Bitmain.

10.2. The Purchaser shall in no event claim or imply to a third party that it is an authorized distributor of Bitmain or Bitmain (Antminer) or any similar terms, or perform any act that will cause it to be construed as an authorized distributor of Bitmain or Bitmain (Antminer). As between the Purchaser and Bitmain, the Purchaser shall be exclusively and fully responsible for complying with the Applicable Laws regarding repackaging the Product(s) for the Purchaser's redistribution needs, and shall be solely liable for any and all liabilities or costs directly incurred or incidental to such redistribution.

11. Intellectual Property Rights

11.1. The Parties agree that the Intellectual Property Rights in any way contained in the Product(s), made, conceived or developed by Bitmain and/or its Affiliates for the Product(s) under this Agreement and/or, achieved, derived from, related to, connected with the provision of the Product(s) by Bitmain and/or acquired by Bitmain from any other person in performance of this Agreement shall be the exclusive property of Bitmain and/or its Affiliates.

11.2. Notwithstanding anything to the contrary herein, all Intellectual Property Rights in the Product(s) shall remain the exclusive property of Bitmain and/or its licensors. Except for licenses explicitly identified in Bitmain's Shipping Confirmation or in this Clause 11.2, no rights or licenses are expressly granted, or implied, whether by estoppel or otherwise, in respect of any Intellectual Property Rights of Bitmain and/or its Affiliates or any Intellectual Property residing in the Product(s) provided by Bitmain to the Purchaser, including in any documentation or any data furnished by Bitmain. Bitmain grants the Purchaser a non-exclusive, non-transferrable, royalty-free and irrevocable license of Bitmain and/or its Affiliates' Intellectual Property Rights to solely use the Product(s) delivered by Bitmain to the Purchaser for their ordinary function, and subject to the Clauses set forth herein. The Purchaser shall in no event violate the Intellectual Property Rights of Bitmain and/or its licensors.

11.3. If applicable, payment by the Purchaser of non-recurring charges to Bitmain for any special designs, or engineering or production materials required for Bitmain's performance of Orders for customized Product(s), shall not be construed as payment for the assignment from Bitmain to the Purchaser of title to the design or special materials. Bitmain shall be the sole owner of such special designs, engineering or production materials.

12. Confidentiality and Communications

12.1. All information concerning this Agreement and matters pertaining to or derived from the provision of Product(s) pursuant to this Agreement between the Parties, whether in oral or written form, or in the form of drawings, computer programs or other, as well as all data derived therefrom ("Confidential Information"), shall be deemed to be confidential and, as such, may not be divulged to any unauthorized person. The Purchaser undertakes and agrees to take all reasonable and practicable steps to ensure and protect the confidentiality of the Confidential Information which cannot be passed, sold, traded, published or disclosed to any unauthorized person.

13. Term of this Agreement

13.1. This Agreement will be effective upon Bitmain's issuance of the shipping confirmation to the Purchaser, provided that if there is more than one shipping confirmation, this Agreement will be effective to the Products contained in each shipping confirmation upon Bitmain's issuance of the respective shipping confirmation to the Purchaser.

13.2. This Agreement shall remain effective up to and until the delivery of the last batch of Products.

14. Contact Information

All communications in relation to this Agreement shall be made to the following contacts:

Purchaser's business contact:

Name: David Rench

Phone: 214-302-7199

Email: David@appliedblockchaininc.com

Bitmain's business contact:

Name: Wang Peng

Phone: +86 18501255376

Email: peng.wang@bitmain.com

15. Compliance with Laws and Regulations

15.1 The Purchaser undertakes that it will fully comply with all Applicable Laws in relation to export and import control and Sanctions and shall not take any action that would cause Bitmain or any of its Affiliates to be in violation of any export and import control laws or Sanctions. The Purchaser shall also be fully and exclusively liable for and shall defend, fully indemnify and hold harmless Bitmain and/or its Affiliates from and against any and all claims, demands, actions, costs or proceedings brought or instituted against Bitmain and/or its Affiliates arising out of or in connection with any breach by the Purchaser or the carrier of any Applicable Laws in relation to export and import control or Sanction.

15.2. The Purchaser acknowledges and agrees that the Product(s) in this Agreement are subject to the export control laws and regulations of all related countries, including but not limited to the Export Administration Regulations ("EAR") of the United States. Without limiting the foregoing, the Purchaser shall not, without receiving the proper licenses or license exceptions from all related governmental authorities, including but not limited to the U.S. Bureau of Industry and Security, distribute, redistribute, export, re-export, or transfer any Product(s) subject to this Agreement either directly or indirectly, to any national of any country identified in Country Groups D:1 or E:1 as defined in the EARs. In addition, the Product(s) under this Agreement may not be exported, re-exported, or transferred to (a) any person or entity for military purposes; (b) any person or entity listed on the "Entity List", "Denied Persons List" or the SDN List as such lists are maintained by the U.S. Government, or (c) an end-user engaged in activities related to weapons of mass destruction. Such activities include but are not necessarily limited to activities related to: (1) the design, development, production, or use of nuclear materials, nuclear facilities, or nuclear weapons; (2) the design, development, production, or use of missiles or support of missiles projects; and (3) the design, development, production, or use of chemical or biological weapons. The Purchaser further agrees that it will not do any of the foregoing in violation of any restriction, law, or regulation of the European Union or an individual EU member state that imposes on an exporter a burden equivalent to or greater than that imposed by the U.S. Bureau of Industry and Security.

15.3. The Purchaser undertakes that it will not take any action under this Agreement or use the Product(s) in a way that will be a breach of any anti-money laundering laws, any anti-corruption laws, and/or any counter-terrorist financing laws.

15.4. The Purchaser warrants that the Product(s) have been purchased with funds that are from legitimate sources and such funds do not constitute proceeds of criminal conduct, or realizable property, or proceeds of terrorism financing or property of terrorist, within the meaning given in the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Chapter 65A) and the Terrorism (Suppression of Financing) Act (Chapter 325), respectively. If Bitmain receives, including but not limited to investigation, evidence collection, restriction and other measures, from any competent organizations or institutions, the Purchaser shall immediately cooperate with Bitmain and such competent organizations or institutions in the investigation process, and Bitmain may request the Purchaser to provide necessary security if so required. The Purchaser understands that if any Person resident in Singapore knows or suspects or has reasonable grounds for knowing or suspecting that another Person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the Person will be required to report such knowledge or suspicion to the Suspicious Transaction Reporting Office, Commercial Affairs Department of the Singapore Police Force. The Purchaser acknowledges that such a report shall not be treated as breach of confidence or violation of any restriction upon the disclosure of information imposed by any Applicable Law, contractually or otherwise.

16. Force Majeure

16.1. To the extent that a Party is fully or partially delayed, prevented or hindered by an event of Force Majeure from performing any obligation under this Agreement (other than an obligation to make payment), subject to the exercise of reasonable diligence by the affected Party, the failure to perform shall be excused by the occurrence of such event of Force Majeure. A Party claiming that its performance is excused by an event of Force Majeure shall, promptly after the occurrence of such event of Force Majeure, notify the other Party of the nature, date of inception and expected duration of such event of Force Majeure and the extent to which the Party expects that the event will delay, prevent or hinder the Party from performing its obligations under this Agreement. The notifying Party shall thereafter use its best effort to eliminate such event of Force Majeure and mitigate its effects.

16.2. The affected Party shall use reasonable diligence to remove the event of Force Majeure, and shall keep the other Party informed of all significant developments.

16.3. Except in the case of an event of Force Majeure, neither party may terminate this Agreement prior to its expiry date.

17. Entire Agreement and Amendment

This Agreement, constitutes the entire agreement of the Parties hereto and can only be amended with the written consent of both Parties or otherwise as mutually agreed by both Parties.

18. Assignment

18.1. Bitmain may freely assign or transfer any of its rights, benefits or obligations under this Agreement in whole or in part to its Affiliates or to any third party. The Purchaser may not assign or transfer any of its rights, benefits or obligations under this Agreement in whole or in part without Bitmain's prior written consent.

18.2. This Agreement shall be binding upon and enure to the benefit of each Party to this Agreement and its successors in title and permitted assigns.

19. Severability

To the extent possible, if any provision of this Agreement is held to be illegal, invalid or unenforceable in whole or in part by a court, the provision shall apply with whatever deletion or modification is necessary so that such provision is legal, valid and enforceable and gives effect to the commercial intention of the Parties. The remaining provisions of this Agreement shall not be affected and shall remain in full force and effect.

20. Personal Data

Depending on the nature of the Purchaser's interaction with Bitmain, some examples of personal data which Bitmain may collect from the Purchaser include the Purchaser's name and identification information, contact information such as the Purchaser's address, email address and telephone number, nationality, gender, date of birth, and financial information such as credit card numbers, debit card numbers and bank account information.

Bitmain generally does not collect the Purchaser's personal data unless (a) it is provided to Bitmain voluntarily by the Purchaser directly or via a third party who has been duly authorized by the Purchaser to disclose the Purchaser's personal data to Bitmain (the Purchaser's "authorized representative") after (i) the Purchaser (or the Purchaser's authorized representative) has been notified of the purposes for which the data is collected, and (ii) the Purchaser (or the Purchaser's authorized representative) has provided written consent to the collection and usage of the Purchaser's personal data for those purposes, or (b) collection and use of personal data without consent is permitted or required by related laws. Bitmain shall seek the Purchaser's consent before collecting any additional personal data and before using the Purchaser's personal data for a purpose which has not been notified to the Purchaser (except where permitted or authorized by law).

21. Conflict with the Terms and Conditions

In the event of any ambiguity or discrepancy between the Clauses of this Agreement and the Terms and Conditions from time to time, it is intended that the Clauses of this Agreement shall prevail and the Parties shall comply with and give effect to this Agreement.

22. Governing Law and Dispute Resolution

22.1. This Agreement shall be solely governed by and construed in accordance with the laws of Hong Kong.

22.2. Any dispute, controversy, difference or claim arising out of or relating to this Agreement, including the existence, validity, interpretation, performance, breach or termination hereof or any dispute regarding non-contractual obligations arising out of or relating to this Agreement shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Center under the UNCITRAL Arbitration Rules in force when the notice of arbitration is submitted. The decision and awards of the arbitration shall be final and binding upon the parties hereto.

23. Waiver

Failure by either Party to enforce at any time any provision of this Agreement, or to exercise any election of options provided herein shall not constitute a waiver of such provision or option, nor affect the validity of this Agreement or any part hereof, or the right of the waiving Party to thereafter enforce each and every such provision or option.

24. Counterparts and Electronic Signatures

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement, and all of which, when taken together, will be deemed to constitute one and the same agreement. The facsimile, email or other electronically delivered signatures of the Parties shall be deemed to constitute original signatures, and facsimile or electronic copies hereof shall be deemed to constitute duplicate originals.

25. Further Assurance

Each Party undertakes to the other Party to execute or procure to be executed all such documents and to do or procure to be done all such other acts and things as may be reasonable and necessary to give all Parties the full benefit of this Agreement.

26. Third Party Rights

A person who is not a Party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of this Agreement.

27. Liquidated Damages Not Penalty

It is expressly agreed that any liquidated damages payable under this Agreement do not constitute a penalty and that the Parties, having negotiated in good faith for such specific liquidated damages and having agreed that the amount of such liquidated damages is reasonable in light of the anticipated harm caused by the breach related thereto and the difficulties of proof of loss and inconvenience or nonfeasibility of obtaining any adequate remedy, are estopped from contesting the validity or enforceability of such liquidated damages.

(The rest part of the page is intentionally left in blank)

Signed for and on behalf of Bitmain

Bitmain Technologies Limited

Signature: /s/ Signature Unreadable

Title :

Signed for and on behalf of the Purchaser

Applied Blockchain Inc.

Signature: /s/ David Rench

Title: CFO

APPENDIX A

1. Products:

1.1. The information (including but not limited to the quantity, rated hashrate, estimated unit price **("Unit Price"),** estimated total **price("Total Price (One Item)"),** total price for all the items **("Total Purchase Price")** of Products to be purchased by Party **B** from Party A is as follows **("Products"):**

1.1.1 Product Type

	Details
Product Name	Super Computing Server, S19j Pro
Rated hashrate / unit	—100TH/s
Rated power / unit	—2950W
Jfr@25°C environment temperature	—29.5
Description	1. Bitmain undertakes that the error range of "J/T@25°C environment temperature"does not exceed 10%.
	2. "Rated hashrate / unit" and "rated power / unit" are for reference only and may defer from each batch or unit. Bitmain makes no representation on "Rated hashrate / unit" and "rated power / unit .
	3. Purchaser shall not reject the Products on the grounds that the actual parameters of the delivered Products are not in consistence with the reference indicators.

1.1.2 The estimated delivery schedule, reference quantity, total rated hashrate, unit price and total price are as follows:

Batch	Product Name	Shipping Schednle	Reference Quantity	Total Rated Hashrate (T)	Estimated unit price (US$)	Estimated Total Price (US$)
1	Super Computing Server, S19j Pro	August 2021	100	10000	8577	837700

Batch	Product Naiine	Shipping Scheaule	Reference Quantity	Total Rated Hashrate (T)	Estimated Unit Price CUSS)	Est inta e T(Ital -Pri (1J SS.
2	Super Computin g Server, S19j Pro	Septem ber 2021	100	10000	8377	837700
3	Super Computin g Server, S19j Pro	October 2022	100	10000	8377	837700
4	Super Computin g Server, Sl9j Pro	November 2022	100	10000	7701	770100
	Super Computin g Server, S19j Pro	December 2022	100	10000 7701		770100
6	Super Computin g Server, Sl9j Pro	January 2022	100	10000	7701	770100
7	Super Computin g Server, Sl9j Pro	February 2022	100	10000	6485	648500
8	Super Computin g Server, S 19j Pro	March 2022	100	10000	6485	648500
9	Super Computin g Server, S I 9j Pro	April 2022	100	10000	6485	648500
10	Super Computin g Server, S19j Pro	May 2022	100	10000	5810	581000
11	Super Computin g Server, S19j Pro	June 2022	100	10000	5810	581000
12	Super Computin g Server, S19j Pro	July 2022	100	10000	5810	581000

1.1.3 Total price of the Products listed above:

Total Purchase Price (tax exclusive): US$ 8511900

Tax: US$ 0.00

Total Purchase Price (tax inclusive): US$ 8511900

1.2. Both Parties confirm and agree that Bitmain may adjust the total quantity based on the total hashrate provided that the total hashrate of the Product(s) actually delivered by Bitmain to the Purchaser shall not be less than the total rated hashrate agreed in Article 1.1 of this Appendix A. Bitmain makes no representation that the quantity of the actually delivered Products shall be the same as the quantity set forth in Article 1.1. of this Appendix A.

1.3. In the event that Bitmain publishes any new type of products with less J/T value and suspends the production of the type of the Products as agreed in this Agreement, Bitmain shall be entitled to release itself from any future obligation to deliver any subsequent Products by [10]-day prior notice to the Purchaser and continue to deliver new types of Products, the total rated hashrate of which shall be no less than such subsequent Products cancelled under this Agreement and the price of which shall be adjusted in accordance with the J/T value. In the event that the Purchaser explicitly refuses to accept new types of Products, the Purchaser is entitled to request for a refund of the remaining balance of the purchase price already paid by the Purchaser together with an interest at 0.0333% per day on such balance for the period from the next day following the payment date of such balance to the date immediately prior to the date of request of refund. If the Purchaser accepts the new types of Products delivered by Bitmain, Bitmain shall be obliged to deliver such new types of Products to fulfill its obligations under this Agreement. The Purchaser may request to lower the actual total hashrate of the Products delivered but shall not request to increase the actual total hashrate to the level exceeding the total rated hashrate as set out in this Agreement. After Bitmain publishes new types of Products and if Bitmain has not suspended the production of the types of Products under this Agreement, Bitmain shall continue to delivery such agreed types of Products in accordance with this Agreement and the Purchaser shall not terminate this Agreement or refuse to accept the Products on the grounds that Bitmain has published new type(s) of Products.

2. Cargo insurance coverage limitations:

The cargo insurance coverage provided by Bitmain is subject to the following limitations and exceptions:

Exclusions:

loss damage or expense attributable to willful misconduct of the Assured ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject-matter insured loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject-matter insured (for the purpose of this Clause, "packing" shall be deemed to include stowage in a container or liftvan but only when such stowage is carried out prior to attachment of this insurance or by the Assured or their servants) loss damage or expense caused by inherent vice or nature of the subject-matter insured loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against (except expenses payable) loss damage or expense arising from insolvency or financial default of the owners managers charterers or operators of the vessel loss, damage, or expense arising from the use of any weapon of war employing atomic or nuclear fission, and/or fusion or other like reaction or radioactive force or matter.

Loss, damage or expense arising from unseaworthiness of vessel or craft, unfitness of vessel craft conveyance container or liftvan for the safe carriage of the subject-matter insured, where the Assured or their servants are privy to such unseaworthiness or unfitness, at the time the subject-matter insured is loaded therein. The Underwriters waive any breach of the implied warranties of seaworthiness of the ship and fitness of the ship to carry the subject-matter insured to destination, unless the Assured or their servants are privy to such unseaworthiness or unfitness. Loss, damage or expense caused by (1) war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, (2) capture, seizure, arrest, restraint or detainment (piracy excepted), and the consequences thereof or any attempt threat, (3) derelict mines, torpedoes, bombs, or other derelict weapons of war.

Loss, damage, or expense caused by strikers, locked-out workmen, or persons taking part in labor disturbances, riots or civil commotion, resulting from strikes, lock-outs, labor disturbances, riots or civil commotions, caused by any terrorist or any person acting from a political motive.

3. Bitmain's BANK ACCOUNT info:

Company Name: Bitmain Technologies Limited

Company address: FLAT/RM Al 11/F SUCCESS COMMERCIAL BUILDING 245251 HENNESSY ROAD HK

Account No.: 1503225561

Bank name: Signature Bank

Bank address: 565 Fifth Avenue New York NY 10017, US

Swift Code: SIGNUS33XXX

ABA CODE: 026013576 (for US local payment)

4. The payment shall be arranged by the Purchaser as Appendix B.

5. At any time prior to the delivery, Bitmain is entitled to, by written notice, request the Purchaser to enter into a separate purchase agreement and Bitmain and the Purchaser, if so requested, shall cooperate with Bitmain to enter into such purchase agreement and shall pay the outstanding price for the Products in accordance with the terms and conditions of this Agreement, failing which Bitmain is entitled to request the Purchaser to continue to perform its obligations under this Agreement.

6. The Purchaser shall pay 25% of the Total Purchase Price as down payment to Bitmain within three (3) days after the signing of this Agreement, with the remaining being settled in accordance with the payment schedule set forth in this Agreement.

7. Without prejudice to the above, the unit price and the Total Purchase Price of the Product(s) and any amount paid by the Purchaser shall be all denominated in USD. Where the Parties agree that the payments shall be made in cryptocurrencies, the exchange rate between the USD and the cryptocurrency selected shall be determined and calculated as follows: (1) in the event that the Purchaser pays for any order placed on Bitmain's official website (the "Website", http://www.bitmain.com) which is valid and has not been fully paid yet, the exchange rate between the USD and the cryptocurrency fixed in such placed Order shall apply, or (2) in any other case, the real time exchange rate between the USD and the cryptocurrency displayed on the Website upon payment shall apply. The exchange rate between the USD and the cryptocurrency shall be fixed according to this provision. In any circumstance, the Purchaser shall not ask for any refund due to the change of exchange rate.

APPENDIX B

- Yayment ercentag	, Pas went ' Date	Note	Example (Assuming this Agreement is signed on April 13.)
At least 25%	Three (3) days after signing of this Agreement	25% of the Total Purchase Price	25% of the Total Purchase Price shall be paid by April 16
At least 35%	six (6) months prior to the shipment	35% per month of a single batch	35% of the price for August/September/October/November batch shall be paid by May 30; 35% of the price for December batch shall be paid by June 30; etc.
The remaining 40%	one (1) month prior to the shipment	40% per month of a single batch	40% of the price for August batch shall be paid by June 30; 40% of the price for September batch shall be paid by July 30; etc.

COINMINT COLOCATION MINING SERVICES AGREEMENT

This Colocation Mining Services Agreement (the "Agreement") is made as of [June 15, 2021] (the "Effective Date"), by and between Coinmint, LLC ("Service Provider"), a limited liability company, with an address at 1413 Avenida Ponce de Leon, Suite #605, San Juan, Puerto Rico 00909, and the customer identified below ("Customer"). Service Provider and Customer are each referred to as a "Party" and collectively as the "Parties".

COVER PAGE

CUSTOMER DETAILS	
Customer:	Applied Blockchain, Inc.
Customer Address:	3811 Turtle Creek Blvd Suite 2100 Dallas, TX 75219
Customer Primary Contact:	David Rench
Customer Phone Number:	214-427-1706
Customer Email Address:	David(aappliedblockchaininc.com / Aceounting@appliedblockchaininc.com

COMMERCIAL TERMS	
Mining Equipment:	Equipment and schedule of delivery covered in Exhibits B and C.
Scheduled Start Date:	Commencing on Effective Date for a period of one (1) year, automatically renewing for periods of three (3) months, unless terminated as provided in Section 11.
Performance Fee:	For any Payout Period, Service Provider to initially receive Performance Fee of the mathematical difference between the Generated Digital Assets and the Digital Asset Cost Equivalent. See Exhibit E for details on performance fee and adjustments.
Equipment Standards:	See Exhibit E
Deposit and Reservation Fees:	$15,000 per Megawatt of projected capacity due thirty (30) days prior to the delivery of any Mining Equipment defined in Exhibit C. Upon termination of this agreement, or in the event that Customer's Mining Equipment is uninstalled from Service Provider's facility, Customer will receive a full refund of deposit within ten (10) business days of the equipment being uninstalled.

WHEREAS, Customer wishes to acquire from Service Provider the mining power specified on this Cover Page (the "Mining Power"); and

WHEREAS, Service Provider wishes to provide to Customer the Mining Power, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants exchanged herein, and for good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the Parties hereby agree to the terms and conditions set forth in this Agreement, including this Cover Page and the Mining Services Standard Terms and Conditions (attached hereto as Exhibits A—D: (A) Mining Services Standard Terms and Conditions; **(B)** Mining Equipment Description; (C) Scheduled Delivery of Mining Access Equipment, and (D) Customer Questionnaire.

IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized officers as of the Effective Date.

COINMINT, LLC		**Applied Blockchain, Inc**	
By:	/s/ Ashton Soniat	By:	/s/David Rench
Name:		Name:	
Title:	**Majority owner**	Title:	CFO

EXHIBIT A

MINING SERVICES STANDARD TERMS AND CONDITIONS

This Exhibit A (the "Standard Terms") is made part of, and is hereby incorporated by reference into, the Agreement between the Parties. All capitalized terms not defined in

these Standard Terms shall have the meanings given to such terms in the Agreement.

1. DEFINITIONS.

1.1 "Costs" means, collectively, the Electricity Utility Costs and Maintenance Costs.

1.2 "Customer Wallet" means a digital wallet address selected by Customer for storing Digital Assets.

1.3 "Digital Asset" means any denomination of cryptocurrencies, virtual currencies or other digital assets mined by Service Provider for or on behalf of Customer pursuant to this Agreement.

1.4 "Digital Asset Customer Allocation" means the Generated Digital Assets *minus* the Digital Asset Cost Equivalent *minus* the Performance Fee.

1.5 "Digital Asset Cost Equivalent" means, for any Payout Period, an amount of Digital Assets that have a value that is equal to the related Costs for Mining such Digital Assets.

1.6 "Downtime" means, for each calendar month, time that the Mining Equipment is not available to Mine in accordance with this Agreement, excluding periods of time in which the Mining Equipment is not available resulting from or relating to: (a) a Force Majeure Event (as defined below); (b) scheduled maintenance or emergency maintenance, [provided that Service Provider shall provide Customer with reasonable advanced notice of any such maintenance] ; (c) downtime resulting from Customer's breach of this Agreement; (d) faults or errors in the Mining Equipment not resulting from Service Provider's breach of this Agreement; or (e) downtime related to any other forces beyond the reasonable control of Service Provider or its agents or subcontractors and not avoidable by reasonable due diligence.

1.7 "Electricity Utility Costs" means Customer's share of the any costs of the electricity used to Mine Digital Assets for Customer.

1.8 "Generated Digital Assets" means, for any Payout Period, the Digital Assets Mined by the Third Party Mining Operator using the Mining Power *minus* the amount of Digital Assets retained by the Third Party Mining Operator as a fee for providing its Mining services.

1.9 "Mining Equipment" means the servers and power supplies provided by the Customer to produce the Mining Power set forth in the Exhibit B. Each specific device within the Mining Equipment is defined as a "miner" herein.

1.10 "Intellectual Property" means all forms of intellectual property rights and protections held by such Party and may include without limitation all right, title and interest arising under U.S. common and statutory law, and under the laws of other countries, in and to all (a) patents and all filed, pending or potential applications for patents, including any reissue, reexamination, division, continuation or continuation-in-part applications throughout the world now or hereafter filed; (b) trade secret rights and equivalent rights; (c) copyrights, other literary property or authors rights, whether or not protected by copyright or as a mask work; and (d) proprietary indicia, trademarks, trade names, symbols, domain names, URLs, logos and/or brand names.

1.11 "Maintenance Costs" means Customer's proportional share of the direct and indirect maintenance cost associated with monitoring and maintaining the Mining Equipment to Mine using the Mining Power.

1.12 "Mine" or "Mining" means the process in which transactions for various forms of Digital Assets are verified and added to a blockchain digital ledger.

1.13 "Payout Period" means each day during the life of this Agreement.

1.14 "Performance Fee" means, for any Payout Period, the percentage set forth in the Cover Page of the Generated Digital Assets *minus* the Digital Asset Cost Equivalent. For clarity, if the Digital Asset Cost Equivalent is greater than the Generated Digital Asset for a given Payout Period, the Performance Fee will be zero for that Payout Period, but Service Provider may exercise its right to setoff described in Section 5 in subsequent Payout Periods. In the event of any conflict or inconsistency in the definition or meaning of "Performance Fee" between this term, the term as used or defined on the Cover Page hereto, and the term as used or defined in Exhibit E, the Parties agree that Exhibit E shall govern.

1.15 "Third Party Mining Operator" means a third-party Mining collective (pool operator) pre- approved by the Customer that is assigned the Mining Power to generate the Generated Digital Assets.

1.16 "Uptime" means, for each calendar month, the availability of the Mining Equipment as a
percentage equal to (a) the difference between the total number of minutes of Downtime in such month and the total number of minutes in such month, divided by (b) the total number of minutes in such calendar month.

2. SERVICE PROVIDER OBLIGATIONS.
Subject to the terms and conditions of this Agreement (including Customer's payment obligations), Service Provider shall use commercially reasonable efforts to:

2.1 on or promptly following the Scheduled Start Date (as set forth on the Cover Page), assign the
Mining Power to the Third Party Mining Operator for the purpose of generating Digital Assets and seek to reasonably minimize material interruptions in the Mining Power (the "Services"); provided, however, that if Service Provider fails to provide an Uptime of 98% or better, the Performance Fee shall be reduced as described in Section 6.

2.2 prepare reports, on a daily basis (the "Audit Period"), regarding Generated Digital Assets and related Costs during the Audit Period, and to provide Customer with access to a copy of such reports, upon Customer's request. Customer may request one additional audit per month at the Customer's own cost (an "Additional Audit") of Service Provider to determine whether all fees and costs charged to Customer under this Agreement were calculated in accordance with this Agreement. If an Additional Audit reveals that Service Provider has undercharged Customer, than Customer shall pay the difference between the charged amount and the actual amount. Conversely, if an Additional Audit reveals that Service Provider has overcharged Customer, then Service Provider shall pay Customer the difference between the charged amount and the actual amount.

Customer agrees that Service Provider may use its affiliates and any third-party contractors, vendors and/or service providers to provide the Services (in whole or in part).

2.3 Customer agrees that Service Provider may use its affiliates and any third-party contractors, vendors and/or service providers to provide the Services (in whole or in part) but in no event shall the Customer's Mining Equipment be installed in any facility other than the Service Provider's or Service Provider's affiliates facilities.

3. CUSTOMER OBLIGATIONS.

3.1 Customer shall (a) deliver substantially all Mining Equipment five (5) business days following the Effective Date or according to the Delivery Schedule set forth on Exhibit C; and (b) at Customer's sole expense, maintain a Customer Wallet that is technically capable of receiving fees paid out in accordance with this Agreement in the form of digital assets and to provide Service Provider with the public key address information of such Customer Wallet. Customer shall immediately notify Service Provider of any changes in, or any actual or suspected security or data breaches relating to, the Customer Wallet.

3 . 2 For the avoidance of doubt, all Mining Equipment shall remain the sole property of Customer. Service Provider shall use commercially reasonable efforts to ensure Customer has access to the Mining Equipment during business hours and, upon termination of this Agreement, is put into possession of the Mining Equipment.

3.3 Performance Fees will be calculated and provided to Customer each week. Upon receipt, Customer will submit payment of Performance Fees to Service Provider within five (5) business days.

3.4 "Deposit Requirements" Customer shall make a deposit thirty (30) days prior to the delivery of any Mining Equipment (defined in Exhibit C) equal to $15,000 per estimated megawatt of reserved capacity. These funds will be posted into NCDC's NYISO collateral account. Upon the termination of this agreement, or in the event that Customer's Mining Equipment is uninstalled from Service Provider's facility, Customer will receive a refund within ten (10) business days of the equipment being uninstalled, minus and outstanding fees or costs owed to the Service Provider as indicated on the Cover Sheet.

4. ALLOCATION OF MINING POWER.

Service Provider shall use the Mining Equipment to Mine cryptocurrencies as mutually agreed to in writing by the Customer and Service Provider. Service Provider shall not "merge mine" or otherwise use the Mining Equipment to mine any other crypto asset not expressly stated herein unless otherwise agreed to in writing by the Customer and Service Provider.

5. ALLOCATION OF COSTS.

Customer is solely responsible for all Costs associated with Generated Digital Assets for each Payout Period, and authorizes Service Provider to deduct the Digital Asset Costs Equivalent from the Generated Digital Assets. Service Provider shall provide Customer, a list of all incurred and expected costs for each Payout Period. If the Generated Digital Assets in a Payout Period do not exceed the Digital Asset Cost Equivalent for the same Payout Period, then Customer authorizes Service Provider to (a) deduct the portion of the Digital Asset Cost Equivalent equal to the Generated Digital Assets for such Payout Period, and (b) setoff the remaining portion of Digital Asset Cost Equivalent against Generated Digital Assets in subsequent Payout Periods, until Service Provider has recouped all Costs owed to Service Provider pursuant to this Agreement.

Customer agrees and acknowledges that determination of the Costs by Service Provider requires reliance on third-party data, and that Service Provider may reasonably, in its sole discretion, adjust Costs owed by Customer in any Payout Period to reflect the actual Costs for such Payout Period. For each Payout Period, or other reasonable interval period, not to exceed one-month Service Provider shall provide Customer with an itemized list of such Costs for the preceding Payout Period and Customer's pro-rata proportion of such Costs.

Service Provider shall allocate Costs among all of beneficiaries of the Mining Power (including Service Provider-owned miners and Customer), to the extent that Service Provider incurs Costs for Customer and other customers of Service Provider (or itself or its affiliates) on a pro-rata basis proportional with the power use among such beneficiaries. Upon request by Customer, Service Provider shall provide Customer with a detailed, anonymized list of Service Provider's customers and the relevant Cost allocation information.

If requested, and at Customer's sole cost, Service Provider will hire additional dedicated staff to provide services to Customer Mining Equipment. These employees will be employed by and under the direction of Service Provider, but will be expected to provide services to Customer mining equipment. The associated costs of these employees will be directly charged to the Customer, minus any time or costs incurred to non-Customer related activities.

6. PERFORMANCE FEE.

Customer is solely responsible for the Performance Fee for each Payout Period, and authorizes Service Provider to deduct the Performance Fee from the Generated Digital Assets after deduction of the Costs. If Service Provider fails to provide an Uptime of 98% or better, then the Performance Fee shall be reduced by 10% for that calendar month. Service Provider shall provide the Uptime statistics to Customer no later than five (5) days after the beginning of each calendar month and shall include Uptime statistics in any Additional Audit, as defined in Section 2.3.

7. TECHNOLOGY UPGRADES.

The parties shall mutually agree in good faith whether to update or upgrade the software or firmware of Mining Equipment, including to replace the existing software or firmware of the Mining Equipment. Service Provider shall use commercially reasonable efforts to maintain the Mining Equipment provided by Customer. Title and ownership of all Mining Equipment will remain with Customer during the Term. Upon termination or expiration of this Agreement, the parties shall take all required actions under Section 11.6.

8. DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY.

8.1 *Disclaimers. To the extent permitted by applicable law, each party, its affiliates and its and their third party licensors and service providers each expressly disclaims all representations and warranties concerning the services or provision of the Mining Equipment, whether oral or written, including without limitation warranties of accuracy, timeliness, completeness, results, and the implied warranties of non-infringement, merchantability and fitness for a particular purpose, even if the party, its affiliates and its and their third party licensors or service providers have been informed of such purpose, or any representations and warranties arising from course of performance, course of*

dealing, or usage of trade. Service Provider, its affiliates and its and their third party licensors and service providers shall not be responsible for any use of the Services or Digital Assets by Customer or others.

8.2 *Limitation of Liability. In no event shall the aggregate liability of either Party arising from or relating to this Agreement exceed the sum of the cost of replacing the Mining Equipment (with such cost to be calculated on a replacement-basis instead of a deprecation-basis) and the gross revenue realized by the Mining Equipment during the three-month period immediately preceding a claim arising from this agreement triggering this Section 8.2.*

9. RISK

9.1 Customer understands that Service Provider is not liable for price fluctuations in any Digital Asset.

9.2 By entering into this Agreement Customer acknowledges and agrees that: (a) Service Provider is not responsible for the operation of any Digital Asset underlying protocols, and Service Provider makes no guarantee of their functionality, security, or availability; (b) Digital Asset underlying protocols are subject to sudden changes in operating rules (a/k/a "forks"), and such forks may materially affect the value, function, and/or even the name of the Digital Assets; and (c) Service Provider does not own or control the underlying software protocols which govern the operation of any Digital Asset.

9.3 Customer understands that Mining is an everchanging and volatile endeavor and that there is no guarantee that the Services will generate any set amount of Digital Assets;

10. INDEMNIFICATION.

10.1 Customer shall indemnify, defend, and hold harmless Service Provider, its affiliates, successors and assigns, and each of their respective officers, directors, employees, shareholders, legal representatives, and agents (the "Service Provider Indemnified Parties"), from and against any losses, damages, liabilities, costs and expenses (including reasonable attorneys' and professionals' fees and court costs) ("Losses") arising out of any third-party claim, suit, action, investigation, demands or proceeding("Claim") based on or arising out of (a) Customer's use of the Digital Asset Customer Allocation; and (b) Customer's breach of this Agreement; provided, however, that (i) Service Provider shall have promptly provided Customer with written notice thereof and reasonable cooperation, information, and assistance in connection therewith (except that Service Provider's failure to do so will not relieve Customer of its obligations under this Section 10.1 except to the extent that Customer is materially prejudiced by such failure), and (ii) Customer shall have sole control and authority with respect to the defense, settlement, or compromise thereof; provided that Service Provider reasonable consent to any such settlement or compromise shall be required unless it includes a **full** release of liability for all Service Provider Indemnified Parties and does not purport to impose any objections on any such Service Provider Indemnified Party. Service Provider shall be entitled, at its own expense, to participate in the defense of any claim subject to this Section 10.1 through counsel of its own choosing, and Customer shall provide Service Provider with reasonable cooperation and assistance in such defense.

10.2 Service Provider shall indemnify, defend, and hold harmless Customer, its affiliates, successors and assigns, and each of their respective officers, directors, employees, shareholders, legal representatives, and agents (the "Customer Indemnified Parties"), from and against any Losses arising out of any Claim based on or arising out of (a) Service Provider's breach of this Agreement; and (b) the negligent or intentional acts, including any infringement of a third party's intellectual property rights, of any Service Provider Indemnified Parties, vendors, contractors or other service providers; provided, however, that (i) Customer shall have promptly provided Service Provider with written notice thereof and reasonable cooperation, information, and assistance in connection therewith (except that Customer's failure to do so will not relieve Service Provider of its obligations under this Section 10.2 except to the extent that Service Provider is materially prejudiced by such failure), and (ii) Service Provider shall have sole control and authority with respect to the defense, settlement, or compromise thereof; provided that Customer reasonable consent to any such settlement or compromise shall be required unless it includes a **full** release of liability for all Customer Indemnified Parties and does not purport to impose any objections on any such Customer Indemnified Party. Customer shall be entitled, at its own expense, to participate in the defense of any claim subject to this Section 10.2 through counsel of its own choosing, and Service Provider shall provide Customer with reasonable cooperation and assistance in such defense.

11. TERM AND TERMINATION.

11.1 This Agreement shall commence on the Effective Date and will remain in effect for one (1) year unless terminated in accordance with the terms set forth in this Agreement (the "Term"). This Term shall automatically renew for additional three (3) month terms unless a Party gives the other Party written notice of an intent not to renew the Agreement no later than ninety (90) days' advance written notice that the Party does not intend to renew the Agreement.

11.2 Either Party may terminate this Agreement immediately upon written notice to the other party in the event such other party (a) files any petition in bankruptcy; (b) has an involuntary petition in bankruptcy filed against it; (c) becomes insolvent; (d) makes a general assignment for the benefit of creditors; (e) admits in writing its inability to pay its debts as they mature; (f) has a receiver appointed for its assets; (g) ceases conducting business in the normal course; (h) has any significant portion of its assets attached; (i) experiences a material negative litigation decision ruling that affects this agreement; or (j) experiences an event analogous to any of the foregoing in any jurisdiction in which any of its assets are situated.

11.3 Either Party may terminate this Agreement upon written notice to the other Party if such other Party breaches any material term or condition of this Agreement and fails to remedy the breach within thirty (30) days after being given written notice thereof.

11.4 Except as provided in Section 16.13, following the expiration or termination of this Agreement,all Customer's rights under this Agreement shall terminate and Customer shall be entitled to the immediate possession of all Mining Equipment. If the Agreement is terminated because of a breach of this Agreement by Service Provider then Customer shall be reimbursed for the cost of relocating its Mining Equipment from Service Provider's facility

11.5 If this Agreement is terminated for any reason, upon expiration of this Agreement, or at Customer's option upon cessation of services under this Agreement due to a Force Majeure Event, Service Provider shall provide Customer with immediate and unconditional access to any hosting site(s) in which Service Provider is hosting Customer's Mining Equipment to allow Customer to modify, protect, or remove the Mining Equipment. The Parties agree that, although Service Provider may store, use, or install the

Mining Equipment at its hosting site(s), the Mining Equipment is and shall remain the exclusive property of Customer and shall not be deemed to become a fixture of the hosting site(s) or otherwise so related to the hosting site(s) as to give rise to a similar interest to Service Provider under applicable real estate law. Service Provider shall not allow any lien, security interest, or other encumbrance to attach to any of the Mining Equipment, and shall defend and hold Customer harmless from any claim by a third party of any such lien, security interest, or encumbrance. Service Provider shall take all necessary action to effectuate the provisions of this Section, including the grant of access to Customer, notwithstanding any adverse condition of Service Provider, such as bankruptcy or other insolvency proceedings. Service Provider shall immediately notify Customer if any such claim or notice related to the Customer's Mining Equipment is received by Service Provider.

12. FORCE MAJEURE.

12.1 Notwithstanding anything to the contrary in this Agreement, and subject to the terms in this Section, Service Provider shall not be responsible for any failure to perform and will not be liable to Customer for any damages to Customer, as a result of any Force Majeure Event. **"Force Majeure Event"** means any event that is beyond Service Provider's reasonable control, including, but not limited to, unforeseeable disruption or breakdown of cryptocurrency markets (or other related financial markets), acts of war, issues with technology suppliers, issues with import/export restrictions, unforeseeable lack of electricity supplies, blackouts, brownouts, power shortages, government regulations, weather (including blizzards and other similar items), disease, epidemic or pandemic (where an epidemic or pandemic has been declared at Service Provider's hosting site(s) by the Center for Disease Control or the World Health Organization), where such disease, epidemic, or pandemic causes a government-mandated shutdown of Service Provider or the hosting site(s) hosting the Mining Equipment, or any other issue outside of the reasonable control of Service Provider.

12.2 Service Provider's limitation on responsibility due to a Force Majeure Event in Section 12.1 applies only if: (a) Service Provider takes such action as may be reasonably necessary to void, nullify, or mitigate, in all material respects, the effects of the Force Majeure Event; (b) Service Provider provides Customer with prompt and precise notice of (i) the identity of the specific Force Majeure Event; (ii) the details of Service Provider's attempts to void, nullify, or mitigate the effects of the Force Majeure Event; and (iii) an anticipated timeline of recovery to normal business operations from the Force Majeure Event.

12.3 If Service Provider ceases its performance under this Agreement due to a Force Majeure Event,then Customer may exercise its rights to access the Mining Equipment under Section 11.6.

13. COMMUNICATIONS & NOTICES.

13.1 All notices, requests, or other communications or documents to be given under this Agreement shall be in writing and addressed to the person(s), and at the addresses, set forth for each Party on the Cover Page.

13.2 Notices shall be deemed effective when sent by e-mail with confirmation of transmission by the transmitting equipment. Each Party may designate a different address or contact person by notice given in the manner provided in this section.

14. DATA STORAGE AND PROTECTION.

14. 1 Service Provider shall (a) disclose what data it collects related to this Agreement and the Mining Equipment, (b) disclose how that data is used and for how long that data is retained, (c) any agreements under which Service Provider provides that data to any third parties, (d) undertake to protect that data in a commercially reasonable manner, and (e) provide such data to Customer upon demand.

15. REPRESENTATIONS AND WARRANTIES.

15.1 Each Party hereby represents, warrants and covenants to the other Party that: (a) it has full, right, power and authority to enter into this Agreement and to perform its obligations under this Agreement; and (b) the execution of this Agreement and the performance of its obligations hereunder do not and will not constitute any material breach of any agreement to which it is a party.

15.2 Customer represents, warrants and covenants that as between Service Provider and Customer, Customer will be the beneficial owner of the Digital Assets and there will be no third-party beneficiaries to the Agreement.

16. GENERAL PROVISIONS.

16.1 *Governing Laws & Venue.* This Agreement will be construed in accordance with the laws of the State of New York as applied to contracts made and performed entirely therein, and without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the Parties. All disputes, suits, actions or proceedings relating to this Agreement shall be brought solely in the state or federal courts located in the Harris County, Texas. Provider hereby consents to the exclusive jurisdiction and venue of the Harris County, Texas in connection with any such dispute, suit, action or proceeding, and waives any defense of *forum inconveniens* in connection therewith. EACH PARTY HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY OR AGAINST EITHER PARTY IN CONNECTION WITH THIS AGREEMENT.

16.2 *Assignment.* Customer may not assign, sublicense or otherwise transfer this Agreement, in whole or in part, without the prior written consent of Service Provider. Service Provider may assign, sublicense and otherwise transfer this Agreement, in whole or in part, without prior notice or written consent from Customer.

16.3 *Entire Agreement;* This Agreement, including any updates, exhibits, or amendments, constitutes the complete and exclusive agreement between the Parties with respect to the subject matter hereof, and supersedes and replaces all prior or contemporaneous discussions, negotiations, understandings and agreements, written and oral, regarding the same. This Agreement may only be modified by a written instrument properly executed by the Parties (and such written instrument shall explicitly say that it is an amendment hereto so that no informal amendment inadvertently occurs).

16.4 *Confidentiality.* The terms and conditions of this Agreement, the Services, the Costs and the Performance Fees (and any other related materials or information provided by Service Provider to Customer) are Service Provider's confidential information, regardless of whether they are marked as confidential, proprietary or otherwise. The personal data provided by Customer in the context of this Agreement (and any other related materials or information provided by Customer to Service Provider) are Customer's confidential information, regardless of whether they are marked as confidential, proprietary or otherwise. During the Term, the Parties shall (a) keep such confidential information strictly confidential in a manner that each Party protects its own confidential or proprietary information of a similar nature (and with no less than reasonable care); and (b) not disclose such confidential information to any third party other than each Party's partners, vendors, assignees, purchasers, investors, lenders, lessors, and financial or legal consultants that have a need to know such information and have agreed in writing to keep such information confidential and not disclose such confidential information. consistent with the terms of this Agreement. Notwithstanding the foregoing, the either Party may disclose confidential information as required by law or by order of a court of competent jurisdiction, provided that, in such event, (i) such Party will provide the other Party with prompt notice of such obligation and permit the other Party an opportunity to take legal action to prevent or limit the scope of such disclosure; and (ii) such Party will furnish only that portion of the other Party's confidential information which the Party is advised by counsel is legally required and the Parties will exercise commercially reasonable efforts to obtain assurance that confidential treatment will be accorded to such confidential information. Additionally, notwithstanding the foregoing, Service Provider acknowledges and agrees that Customer is or intends to become a U.S. publicly traded company and may be required to disclose this Agreement and its related terms in order to comply with applicable securities laws, including its disclosure obligations under the U.S. Securities Exchange Act of 1934, as amended.

16.5 *Non-solicitation.* From the Scheduled Start Date and for nine months thereafter, each Party agrees not to solicit the employees, contractors, or other affiliates of the other Party.

16.6 *Independent Contractors.* Service Provider and Customer are independent contractors, and nothing in the Agreement will create any partnership, joint venture, agency, franchise, sales representative, or employment relationship between the Parties. Neither Party is an agent or representative of the other or is authorized to make any warranties or assume or create any other obligations on behalf of the other.

16.7 *Compliance with Laws.* Customer represents and warrants that its performance of its obligations under the Agreement will comply with all applicable laws, rules and regulations. Customer shall not participate in any transaction in connection with, or otherwise use or exploit, any Digital Assets included in the Digital Asset Customer Allocation in any manner that does or may violate any law, rule or regulation.

16.8 *Intellectual Property.* Nothing in this Agreement shall be deemed to grant to either party any rights or licenses, by implication, estoppel or otherwise, to any of the other party's Intellectual Property. Neither party shall contest or challenge, or assist any third party in contesting or challenging, the validity or enforceability of any of the other party's Intellectual Property. To the extent Customer utilizes any software or platform created by Service Provider in furtherance of this Agreement, including the Dashboard, Customer is provided a license to use such software or platform for the life of this Agreement, and has full license to use, collect and retain any data displayed or provided thereby, which license shall survive the termination of this Agreement.

16.9 *Trademarks.* Each party is strictly prohibited from using any product or corporate name, designation, logo, trade name, trademark, service name or service mark associated with the other party in any marketing materials, regulatory filing, financial statements, offering circular, prospectus or otherwise, without the prior written consent of the first party, which may be withheld by the first party in its sole and absolute discretion.

16.10 *No Exclusivity.* This Agreement in no way establishes any exclusive arrangement between Customer and Service Provider. Each party acknowledges and agrees that the other party will be free to enter into agreements and other arrangements with any third parties, at any time, regarding any products or services.

16.11 *Parties Are Sophisticated and Represented.* No preference shall be given to one Party by virtue of the fact that such Party did not draft this Agreement. No bias shall be placed against the drafter. Each Party has been advised and offered the opportunity to seek legal counsel regarding this Agreement. To the extent they chose not to or to limit such, they hereby waive any later complaint that they lacked proper counsel or understanding. No failure by any Party to insist upon the strict performance of this Agreement shall constitute waiver of any breach, covenant, duty, or term herein.

16.12 *Counterparts /Execution.* The Agreement may be executed in counterparts, which together shall constitute a single instrument, and may also be executed by electronic signature, and the Parties agree that facsimile, digitally scanned or other electronic copies of signatures shall be valid and binding as originals.

16.13 *Taxes.* The Costs and Fees set forth herein do not include any foreign, federal, state or local sales, value added, use, withholding or other similar taxes, tariffs or duties, however designated, levied against the sale, licensing, delivery or use of the components and products provided under the Agreement. Customer shall pay, or reimburse Service Provider for, all such taxes; provided, however, that Customer shall not be liable for any taxes based on Service Providers' net income.

16.14 *Survival.* The provisions contained in Sections 1, 8, 10, 11.6 and 16 shall survive the termination or expiration of this Agreement.

The Parties have agreed to this schedule and/or amendments through their duly authorized officers as of the signatures and dates in Exhibit F.

EXHIBIT B

MINING EQUIPMENT DESCRIPTION

The Mining Equipment specified in the chart below is provided by Customer to Service Provider for the delivery of the Mining Power. Customer is solely responsible for providing all ancillary equipment necessary to operate the Mining Equipment within the Service Provider's facility, including any hashboards, controller boards, case assemblies, fans, and power units for the Mining Equipment.

Customer is solely responsible for the shipping of Mining Equipment to and from Service Provider facility.

MINING EQUIPMENT CHART

Make & Model	Number of Units	Date Purchased	Date Manufactured	Declared Value in Dollars	Mining Power (TH)	Wattage (w)	Efficiency (J/TH)
ASUS, DUAL-RTX2060-06G-EVO	900	May 27th, 2021	April 10, 2021	5,520	256MH	1350W	5.3J/MH
Total Number of **Units**	900 Units						
Total Kilowatts (KwHr)	**1215** KwHr						
Mining Power (TH)	**230400MH** TH						

The Parties have agreed to this schedule and/or amendments through their duly authorized officers as of the signatures and dates in Exhibit F.

PRIVILEGED & CONFIDENTIAL

EXHIBIT C

SCHEDULED DELIVERY OF MINING EQUIPMENT

This Exhibit C (the "Delivery Schedule") is the schedule of expected delivery dates for the arrival of Mining Equipment provided by Customer to Service Provider at the facility provided below.

Upon arrival, Service Provider will install equipment at a rate of three hundred (300) pieces per day, starting no later than within two (2) days after arrival of the Mining Equipment. If the Mining Equipment does not arrive within five (5) days of the delivery date, Customer will be required to provide an amended Delivery Schedule. If Mining Equipment does not arrive with thirty (30) days of the original Delivery Schedule, Service Provider may choose to cancel or terminate the acceptance of this Mining Equipment and amend this Agreement to reduce the amount of Mining Equipment provided in Exhibit B.

Service Provider shall not be responsible for (a) the shipping fees to or from the facility; (b) any customs, duties, or other taxes or levies on the equipment; or (c) any additional equipment provided beyond the Mining Equipment detailed in Exhibit B.

SERVICE PROVIDER FACILITY	
Facility Name:	North Country Data Center
Facility Address:	194 Co Rd 45, Massena, NY 13662
Facility Primary Contact:	Norbert Guiol
Facility Phone Number:	1-484-735-9345
Primary Contact Email Address:	N@Coinmint.one

Delivery Date(s)	Model	Manufacturer	Number of Units	Shipment Provider	Address of Origination	Declared Value in Dollars	Amendment
ex. June 5, 2022	ex. S19Pro 110 TH	ex. Bitmain	ex. 1,000 units	ex. USPS	ex. 1313 State Street	ex. $1,000	ex. 1

The Parties have agreed to this schedule and/or amendments through their duly authorized officers as of the signatures and dates in Exhibit F.

EXHIBIT D

EQUIPMENT STANDARDS AND FEES

Equipment Standards:

Customer and Service Provider will agree on generally acceptable GPU Mining Equipment standards based on efficiency and performance on an annual basis. Customer and service provider may agree to the different hosting rates based on different efficiency ratings.

The Standard Rate reflects the normal operating performance fee. The Repay Rate is the performance fee applied when the Customer is being reimbursed for capital contributions or similar financial arrangement made with Service Provider. During these periods. the difference between the Standard Rate and Repay Rate is considered a repayment on the capital contribution to customer. During periods of Repay, no optional Performance Fee reductions will be recognized.

GPU Tier	Efficiency Range	Model Examples	Standard Rate	Repay Rate
1	n/a	n/a	25 %	15 %

Performance Fee Reductions:

Service Provider agrees to reduce the Standard Profit Share once certain deployment volumes have been achieved by the Customer. For the avoidance of doubt, deployment volume shall be determined by the calculated sum power use (megawatts) of Customer deployed equipment in service provider facility based on manufacturer specifications. Actual performance (either over or under) of deployed equipment shall not be used to calculate the sum power use. Customer will be eligible for the Performance Fee Reduction after 30 days of maintaining power use above the stated range.

Deployment Volume (Megawatts)	**Tier** Rate Reduction	Cumulative Standard Rate Reduction
0-5	0.00%	0.00%
5-7.5	0.50%	0.50%
7.5-10	0.50%	1.00%

For the avoidance of doubt, the Cumulative Rate Reduction will be applied to Standard Rate performance fee for all GPU Mining Equipment based on their Tier. For example, if the Customer has deployed 6 MW of Tier 1 Equipment and 1 MW of Tier 2 Equipment, then the Cumulative Rate Reduction is 0.50% based on the chart above. If Tier 1 Equipment Standard Rate is 25%, then this ASIC Mining Equipment will have a fee reduction of 0.50% for a rate of 24.50%. If the Tier 2 Equipment Standard Rate is 30%, then this ASIC Mining Equipment will have a rate of 29.50%.

The Parties have agreed to this schedule and/or amendments through their duly authorized officers as of the dates below.

The Parties have agreed to this schedule and/or amendments through their duly authorized officers as of the signatures and dates in Exhibit F.

EXHIBIT E

LIABILITY WAIVER FOR OPTIONAL SERVICES

During the term of the Agreement, the Customer may be offered additional or optional services that are designed to enhance the efficiency or output of the Mining Equipment. Those services may include immersion cooling, running GPU Mining Equipment beyond the manufacturer's specifications and/or changing the firmware of this equipment.

The Customer acknowledges that there are hazards associated with the additional or optional services which include but are not limited to damage to the Customer's Mining Equipment and/or Service Provider's property. In the event that Customer is offered one or more of the additional or optional services, Customer agrees to indemnify and hold Service Provider harmless and release Service Provider from any claims or liability that may result from damage that is caused to Customer's Mining Equipment through use of the additional or optional services offered by Service.

Customer acknowledges and agrees that Service Provider is authorized to utilize the additional or optional services listed below:

Make & Model	Number of Units	Immersion Cooling	Firmware Modification	Overclocking (highest approved)
ASUS, DUAL-RTX2060-06G-EVO	900	Fan cooling	FlintOS	N/A

The Parties have agreed to this schedule and/or amendments through their duly authorized officers as of the signatures and dates in Exhibit F.

EXHIBIT F

ACKNOWLEDGEMENT OF EXHIBITS B-E & AMENDMENTS

Concurrent with the execution of this Agreement, the Customer agrees to the Exhibits attached above (Exhibit A, Exhibit B, Exhibit C, Exhibit D, Exhibit E, Exhibit F) detailing the Mining Equipment, Delivery Schedule, Equipment Standards & Performance Fees, and Optional Services. Any amendments or changes to these Exhibits should be detailed below and signed by an authorized representative of the parties.

Initial Agreement

COINMINT, LLC		**Applied Blockchain, Inc**	
By:	/s/ Ashton Soniat	By:	/s/David Rench
Ashton Soniat		Name:	David Rench
Title:	**majority owner**	Title:	CFO
Date:	**6/30/2021**	Date:	

Change Notes

COINMINT, LLC		**[CUSTOMER]**	
By:		By:	
Name:		Name:	
Title:		Title:	
Date:		Date:	

Change Notes

COINMINT, LLC		**[CUSTOMER]**	
By:		By:	
Name:		Name:	
Title:		Title:	
Date:		Date:	

REQUIRED CUSTOMER QUESTIONNAIRE

All Customers must complete this questionnaire to comply with Service Provider Customer Identification and Diligence Program. Coinmint may require additional information from you prior to providing you with our services. Please complete, sign, date and return one copy of this questionnaire as soon as possible to:

Coinmint, LLC
1413 Avenida Ponce de Leon, Suite #605
San Juan, Puerto Rico 00909

The undersigned hereby certifies to **Coinmint,** LLC (the ***"Company")*** as follows:

Name: _____

Country of Citizenship: 5 A

1. Please indicate the state in which you maintain your principal residence and how long you have maintained your principal residence in that state.

State:
Duration: _____
Address:
Email Address:
Telephone:

2. **Verification of Status as an Accredited Investor.** The undersigned (the ***"Customer"***) represents and warrants that he, she, or it qualifies as an "Accredited Investor" pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (the ***"Securities Act"***) (and/or applicable state regulations, if narrower in scope), has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of a particular investment, and is able to bear the economic risk of a particular investment, and has the capacity to protect its own interest as a result of the undersigned's status as (please check the appropriate descriptions(s) below):

A. **If an individual, check each category that is applicable:**

☐ (1) The Customer is a director, executive officer or general partner of the Company; or

(Note: The term "executive officer", when used with reference to an issuer, means its president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the issuer.)

☐ (2) The Customer is a natural person whose net worth, either individually or jointly with such Customer's spouse, exceeds $1,000,000; or

(Note: For this purpose, "net worth" means the excess of total assets at fair market value (excluding primary residence) over total liabilities.)

☐ (3) The Customer is a natural person who had individual income in excess of $200,000 in each of the two most recent years, or joint income with such Customer's spouse in excess of $300,000, in each of those two years and reasonably expects to have income reaching the same level in the current year; or

(Note: For this purpose, "individual income" means adjusted gross income, as reported for federal income tax purposes, less any income attributable to a spouse or to property owned by a spouse, increased by the following amounts (but not including any amounts attributable to a spouse or to property owned by a spouse): (i) the amount of any exclusion for tax-exempt interest under Section 103 of the Code; (ii) the amount of any losses claimed as a limited partner in a limited partnership as reported on Schedule E of form 1040; (iii) the amount of any deduction, including the allowance for depletion, under Section 611, et seq., of the Code; and (iv) the amount of any deduction for long-term capital gains under Section 1202 of the Code.)

☐ (4) None of (1) through (3) above.

B. If a trust, please check the category that is applicable:

☐ (5) The Customer is either a revocable trust (such as a living trust) or a trust formed for the purpose of acquiring the securities of the Company (the *"Securities")* and for which, in either case, each grantor is an "accredited investor." Indicate each grantor and the category that describes how each such grantor is qualified as an "accredited investor;" or

☐ (6) The Customer is a trust which has total assets in excess of $5,000,000, was not formed for the specific purpose of acquiring the Securities, and whose purchase is directed by a sophisticated person (as defined in Rule 506(b)(2)(ii) of the Securities Act) who has such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of investing in the Company; or

☐ (7) Neither of (5) or (6) above.

C. If not an individual or trust, please check each category that is applicable:

☐ (8) The Customer (i) is either a corporation, a partnership, a limited liability company, an organization described in Section 501(c)(3) of the Internal Revenue Code, or a Massachusetts or similar business trust, (ii) has not been formed for the specific purpose of acquiring the Securities and (iii) has total assets in excess of $5,000,000; or

☐ (9) The Customer is a bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; or

☐ (10) The Customer is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended; or

☐ (11) The Customer is an insurance company as defined in Section 2(a)(13) of the Securities Act; or

☐ (12) The Customer is an investment company registered under the Investment Company Act of 1940, as amended, or a business development company as defined in Section 2(a)(48) of that Act; or

☐ (13) The Customer is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; or

☐ (14) The Customer is a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, and such plan has total assets in excess of $5,000,000; or

☐ (15) The Customer is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended, and (i) the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or (ii) the employee benefit plan has total assets in excess of $5,000,000, or (iii) if a self-directed plan, the investment decisions are made solely by persons that are "accredited investors;" or

☐ (16) The Customer is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended; or

☐ (17) The Customer is an entity in which all of the equity owners qualify under any of the above categories (including the categories for individuals and trusts listed above). If the undersigned belongs to this investor category only, list the equity owners of the undersigned, and the investor category which each such equity owner satisfies:

_____

_____

(Continue on a separate piece of paper, if necessary)

☐ (18) None of (8) through (17) above.

3. Verification of Status of a U.S. Person or non-U.S. (foreign) Person.

Please check each category that is applicable:

☐ (1) The Customer is a natural person resident in the United States; or

☐ (2) The Customer is a partnership or corporation organized or incorporated under the laws of the United States; or

☐ (3) The Customer is an estate of which any executor or administrator is a U.S. Person (i.e. an individual or entity that falls within categories (1) — (8) of this Section 3); or

☐ (4) The Customer is a trust of which any trustee is a U.S. Person (i.e. an individual or entity that falls within categories (1) — (8) of this Section 3); or

☐ (5) The Customer is an agency or branch of a foreign entity located in the United States; or

☐ (6) The Customer is a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person (i.e. an individual or entity that falls within categories (1) — (8) of this Section 3); or

☐ (7) The Customer is a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or

☐ (8) The Customer is a partnership or corporation organized under the laws of any foreign jurisdiction and formed by a U.S. Person for the purpose of investing in securities not registered under the Securities Act; or

☐ (9) The Customer is none of (1) through (8) of the above.

You agree that the Company may present this questionnaire to such parties as the Company deems appropriate to establish the availability of exemptions from registration under federal and state securities laws. You represent that the information furnished in this questionnaire is true and correct and you acknowledge that the Company and its counsel are relying on the truth and accuracy of such information to comply with federal and state securities laws. You agree to notify the Company promptly of any changes in the foregoing information that may occur prior to the investment.

DATE: 6/15/2021

CUSTOMER: Applied Blockchain, Inc.

(Signature)

/s/David Rench CFO

(Printed Name and Title of Signatory, if signing on behalf of an entity)

** Portions of this exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

ELECTRIC SERVICE AGREEMENT

This Electric Service Agreement ("Agreement") is made by and between APLD Hosting LLC, a Nevada Corporation ("Customer") with its principal office in Dallas, Texas and registered to do business in North Dakota, and [**] ("Company"), a [**] corporation with its principal office in [**]. Customer or Company may be referred to as "Party" or collectively as "Parties".

BACKGROUND

a. Customer is to be the owner and operator of a blockchain facility to be located near Jamestown, North Dakota (the "Facility").

b. Customer desires to contract for electric services to Facility at a capacity level of 100 MW.

c. Company is an electric utility authorized to provide retail electric service in North Dakota, is willing to render such services to Customer for the Facility in accordance with this Agreement and the Company's tariff filed with the North Dakota Public Service Commission ("Commission"), subject to the contingencies stated herein. Capitalized terms used herein and not otherwise defined are defined in the applicable tariffs.

In consideration of the mutual promises contained below, the parties agree as follows:

1. **Electric Service.** The Customer agrees to purchase and receive from the Company electric energy for the Facility in accordance with the terms of this Agreement, per the rates stated herein, and all terms and conditions and Rules and Regulations (the "Terms") established by the Company and filed in its tariff with the North Dakota Public Service Commission (the "Commission"). The Terms include, but are not limited to, Customer's payment for electrical energy in accordance with the Company's rate schedule as filed with and approved by Commission (or such superseding rate(s) as may be filed in the future). Where there is a conflict among the foregoing, the terms and conditions of this Agreement shall prevail.

2. **Rates & Terms of Service.** The electric service provided for in this Agreement shall be sold, delivered, purchased, received, and paid for under (a) the terms and conditions of this Agreement, (b) the Company's Super Large General Service Rate, Rate Code N620 (the "SLGS Tariff"), which is attached hereto and incorporated herein as **Exhibit A,** (c) the Company's General Rules & Regulations (d) Mandatory Riders, each of which are described in the Company's tariffs on file with and approved by the Commission and now in force or as may be modified from time to time by the Commission, and (e) Voluntary Riders as the same may be negotiated and agreed to by Company and Customer. Customer acknowledges receipt and review of the foregoing documents. All payments to be made under this Agreement shall be made in United States currency.

3. **Service Location.** The Customer shall receive electric service at the Facility to be constructed in the County of Stutsman, Township of Fried, near the City of Jamestown, State of North Dakota. A map of the planned location is depicted in **Exhibit B** attached hereto. The Customer shall consent to service through a Certificate of Public Convenience and Necessity application to be filed by the Company with the Commission.

4. **Extension of Electric Service**. The Company shall supply to the Customer at the Facility interruptible, three-phase electric service, at 41,600 nominal volts. The Customer shall cause the Facility to be designed for an expected Load Factor of 95% and 95% load controllability (down to 5 MW of Firm Demand Level) with maximum annual control hours in accordance with Module E as a Load Modifying Resource ("LMR") of the Midcontinent Independent System Operator ("MISO") tariff as the same may be modified from time to time. The Customer acknowledges that the annual control hours under MISO's LMR tariff is currently 40 hours ("MISO Curtailments"). Company will extend such electric service to Customer as soon as reasonably practicable after all conditions precedent to service identified in *Section 9* are satisfied. Company makes no guaranties as to the date the Company will complete extension of such electric service to Customer. Notwithstanding the foregoing, the Customer may terminate this Agreement if the capacity to serve 100 MW is not available by January 14, 2022.

   Customer understands that the Company's extension of service may be subject to weather conditions, other regulatory approvals, and the availability of electrical equipment, delivery schedules and other factors. Customer understands it is also subject to load curtailment during system contingencies. Contingencies include, but are not limited to, a loss of the 345 kV transmission lines or 345/115/41.6 kV transformers.

   No later than fifteen (15) days prior to the Facility's in-service date, Company and Customer shall agree on and execute Standard Operating Procedures to implement curtailment and other on-going operational matters.

5. **Economic Control.** Customer shall be controlled for economic conditions up to 10,000 MWhs per year ("Economic Curtailments"). Economic Curtailments are mandatory, determined at Company's sole discretion. Company shall not curtail Customer's load solely for the purpose of making non-firm, off-system sales. Company will provide Customer with as much notice as reasonably practicable of a control event, not less than fifteen (15) minutes prior to the start of Economic Curtailment. Economic Curtailment duration shall not exceed more than ten (10) hours per 24-hour period. If the Economic Curtailments limit is reached, Company may curtail the Customer to additional hours of control during extreme events when Locational Marginal Pricing ("LMP") exceeds $500/MWh. Additional operational details to be included in the Standard Operating Procedures identified above in *Section 4.*

6. **Energy Forecast.** By October 1 of each year Customer shall provide Company with a forecast of its expected monthly energy usage for the next planning year (June 1 to May 31) ("Energy Forecast"). By 8:00 a.m. (CT) of each day Customer shall provide Company with a daily schedule of hourly energy usage that will forecast the hourly energy usage for the next four (4) days of energy usage ("Daily Forecast"). Customer will use commercially reasonable efforts to ensure that the Energy Forecast and Daily Forecasts are as accurate as are reasonably possible based on information then known at the time. Customer will promptly provide updates to its forecasts should Customer reasonably know that any Daily Forecast and monthly usage forecasted will deviate by more than 5 percent for the Daily Forecast and 20 percent for the Energy Forecast, either up or down.

7. **Penalties for Curtailment Non-Compliance.** For the purposes of this Agreement, the following definitions shall apply:

- **"Curtailment"** shall mean a reduction of Customer's demand called by Company and/or MISO for the purposes of MISO Curtailments and Economic Curtailments.

- **"Firm Demand Level"** shall mean the Demand level to which Customer must curtail upon being notified that a Curtailment is required.

In the event Customer fails to reduce its load to the Firm Demand Level at any time during a Curtailment period, Customer shall pay a penalty to Company as liquidated damages for impacts to Company's cost of service related to Customer's failure; such penalty shall be calculated as follows:

For each instance of reliability non-compliance, Customer shall pay the greater of (a) any MISO penalty charges incurred by Company pursuant to Modules A and E of the MISO tariff; or (b) Customer's actual Demand during the control period in excess of Firm Demand Level which shall be billed at the Company's monthly SLGS Tariff rate for the billing period plus actual energy billed at LMP during the period of curtailment in which any instance of non-compliance occurred. Customer's Demand during the period of Curtailment which is in excess of Firm Demand Level shall be the basis of determining MISO penalty charges, which will include the cost to procure any required market products as well as any other penalty charges incurred by Company. Customer shall not be allowed to use the Demand paid for in any non-compliance event for any future operations. In addition to the potential penalties above, the Customer is responsible for reimbursing Company for purchasing replacement capacity at applicable market rates if Customer fails to respond to a MISO emergency and MISO revokes the capacity credit associated with the non-firm portion of their load. If Customer fails to respond for Economic Curtailments Company reserves the right to revoke SLGS Tariff.

8. **Term.** Subject to *Section 9.* this Agreement shall be effective on the date of its full execution ("Effective Date") by the parties, and shall have an Initial Term of five (5) years, with the five (5) year Initial Term commencing on the date that Company completes extension of electric service to Customer ("Commencement Date") and thereafter shall remain in effect from year to year unless terminated by either party by notice given at least one (1) year (365 calendar days) in advance of termination.

9. **Conditions Precedent to Service.** Company's obligation to deliver and sell electric power, and Customer's obligation to receive and purchase electric power is contingent on the Customer having made to Company the payments set forth in *Section 12. Section 13, and Section 15,* and the Company securing all final, non-appealable, regulatory approvals deemed by Company to be necessary and/or prudent, in its sole discretion, which may include, but is not limited to, (a) a Certificate of Public Convenience and Necessity ("CPCN") from the North Dakota Public Service Commission (the "Commission") authorizing the Company to provide electric service to the Customer at the location identified in *Section* 3; (b) the Commission approving the terms of this Agreement, including the specific Rate identified for Customer in **Exhibit A** hereto calculated for Customer under the SLGS Tariff, Rate Code N620, and (c) any local government permits and/or easements. Company shall make reasonable commercial efforts to secure all necessary regulatory approvals. Customer shall reasonably cooperate with Company in securing necessary regulatory approvals. In the event the Company is unable to secure any necessary regulatory approvals) or in its sole discretion Company believes that such approvals will not be forthcoming, shall so notify the Customer in writing and this Agreement shall terminate ten (10) days thereafter. Within five (5) business days of such termination the Company shall return any unused portion of Customer's Advance Payments in accordance with *Section 12 and 13.*

10. **Minimum Payment.** Starting at the earlier of the week in which the Customer load exceeds 95MW or February, 1 2022, Customer shall pay Company for its Firm Demand Level and actual metered energy usage in accordance with Exhibit A, but in no event less than monthly minimum charge based on a billing demand of not less than Firm Demand Level (currently, 5 MW) and billing energy of not less than 8,500,000 kWh per week ("Minimum Usage") commensurate with the SLGS Tariff eligibility requirements. Such required payments are "Minimum Payments". Minimum Usage will be reduced by the amount of MISO Curtailments, Economic Curtailments or other interruptions by the Company to the delivery of energy to the Customer's point of interconnection. The Parties agree to explore reasonable commercial efforts to enable opportunities in energy markets relative to Customer consumption of Minimum Usage energy to add value to both parties.

For purposes of compliance with the SLGS Tariff and to preserve the financial benefits to the Company's other customers, starting at the earlier of the first day of the week in which the Customer load exceeds 95 MW or February 1, 2022, the Customer must maintain a minimum annual load factor billing of 80 percent per calendar year, 700,000 MWh, priced at the annual average billing $/kWh and shall make such payment necessary to Company to achieve this minimum. The annual load factor shall be determined by dividing the Assumed Load by 876,000 MWh. The numerator ("Assumed Load") is the actual MWhs consumed plus the amount curtailed by the Company for MISO Curtailments, Economic Curtailments or other interruptions caused by the Company to the delivery of energy to the Customer's point of interconnection ("Load Adjustment").

If Assumed Load is above a 95 percent annual load factor (based on 876,000 MWh), excess Minimum Payments above 95 percent will be refunded. Customer's refund shall not exceed the aggregate monthly difference between actual usage-based billing and the corresponding Minimum Payment amounts made during the year

11. **Bill Payments.** Customer shall be invoiced weekly, Monday through Sunday. Customer shall pay all invoices by Electronic Funds Transfer or other means acceptable by the Company within three (3) business days of Customer's receipt of the Company's invoice. Notwithstanding any tariff to the contrary, the date of the Company's invoice issuance shall be the invoice due date ("Due Date"). The Customer's failure to pay Company's invoice within three (3) business days of the Due Date shall be a Payment Default on the part of the Customer and subject to *Section 17.*

12. **Advance Payment – Security for Regulatory Expenses.** On June 18, 2021, Customer and Company executed a Letter of Intent (LOI). Customer, in accordance with the LOI, has delivered to Company an advance cash payment in United States Dollars to Company of Two Hundred Fifty Thousand Dollars ($250,000.00) (the "Advance Payment-Regulatory"). Company shall hold the Advance Payment-Regulatory as security for the Company's recovery of all regulatory costs for filing this Agreement and for approval under the SLGS tariff and any related regulatory filings, including, but not limited to: Application for Certificate of Public Convenience and Necessity; and the MISO Transmission Expansion Process.

13. **Advance Payment – Security for Infrastructure Expenses.** On June 30, 2021, the Customer delivered Four Hundred Sixty-Five Thousand Dollars ($465,000.00) to Company in cash for the purpose of Company obtaining long lead time infrastructure items to meet Customer's expected in-service date. Within three (3) business days following approval by the Commission and notice of such approval to Customer, Customer shall deliver an advance cash payment in United States Dollars to Company of Seven Hundred Thirty-Five Thousand Dollars ($735,000.00) (the "Advance Payment-Capital"). Company shall hold the Advance Payment-Capital, a total of One Million Two Hundred Thousand Dollars ($1,200,000.00) as security for the Company's recovery of all Capital Project expenses necessary to serve the Customer, including Capital Projects commenced before the satisfaction of the conditions precedent provided in *Section 9.* For purpose of this Agreement, "Capital Projects" include all project expenses incurred by the Company reasonably necessary to extend and maintain electric service to the Customer, including, but not limited, to actual internal labor costs, procurement of equipment, regulatory filing fees, and related expenses.

The following terms shall apply to the Company's administration of the Advance Payment-Capital and Advance Payment-Regulatory (collectively, "Advance Payments"):

(a) In the event this Agreement is terminated prior to the end of the Initial Term or Customer ceases it electric service under the Company's SLGS Tariff prior to the end of the Initial Term, Company shall return the remaining balance (unspent portion) of the Advance Payments to Customer, if any, less amounts incurred by Company for the regulatory and infrastructure expenses.

(b) The Advance Payments shall accrue interest during the Initial Term at the rate paid by the Bank of North Dakota for its smallest six (6)-month certificate of deposit, as of the first business day of each calendar year. All interest during the Service Period shall accrue to the benefit of Customer and shall be credited to Customer's electric account on an annual basis forty-five (45) calendar days after the end of each Contract Year by direct payment to Customer.

(c) As used in this Agreement, "Contract Year" means an annual period commencing on the Commencement Date and each annual anniversary thereof during the Initial Term of this Agreement.

14. **Refund of Advance Payments.** Forty-five (45) calendar days after the end of each Contract Year during the Initial Term, Company shall refund to Customer and apply to electric bills from the Advance Payments described in *Sections 12 and 13* an amount of Two Hundred Ninety Thousand Dollars ($290,000.00) annually. The amount so refunded to Customer shall reduce the balance of the Advance Payments. The Advance Payments are eligible for repayment in the following manner: unspent amounts will be returned to Customer on or before the later of Facility's in service date or when the corresponding work order(s) is closed not to exceed sixty (60) days beyond the Facility-in-service date, whichever is later. Refund of the unspent amounts shall reduce the balance of the Advance Payments. Spent amounts for the project cost shall be returned to Customer over the life of the Initial Term as described in this Section. In no event shall the refunded amounts exceed the Advance Payments plus accrued interest described in Section 12.

15. P**ayment Security and Cessation of Operations Notice Protection Deposit.**

(a) No later than fifteen (15) days prior to Facility's in service date, Customer shall deliver to Company a Payment Security and Cessation of Operations Notice Protection Deposit (the "Security Deposit") of Seven Million Five Hundred Thousand Dollars ($7,500,000.00) in cash, to be paid by Electronic Funds Transfer. Except as provided herein, the Security Deposit shall be administered pursuant to the Company's Rules and Regulations, including Section 1.03 "Deposits, Guarantees and Credit Policy" now in force or as may be modified from time to time and approved by Commission. Customer shall at all times and throughout the entire Term of this Agreement maintain a minimum Security Deposit balance of Seven Million Five Hundred Thousand Dollars ($7,500,000.00) (the "Security Deposit Minimum"), except as defined in *Section 16.* Within five (5) business days of Company notifying Customer that the balance of the Security Deposit is less than Security Deposit Minimum, Customer shall deliver to Company the amount necessary to maintain the Security Deposit Minimum. The Customer's failure to do so shall be a Payment Default on the part of the Customer.

(b) In lieu of the cash Security Deposit in*Section 15(a),* with the prior written consent of the Company the Customer may provide the Security Deposit in the form of an irrevocable letter of credit acceptable to the Company ("Letter of Credit"). Customer must present its proposed Letter of Credit to Company no later than forty-five (45) days prior to Facility's in service date. A fully executed Letter of Credit, in a form acceptable solely as determined by the Company within ten (10) days prior to the Facility's in-service date. Customer must provide Company no less than sixty (60) days advance notice of termination of an approved Letter of Credit and provide to Company a Replacement Letter of Credit no later than thirty (30) days prior to such termination. Customer may replace a Letter of Credit with cash deposit as described in part (a) of this *Section 15.* Customer's failure to provide such notice and replacement shall be a Payment Default on the part of the Customer.

(c) This Section 15 is required for Company's other customers and Company protection from revenue deficiency for sudden discontinuation of operations and weekly bill payment.

16. **Refund of Security Deposit.** Forty-five (45) calendar days after the end of each Contract Year during the Initial Term, Company shall refund to Customer or apply to electric bills from the Security Deposit described in *Section 15* an amount of Five Hundred Thousand Dollars ($500,000.00) annually. The amount so refunded to Customer shall reduce the balance of the Security Deposit. The Customer shall at all times maintain a minimum Payment Security Deposit balance. The Security Deposit is repaid until Five Million Dollars ($5,000,000.00) ("Minimum Balance") is reached in the account. The Minimum Balance is continued with no further repayment to Customer except as follows: If the notice in *Section 18* is followed and Customer continues normal operations until termination, Customer is eligible for full refund of the Security Deposit balance at termination of service or can apply funds to final electric bills.

17. **Payment Default.** The Customer's failure to make all or any part of a payment when required under this Agreement, or to provide notice required by*Section 18* of this Agreement, shall be a Payment Default. Upon notice of a Payment Default on the part of the Customer, the Company may take all or any of the following actions, notwithstanding any part of N.D. Admin Code 69-09 or the Company's Rules and Regulations to the contrary:

(a) Company may apply all or any part of the Security Deposit to Customer bills which are due, or commensurately draw upon a Letter of Credit with notice thereof provided to Customer;

(b) Company may immediately disconnect Customer's electric service with notice thereof provided to Customer. Customer expressly waives any right it may have to stay or delay disconnection of service pursuant to N.D. Admin. Code Section 69-02-02-02;

(c) In the case of the Customer's failing to provide notice required under *Section 18*, the Company may retain for its own account all or any part of the Security Deposit or draw upon a Letter of Credit an amount necessary to ensure that the Company receives payment from Customer up to what the Company would have received if the Customer had provided one (1) year's advance notice of any material reduction in Customer's electrical consumption or cessation of operations

(d) Company may terminate this Agreement, upon Ten (10) business days advance written notice to Customer, should default not be cured by Customer before the tenth day after such notice. Such termination shall not terminate the Company's right to apply the Payment Security Deposit to any amount owed by Customer to Company, and to seek any and all other available remedies. Customer may no longer take service pursuant to the SLGS tariff upon termination of this Agreement; and

(e) In the event Customer disputes a bill the Customer shall pay such bill under protest. The Company shall refund to the Customer any part of such payment made under protest if later found by the Company or the Commission to be excessive or incorrectly calculated.

18. **Prior Notice to Company of Material Reduction in Usage or Cessation of Operations.** Customer shall provide Company no less than one (1) year (365 calendar days) prior written notice of an expected Material Reduction in electric usage and/or cessation of Customer's business operations. Material Reduction is defined as below 50 percent load factor, 36,600,000 kWh per month for three consecutive months that has not already been reported in the Customer's annual Forecast to the Company. Material Reduction will be adjusted by the Company for MISO Curtailments, Economic Curtailments, or other interruptions by the Company to the delivery of energy to the Customer's point of interconnection. If notice to cessation of operations is given by the Customer, this Agreement shall terminate at the end of the notice period and Customer shall become ineligible to receive service under the SLGS Tariff.

19. **Interruptible Service.** Customer agrees and acknowledges that Customer's service is subject to interruption, and that the rate(s) offered customer in **Exhibit A** are expressly based and conditioned on Customer's taking interruptible service through MISO's schedule E as an LMR and Economic Curtailments. Customer will be responsible for backup service during any period of interruptions. The Company will solely determine and communicate to Customer the interruptions. The Company will not be liable for any loss or damage to the Customer due to interruptions.

20. **Customer Equipment.** The Company may require that the Customer make changes to the Customer's system at the Customer's expense or pay the costs of Company's installation of nonstandard Distribution Facilities, where the Company reasonably determines that such changes or nonstandard installations are *necessary* to correct operating characteristics of the Customer's equipment or system(s) that interfere with satisfactory service to other customers of the Company. This includes, but is not limited to, equipment necessary to mitigate harmonic distortion affecting the load of customers near Customer's facility.

21. **Limitation of Liability.** Notwithstanding any other provision under North Dakota law to the contrary, Customer agrees that the Company shall not be liable for any losses, damages, or expenses (including, but not limited to, injury to persons, including death, or property damages) incurred by any persons for any delay, interruption, curtailment, suspension, disturbance or variability in its provision of electric service (including, but not limited to, any occurrence of voltage fluctuations or power surges) due to acts of God, or to any other cause whatsoever except the Company's own gross negligence or willful misconduct. The Company will not be liable for incidental or consequential damages, including, but not limited to, loss of profits resulting from the use of service or any delay, interruption, curtailment, suspension, disturbance, or variability of electric service. The Company shall have the right to suspend the delivery of electric power hereunder for a temporary amount of time for the purpose of making repairs or improvements of its system.

22. **Assignment.** Neither Company nor Customer shall assign its rights nor delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other Party. Such consent shall not unreasonably be withheld, delayed, or conditioned. This Agreement shall inure to and bind the parties' permitted successors and assigns.

23. **Waiver.** Any waiver at any time by either party of its rights with respect to a default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall be in writing and shall not be deemed a waiver with respect to any subsequent default or other matter.

24. **Authority.** Company and Customer each represent for itself that it has the necessary authority to enter this Agreement and that its signatory representative below is duly authorized to act on its behalf.

25. **Notice.** Any notice provided for or concerning this Agreement shall be in writing and may be delivered either by (i) U.S. Certified mail with postage prepaid and return receipt requested, or (ii) recognized nationwide courier service with delivery receipt requested, in either case to be delivered to the following address (or to such other U.S. address as may be specified via Notice provided by Customer or Company, as applicable, to the other in accordance with the requirements of this *Section 25)*:

TO COMPANY [**] Attn: V.P. Customer Service cc: Legal Department	TO CUSTOMER APLD Hosting LLC 3811 Turtle Creek Blvd, Suite 2100 Dallas, TX 75219 Attn: Chief Financial Officer
[Tel: [**] - for use in connection with courier deliveries]	[Tel: (214) 427-1706 - for use in connection with courier deliveries]

Any Notice given in accordance with this *Section* will (i) if delivered during the recipient's normal business hours on any given business day, be deemed received by the designated recipient on such date, and (ii) if not delivered during the recipients' normal business hours on any given business day, be deemed received by the designated recipient at the start of the recipient's normal business hours on the next business day after such delivery.

26. **Invalid Provisions.** The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision.

27. **Paragraph Headings.** The titles to the paragraphs of this Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement.

28. **Governing Law.** This Agreement shall in all respects be governed by, and construed in accordance with, the law of the State of North Dakota, without regard to principles of conflicts of laws thereunder. Litigation of disputes regarding this Agreement shall be heard upon complaint, in the first instance, before the Commission. If the Commission declines jurisdiction over any given claim, that claim can then be heard before a court of competent jurisdiction located within the State of North Dakota. THE PARTIES HEREBY EXPRESSLY WAIVE THEIR RIGHT TO A TRIAL BY JURY REGARDING ANY AND ALL DISPUTES REGARDING THIS AGREEMENT.

29. **Entire Agreement.** All previous communications between the parties hereto, either verbal or written, with reference to the subject matter of this Agreement are hereby abrogated, and this Agreement, as duly accepted and approved, constitutes the sole agreement related to the sale and delivery of electric capacity and energy by Company to Customer. No modifications of this Agreement shall be binding upon the parties or either of them unless such modifications shall be in writing, duly accepted in writing by Customer and executed by an officer of the Company and have received any necessary regulatory approvals.

IN WITNESS WHEREOF, the parties execute this Agreement effective as of August 4 , 2021.

Customer **[**]**

/s/ David Rench	/s/
By: David Rench	By:
Its: CFO	Its:

Exhibit A – Proposed Super Large General Service Tariff- APLD Hosting LLC.

Exhibit B

Exhibit 10.7

SUBLEASE AGREEMENT

This Sublease Agreement (this "**Sublease**") is executed as of May 19, 2021, between ENCAP INVESTMENTS L.P., a Delaware limited partnership ("**Sublandlord**") and APPLIED BLOCKCHAIN, INC., a Nevada corporation ("**Subtenant**").

RECITALS

Sublandlord has the right to possession of Suite 2100 consisting of 11,199 rentable square feet of space (the "**Premises**") in the office building located at 3811 Turtle Creek Blvd., Dallas, Texas 75219, commonly known as Turtle Creek Center (the "**Building**"), under the Office Lease dated January 24, 1997 between The Utah State Retirement Investment Fund, an independent agency of the State of Utah ("**Original Landlord**") as "Landlord", and Encap Investments L.C. ("**Original Tenant**") as "Tenant" (such lease, as amended by First Amendment to Office Lease dated as of April 4, 2000, Second Amendment to Office Lease dated as of the day of August, 2003 (sic), Third Amendment to Office Lease dated as of November 13, 2006, Fourth Amendment to Office Lease dated as of February 13, 2009, Fifth Amendment to Office Lease dated as of April ___, 2011 (sic), and Sixth Amendment to Office Lease dated March 17, 2016 ("**Sixth Amendment**"), is herein referred to as the "**Base Lease**"). EOS Properties at Turtle Creek, LLC, a Delaware limited liability company ("**Landlord**"), is the successor-in-interest to Original Landlord with respect to the Base Lease and Subtenant is the successor-in-interest to Original Tenant with respect to the Base Lease. Capitalized terms used herein but not defined shall be given the meanings assigned to them in the Base Lease.

Sublandlord desires to sublease the portion of the Premises described in Exhibit A hereto consisting of 10,699 rentable square (the "Sublease Premises") to Subtenant, and Subtenant desires to sublease the Sublease Premises, subject to the terms and conditions contained herein.

AGREEMENTS

In consideration of the premises and other good and valuable consideration, Sublandlord and Subtenant agree as follows:

1. **Sublease of Sublease Premises; Sublease Term**. Sublandlord hereby subleases to Subtenant the Sublease Premises. Sublandlord shall tender possession of the Sublease Premises to Subtenant on the date that is one business day following the later to occur of (a) the date this Sublease is fully executed, and (b) the date Landlord provides written consent to this Sublease (such later date being the "**Sublease Commencement Date**"). The term for the Sublease shall commence on the Sublease Commencement Date and continue until October 31, 2026, subject to adjustment and earlier termination as provided in this Sublease (the "**Sublease Term**"). Within ten days following Sublandlord's request therefor, Subtenant shall execute an agreement substantially in the form of Exhibit B hereto confirming the Sublease Commencement Date and the dates that Base Rent (defined below) shall increase during the Sublease Term.

2. **Rent**.

2.1 **Base Rent**. Subject to the abatement of Base Rent provided below, Subtenant shall pay to Sublandlord the following amounts for the following periods of time ("**Base Rent**"):

Time Period	Annual Base Rent per rentable square foot in the Sublease Premises	Monthly Base Rent
Sublease Months 1 - 13	$ 29.00	$ 25.855.92*
Sublease Months 14 - 25	$ 29.75	$ 26,524.60
Sublease Months 26 - 37	$ 30.50	$ 27,193.29
Sublease Months 38 - 49	$ 31.25	$ 27,861.98
Sublease Months 50 - 61	$ 32.00	$ 28,530.67
Sublease Month 62 - October 31, 2026	$ 32.75	$ 29,199.35

*Notwithstanding the foregoing, provided that Subtenant is not in default of this Sublease beyond all applicable notice and cure periods, Base Rent shall be abated during (a) any portion of the Sublease Term that is prior to June 1, 2021 and (b) the first 30 days of the Sublease Term that occurs on or after June 1, 2021 of the Sublease Term, e.g., if the Sublease Commencement Date is June 21, 2021, Base Rent shall be abated through July 20, 2021. Commencing with the first day after the end of the abatement period referred to above, Tenant shall make Base Rent payments for any remaining partial calendar month and on the first day of the first full calendar month thereafter shall make Base Rent payments as otherwise provided in this Sublease. Notwithstanding such abatement of Base Rent (c) all other sums due under this Sublease, including Additional Rent, after hours HVAC, charges, etc. shall be payable as provided in this Sublease, and (d) any increases in Base Rent set forth in this Sublease shall occur on the dates scheduled therefor. The first monthly installment of Base Rent (with respect to the first full calendar month of the Lease Term for which Base Rent is due and payable without abatement) is due upon execution of this Sublease by Tenant; thereafter, Base Rent shall be payable on the first day of each calendar month.

As used herein, the term "**Sublease Month**" means each calendar month during the Sublease Term (and if the Sublease Commencement Date does not occur on the first day of a calendar month, the period from the Sublease Commencement Date to the first day of the next calendar month shall be included in the first Sublease Month for purposes of determining the duration of the Sublease Term and the monthly Base Rent rate applicable for such partial month).

2.2 **Additional Rent**. Subtenant further agrees to pay Subtenant's Share (defined below) of the Operating Expenses, Subtenant's Share of Electrical Cost and Subtenant's Share of all other sums required to be paid by Sublandlord in its capacity as tenant under the Base Lease ("**Additional Rent**") for the period between the Sublease Commencement Date and the last day of the Sublease Term. Such Additional Rent shall be payable on the first day of each month based upon a reasonable estimate provided to Subtenant by Sublandlord of the other sums payable by Sublandlord for that month under the Base Lease. Within 15 days after the actual amount of other sums due under the Base Lease is known by Sublandlord, Sublandlord shall notify Subtenant thereof and of Subtenant's portion thereof. If Subtenant has overpaid rent for the period in question, such overpayment shall be credited against the next installments of rent due or returned by Sublandlord to Subtenant, or if Subtenant has underpaid rent, then Subtenant shall pay the amount of such underpayment to Sublandlord within five days after the receipt of such notice. Payment of Base Rent and Additional Rent shall be made to Sublandlord at its address written below or at such other place Sublandlord may designate in writing, without any offset or deduction whatsoever. Subtenant agrees to pay directly to Landlord (or, if Landlord is unwilling to bill and receive payments directly from Subtenant, to Sublandlord) any excess electricity usage charges and expenses allocable to Subtenant's usage thereof in the Sublease Premises as well as any other charges allocable to Subtenant's usage thereof in the Sublease Premises all in accordance with the terms of the Base Lease. Subtenant and Sublandlord are knowledgeable and experienced in commercial transactions and agree that, subject to the terms of Base Lease, the provisions

of this Sublease for determining charges, amounts and Additional Rent payable by Subtenant are commercially reasonable and valid even though such methods may not state a precise mathematical formula for determining such charges. As used herein, "**Subtenant's Share**" means, for the purposes of calculating the portion of Operating Expenses and Electrical Cost required to be paid by Subtenant under this Sublease, the percentage obtained by dividing (a) the number of rentable square feet in the Sublease Premises as stated above by (b) the number of rentable square feet in the Premises (i.e., 11,199 rentable square feet). Based on the current rentable square feet in the Sublease Premises and the Premises as of the date of this Sublease, Subtenant's Share equals 95.54%. The Base Operating Year for purposes of calculating Subtenant's Share of Operating Expenses required to be paid by Subtenant under this Sublease is 2021. All Base Rent, Additional Rent, and all other sums payable by Subtenant to Sublandlord for the Sublease Premises under this Sublease shall be referred to herein collectively as "**Rent**."

3. **Acceptance**. Subtenant acknowledges that it has inspected the Sublease Premises demised hereunder, and is fully satisfied with their condition and accepts the same, "AS IS." Sublandlord has made no representation or warranties of any nature whatsoever with regard to the Sublease Premises, and Sublandlord shall have no obligation or duty with regard to preparation of the Sublease Premises for occupancy by Subtenant. Sublandlord shall not be required to perform any demolition work or tenant finish-work therein or to provide any allowances therefor. Sublandlord and Subtenant stipulate that the number of rentable square feet in the Sublease Premises set forth above in this Sublease is correct. Any alterations, additions or improvements to the Sublease Premises shall be made in accordance with the provisions of the Base Lease, including but not limited to Section 9.01 thereof (entitled "Alterations") and only with Sublandlord's and Landlord's (to the extent provided in the Base Lease) prior written approval of the plans and specifications thereunder.

4. **Base Lease Incorporated**. The provisions of the Base Lease are, except as otherwise herein specifically provided, hereby incorporated in this Sublease with the same effect as if entirely rewritten herein, and shall fix the rights and obligations of the parties hereto with respect to the Sublease Premises with the same effect as if Sublandlord and Subtenant were, respectively, the landlord and tenant named in the Base Lease. Subtenant hereby covenants to perform the covenants and undertakings of Sublandlord as tenant under the Base Lease to the extent the same are applicable to the Sublease Premises during the term of this Sublease, and agrees not to do or permit to be done any act which shall result in a violation of any of the terms and conditions of said Base Lease. Except as otherwise specifically provided herein, Subtenant is to have the benefit of the covenants and undertakings of Landlord in the Base Lease to the extent the same are applicable to the Sublease Premises during the term of this Sublease. It is expressly understood and agreed, however, that Sublandlord is not in the position to render any of the services or to perform any of the obligations required of Landlord by the terms of this Sublease, and that performance by Sublandlord of its obligations hereunder are conditioned upon due performance by Landlord of its corresponding obligations under the Base Lease. It is further understood and agreed, therefore, that notwithstanding anything to the contrary contained in this Sublease, Sublandlord shall not be in default under this Sublease for failure to render such services or perform such obligations required by Sublandlord by the terms of this Sublease that are the responsibility of the Landlord under the Base Lease, but Sublandlord agrees to take all responsible measures to insure that Landlord performs said obligations. The term "reasonable measures" shall not include legal action against Landlord for its failure to so perform unless Subtenant agrees to pay all costs and expenses in connection therewith.

5. **Exclusions from Base Lease**. Notwithstanding anything in this Sublease to the contrary, Subtenant shall have no rights or benefits under, and Sublandlord shall have no obligation to Subtenant pursuant to, the Excluded Provisions of the Base Lease. As used herein, the term "**Excluded Provisions**" means the following, except to the extent such provisions are contemplated by or addressed in this Sublease: (a) any provisions that are expressly superseded by or in direct conflict with the provisions of this Sublease; (b) any right on the part of Sublandlord, as Tenant under the Base Lease, to assign the Base Lease or sublet any portion of the Premises other than the Sublease Premises; (c) any right of Sublandlord, as Tenant under the Base Lease, to make alterations and additions to its Premises; (d) any provision of the Base Lease allocating reserved or unreserved parking to Sublandlord, (e) any right on the part of Sublandlord, as Tenant under the Base Lease, to extend the term of the Base Lease; (f) any right on the part of Sublandlord, as Tenant under the Base Lease, to expand the Premises; (g) any right of contraction, cancellation or termination on the part of Sublandlord under the Base Lease, including any right arising from any provisions of the Base Lease relating to casualty or condemnation; (h) any right of first refusal, right of first opportunity, or similar options held by Sublandlord under the Base Lease; (i) any signage or naming rights granted to Sublandlord under the Base Lease; (j) any right on the part of Sublandlord, as Tenant under the Base Lease, to withhold or abate Rent (as defined in the Base Lease) or any other charges or amounts payable by Sublandlord under the Base Lease; (k) any right on the part of Sublandlord, as Tenant under the Base Lease, to avail itself of any arbitration, mediation or other dispute resolution procedures; (1) any provision of the Base Lease that expressly relates solely to any portion of the Premises other than the Sublease Premises; (m) any provisions of the Base Lease relating to the payment of rent or additional rent by Sublandlord; (n) any provisions of the Base Lease constituting representations and warranties made by Sublandlord; and (o) any provisions of the Base Lease constituting or containing indemnifications of any persons by Sublandlord in connection with loss or damage occurring outside the Sublease Premises (provided that the foregoing shall not limit any of the indemnifications made hereunder by Subtenant for the benefit of Sublandlord, nor any indemnifications made in any other agreement by Subtenant for the benefit of Landlord).

6. **Subordinate to Base Lease**. This Sublease is subject and subordinate in all respects to said Base Lease and Subtenant acknowledges that it has received a copy of said Base Lease.

7. **Subtenant's Covenants/Default**. Subtenant covenants and agrees that Subtenant will not do anything in connection with its use and enjoyment of the Sublease Premises that would constitute a Base Lease Default (as hereinafter defined) or omit to do anything that Subtenant is obligated to do under the terms of this Sublease and that would constitute a Base Lease Default. A "**Base Lease Default**" shall be any act, omission or circumstance with respect to Subtenant's use and enjoyment of the Sublease Premises that constitutes, after notice and the expiration of any cure periods set forth in the Base Lease, a Default under the Base Lease. A Base Lease Default by Subtenant shall be a default under this Sublease without any additional notice and cure period being required. hi addition, it shall be a default under this Sublease if Subtenant fails to perform any of its obligations under this Sublease, and does not cure any such failure within a period of time that is: (a) the same period of time afforded to Sublandlord under the Base Lease to cure a failure to pay Rent or a monetary default by Subtenant hereunder, and (b) a period of time that is 10 days less than the period of time afforded to Sublandlord under the Base Lease to cure any other non-monetary default by Subtenant hereunder. Sublandlord shall have, as against Subtenant, all the rights Landlord would have against Sublandlord as Tenant under the Base Lease if a Default occurred under the Base Lease and Subtenant shall pay to Sublandlord all amounts, costs, losses and/or expenses incurred, abated or foregone by Sublandlord (including court costs and reasonable attorneys' fees and expenses in securing this Sublease, including all commissions, allowances, and if this Sublease or any amendment hereto contains any abated Rent granted by Sublandlord as an inducement or concession to secure this Sublease or amendment hereto, the amount of all Rent so abated (and such abated amounts shall be payable immediately by Subtenant to Sublandlord, without any obligation by Sublandlord to provide written notice thereof to Subtenant, and Subtenant's right to any abated Rent accruing following such Default shall immediately terminate), in each case, multiplied by a fraction, the numerator of which is the number of full calendar months remaining in the Sublease Term as of the date of the Default and the denominator of which is the number of months in the Sublease Term. Subtenant agrees, at its sole cost and expense, to comply with all federal, state and local laws, ordinances, building codes and standards, rules and regulations, all court orders, governmental directives, and governmental orders and all interpretations of the foregoing (each a "**Law**" and collectively, "**Laws**") in connection with its use and enjoyment of the Sublease Premises. Interest at the lower of (1) the highest interest rate permitted by Law, or (2) the interest rate set forth in the Base Lease effective upon a default by Sublandlord as Tenant thereunder plus two percent, may be assessed against any past due sums not paid by Subtenant when due from the original due date thereof until paid.

8. **Use**. Subtenant will use and occupy the Sublease Premises solely for general office purposes and in accordance with the use permitted under the Base Lease. Without the prior written consent of Sublandlord and Landlord (to the extent provided in the Base Lease), the Sublease Premises will not be used for any other purposes and will not be used for bitcoin mining or for crypto currency mining.

9. **Security Deposit**. Contemporaneously with the execution of this Sublease, Subtenant shall pay to Sublandlord a security deposit in the amount of $29,199.35 (the "**Security Deposit**"), which shall be held by Sublandlord to secure Subtenant's performance of its obligations under this Sublease. The Security Deposit is not an advance payment of Rent or a measure or limit of Sublandlord's damages upon Subtenant's default of this Sublease beyond all applicable notice and cure periods. Sublandlord may, from time to time following Subtenant's default of this Sublease beyond all applicable notice and cure periods and without prejudice to any other remedy, use all or a part of the Security Deposit to perform any obligation Subtenant fails to perform hereunder. Following any such application of the Security Deposit, Subtenant shall pay to Sublandlord on demand the amount so applied in order to restore the Security Deposit to its original amount. Provided that Subtenant has performed all of its obligations hereunder, Sublandlord shall, within 60 days after the expiration of the Sublease Term and Subtenant's sun-ender of the Sublease Premises in compliance with the provisions of this Sublease, return to Subtenant the portion of the Security Deposit which was not applied to satisfy Subtenant's obligations. The Security Deposit may be commingled with other funds, and no interest shall be paid thereon. If Sublandlord transfers its interest in the Sublease Premises and the transferee assumes Sublandlord's obligations under this Sublease, then Sublandlord may assign the Security Deposit to the transferee and Sublandlord thereafter shall have no further liability for the return of the Security Deposit. The rights and obligations of Sublandlord and Subtenant under this Section 9 are subject to any other requirements and conditions imposed by laws applicable to the Security Deposit.

10. **Sublandlord Rights**.

10.1 **Retained Premises**. Sublandlord will be retaining the portion of the Premises that does not include the Sublease Premises ("**Retained Premises**") and access to the Retained Premises is only available from the common areas of the Building through the Sublease Premises. Sublandlord shall, at all times, have access to and through the Sublease Premises to access the Retained Premises and access to, and use of, the common areas within the Sublease Premises.

10.2 **Cancellation Option**. Sublandlord covenants to, and agrees that, Sublandlord will not exercise the Cancellation Option set forth in Exhibit E to the Sixth Amendment during the Sublease Term so long as no Base Lease Default and no default by Subtenant of this Sublease (beyond all applicable notice and cure periods) exists. The foregoing shall not, as between Landlord and Sublandlord, be construed as a waiver by Sublandlord of the Cancellation Option.

11. **Holdover**. Subtenant shall promptly vacate the Sublease Premises upon expiration or termination of this Sublease and surrender the Sublease Premises in the condition required under the Base Lease. Any holding over by Subtenant beyond the expiration date of this Sublease shall be deemed unlawful unless expressly consented to by Sublandlord in writing, and Sublandlord shall be entitled to any and all remedies in law or in equity by reason of such unlawful holding over by Subtenant. Subtenant agrees to indemnify, defend and save Sublandlord harmless against and from any and all loss, cost, expense and liability incurred by Sublandlord under the Base Lease by reason of any such holding over.

12. **Indemnification; Sublandlord Liability**.

12.1 Subtenant shall defend, indemnify, and hold harmless Landlord and its representatives and agents from and against all claims, demands, liabilities, causes of action, suits, judgments, damages, and expenses (including reasonable attorneys' fees) arising from any injury to or death of any person or the damage to or theft, destruction, loss, or loss of use of, any property or inconvenience (a "**Loss**") (a) occurring in or on the Building (other than within the Premises) to the extent caused by the negligence or willful misconduct of any Subtenant Party or arising out of or in any way connected with this Sublease, (b) occurring in the Premises, or (c) arising out of the installation, operation, maintenance, repair or removal of any property of any Subtenant Party located in or about the Building or the land on which the Building is located. **It being agreed that clauses (b) and (c) of this indemnity are intended to indemnify Sublandlord and its agents against the consequences of their own negligence or fault, even when Sublandlord or its agents are jointly, comparatively, contributively, or concurrently negligent with Subtenant, and even though any such claim, cause of action or suit is based upon or alleged to be based upon the strict liability of Sublandlord or its agents; however, such indemnity shall not apply to the sole or gross negligence or willful misconduct of Sublandlord and its agents.** As used herein, "**Subtenant Party**" means any of the following persons: Subtenant; any assignees claiming by, through or under Subtenant; any subtenants claiming by, through or under Subtenant; and any of their respective agents, contractors, officers, employees, licensees, guests and invitees.

12.2 Sublandlord is not liable for any damage to personal property owned or possessed by Subtenant or any Subtenant Party unless the damage is caused by Sublandlord's own gross negligence or willful misconduct or that of its employees or agents. Subtenant is responsible for insuring personal property against all risks. Sublandlord is not liable for personal injury suffered by Subtenant or any Subtenant Party, unless the injury is caused by Sublandlord's own gross negligence. Subtenant will notify Sublandlord of any unsafe or hazardous condition.

13. **Assignment or Subletting**. Subtenant shall not, without the prior written consent of Landlord and Sublandlord, assign the term hereby demised, nor suffer or permit it to be assigned by operation of law or otherwise, nor shall the Subtenant, without the prior written consent of Landlord and Sublandlord, let or sublet or permit the said Sublease Premises or any part thereof to be used by others for hire.

14. **Insurance**. Subtenant shall maintain insurance as required under the Base Lease in the amounts stated in the Base Lease, with Sublandlord named as an additional insured. Subtenant shall furnish to Sublandlord certificates of such insurance and other evidence satisfactory to Sublandlord of the maintenance of all insurance coverage required hereunder. Subtenant acknowledges that Sublandlord shall not carry insurance of any kind on any furniture, fixtures, equipment or other personal property of Subtenant (including the Existing Furniture, defined below) located in the Sublease Premises or Building, or on any alterations installed in the Premises or Building by or on behalf of Subtenant in accordance with the provisions of this Sublease and the Base Lease, and that Sublandlord shall not be obligated to repair any damage thereto or replace same.

15. **Existing Furniture**. Subtenant shall be permitted to use Sublandlord's right, title and interest to the personal property, fixtures and equipment located in the Sublease Premises as described on Exhibit C hereto (the "**Existing Furniture**") during the Sublease Term, subject to the following conditions: (a) Subtenant shall, at its sole cost and expense, maintain all Existing Furniture in good operating order and condition, including making all needed repairs and replacements to the Existing Furniture, ordinary wear and tear excepted; (b) Subtenant shall, at its sole cost and expense, maintain insurance covering the Existing Furniture as required by Section 14 of this Sublease, (c) Subtenant shall not, without Sublandlord's prior written consent, remove any of the Existing Furniture from the Sublease Premises (except for the removal of any item temporarily for maintenance and repair or, if removed permanently, such item is worn out or obsolete and is replaced, at Subtenant's expense, by an item of equal or better suitability and value), and

(d) Subtenant shall be liable for all taxes levied or assessed against the Existing Furniture. If any Existing Furniture breaks and cannot be repaired, Subtenant shall give Sublandlord written notice thereof, and Sublandlord may, at its option, either give Subtenant such equipment to trade in on new equipment (in which case, the new equipment purchased by Subtenant shall belong to Subtenant), or may remove the broken equipment from the Sublease Premises at Subtenant's expense. Subtenant accepts the Existing

Furniture in its current condition on an "AS-IS" basis with all faults, **WITHOUT ANY WARRANTIES OF WHATSOEVER NATURE, EXPRESS OR IMPLIED, IT BEING THE INTENTION OF SUBLANDLORD AND SUBTENANT EXPRESSLY TO NEGATE AND EXCLUDE ALL WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WARRANTIES CREATED BY ANY AFFIRMATION OF FACT OR PROMISE OR BY ANY DESCRIPTION OF THE PROPERTY CONVEYED HEREUNDER, OR BY ANY SAMPLE OR MODEL THEREOF, AND ALL OTHER WARRANTIES WHATSOEVER CONTAINED IN OR CREATED BY ANY LAW.** Provided no default (beyond all applicable notice and cure periods) by Subtenant of this Sublease has occurred, at the natural expiration of this Sublease (but not if this Sublease is terminated earlier for any reason), Sublandlord shall convey Sublandlord's interest in the Existing Furniture to Subtenant for the sum of $2,000.00, shall execute a bill of sale and assignment evidencing such sale to Subtenant, and Subtenant shall be solely responsible for removing the Existing Furniture from the Sublease Premises in conformance with the Sublease and the Base Lease.

16. **Parking**. During the Sublease Term, Subtenant shall be provided a total of I7 parking spaces consisting of the following: (a) 1 Reserved Executive Parking Space in the Executive Garage, (b) 6 Non-Reserved Parking Spaces in the Building's adjacent parking garage and (c) 10 Executive Non-Reserved Parking Spaces in the Building's adjacent garage. Subtenant's Non-Reserved Parking Spaces and Executive Non-Reserved Parking Spaces shall be on a non-exclusive, unassigned, first-come, first-served basis. Regardless of whether Subtenant elects to use such parking spaces, Subtenant shall pay to Sublandlord, contemporaneously with the payment of Base Rent, parking rent (plus all applicable taxes) during the Sublease Term equal to (1) $200.00 per month (plus all applicable taxes) for the Reserved Executive Parking Space, (2) $50.00 per month (plus all applicable taxes) per Non-Reserved Parking Space and (3) $125 per month (plus all applicable taxes) per Executive Non-Reserved Parking Space.

All motor vehicles (including all contents thereof) shall be parked in the Executive Garage and the Building's adjacent garage at the sole risk of Subtenant and each vehicle owner/operator, it being expressly agreed and understood Sublandlord has no duty to insure any of said motor vehicles (including the contents thereof), and Sublandlord is not responsible for the protection and sccurity of such vehicles. If, for any reason, Sublandlord is unable to provide all or any portion of the parking spaces to which Subtenant is entitled hereunder, then Subtenant's obligation to pay for such parking spaces shall be abated for so long as Subtenant does not have the use thereof; this abatement shall be in full settlement of all claims that Subtenant might otherwise have against Sublandlord because of Sublandlord's failure or inability to provide Subtenant with such parking spaces. Sublandlord shall not be responsible for enforcing Subtenant's parking rights against any third parties. **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SUBLEASE, SUBLANDLORD SHALL HAVE NO LIABILITY WHATSOEVER FOR ANY PROPERTY DAMAGE OR LOSS WHICH MIGHT OCCUR IN THE EXECUTIVE GARAGE OR THE BUILDING'S ADJACENT PARKING GARAGE AS A RESULT OF OR IN CONNECTION WITH THE PARKING OF MOTOR VEHICLES IN ANY OF THE PARKING SPACES.**

17. **Signage**. Sublandlord shall request that Landlord include Subtenant's name in any Building directory. In addition, subject to Landlord's (to the extent required by the Base Lease) and Sublandlord's prior written approval as to the location, design, size, color, material composition and plans and specifications therefor, Subtenant may, for the Sublease Term and at Subtenant's sole expense, install Subtenant's name and logo at the entrance to the Sublease Premises. Prior to the expiration or earlier termination of the Sublease Term, Subtenant shall remove all such signage, repair any damage caused by the installation, maintenance or removal of such signage, and restore the area where such signage was located to its condition prior to the installation of such signage. If Subtenant fails to do so, Sublandlord may perform such removal, repair and restoration work at Subtenant's cost and expense, plus an administrative fee of 10% of such costs, and Subtenant shall pay Sublandlord for such costs within 30 days following Sublandlord's delivery of an invoice therefor. Except as provided in this Section 17, no sign, advertisement or notice shall be inscribed, painted, affixed or displayed on any part of the outside or the inside of the Building so that it. is visible from the exterior of the Sublease Premises, except as otherwise provided herein or with Sublandlord's prior written consent. If any such sign, advertisement or notice is exhibited without first obtaining Sublandlord's written consent, Sublandlord (and Landlord, to the extent it has such right under the Base Lease) shall have the right to remove the same, and Subtenant shall be liable for any and all costs, liabilities and expenses incurred by said removal.

18. **Landlord's Consent**. This Sublease is subject to and conditioned upon the written consent of Landlord to this subletting.

19. **Notices; No Electronic Records**. All notices and other communications given pursuant to this Sublease shall be in writing and shall be (a) mailed by first class, United States Mail, postage prepaid, certified, with return receipt requested, and addressed to the parties hereto at the address listed below, (b) hand-delivered to the intended addressee, or (c) sent by a nationally recognized overnight courier service. All notices shall be effective upon delivery to the address of the addressee (even if such addressee refuses delivery thereof). Sublandlord and Subtenant hereby agree not to conduct the transactions or communications contemplated by this Sublease by electronic means, except by electronic signatures as specifically set forth in Section 27; nor shall the use of the phrase "in writing" or the word "written" be construed to include electronic communications except as specifically set forth in this Section and other electronic signatures as specifically set forth in Section 2714. The parties hereto may change their addresses by giving notice thereof to the other in conformity with this provision.

Sublandlord: EnCap Investments L.P.
1100 Louisiana, Suite 4900
Houston, Texas 77002
Attn: Craig Friou

Subtenant: Applied Blockchain, Inc.
3811 Turtle Creek Blvd., Suite 2100
Dallas, Texas 75219
Attention: David Rench

20. **Brokerage**. Neither Sublandlord nor Subtenant has dealt with any broker or agent in connection with the negotiation or execution of this Sublease other than Jones Lang LaSalle Brokerage, Inc. a Texas corporation, whose commission shall be paid by Sublandlord pursuant to a separate written agreement. Subtenant and Sublandlord shall each indemnify the other against all costs, expenses, attorneys' fees, liens and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party.

21. **Binding Effect; Governing Law**. Except as modified hereby, the Base Lease shall remain in full effect and this Sublease shall be binding upon Sublandlord and Subtenant and their respective successors and assigns. If any inconsistency exists or arises between the terms of this Sublease and the terms of the Base Lease, the terms of this Sublease shall prevail. This Sublease may not be amended except by instrument in writing signed by Sublandlord and Subtenant. No provision of this Sublease shall be deemed to have been waived by Sublandlord unless such waiver is in writing signed by Sublandlord, and no custom or practice which may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of Sublandlord to insist upon the performance by Subtenant in strict accordance with the terms hereof. This Sublease shall be governed by the laws of the State in which the Premises are located.

22. **Invalidity Clause**. If any provision of this Sublease or the application thereof to any person or circumstance shall to any extent be held invalid, then the remainder of this Sublease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby, and each provision of this Sublease shall be valid and enforced to the fullest extent permitted by Law.

23. **Authority**. The persons executing this Sublease on behalf of Subtenant hereby consent, represent and warrant that Subtenant is a corporation duly formed and validly existing under the laws of the State of Nevada, and is duly qualified to transact business in the State of Texas; and that the person or persons executing this Sublease on behalf of Subtenant are duly authorized to execute this Sublease and possess the power and authority to bind Subtenant hereto.

24. **Prohibited Persons and Transactions**. Subtenant represents and warrants that Subtenant is not, and covenants and agrees that Subtenant will not become, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Assets Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated Nationals and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and Subtenant covenants and agrees that it will not Transfer this Sublease to, any such persons or entities (and any such Transfer shall be void).

25. **Confidentiality**. Subtenant acknowledges that the terms and conditions of this Sublease are to remain confidential for Sublandlord's benefit, and may not be disclosed by Subtenant to anyone, by any manner or means, directly or indirectly, without Sublandlord's prior written consent; however, Subtenant may disclose the terms and conditions of this Sublease to its partners, attorneys, accountants, brokers, employees and existing or prospective financial partners, or if required by Law or court order, provided all parties to whom Subtenant is permitted hereunder to disclose such terms and conditions are advised by Subtenant of the confidential nature of such terms and conditions and agree to maintain the confidentiality thereof (in each case, prior to disclosure). Subtenant shall be liable for any disclosures made in violation of this Section 25 by Subtenant or by any entity or individual to whom the terms of and conditions of this Sublease were disclosed or made available by Subtenant. The consent by Sublandlord to any disclosures shall not be deemed to be a waiver on the part of Sublandlord of any prohibition against any future disclosure.

26. **Entire Agreement**. This Sublease (and, to the extent incorporated in the Sublease, the Base Lease) contains all of the covenants, agreements, terms, provisions, conditions, warranties and understandings relating to the leasing of the Sublease Premises and Sublandlord's and Subtenant's obligations in connection therewith, and neither Sublandlord nor any agent or representative of Sublandlord has made or is making, and Subtenant in executing and delivering this Sublease is not relying upon, any warranties, representations, promises or statements whatsoever, except to the extent expressly set forth in this Sublease. All understandings and agreements, if any, heretofore had between the parties are merged in this Sublease, which alone fully and completely expresses the agreement of the parties. The failure of any party hereto to insist in any instance upon the strict keeping, observance or performance of any covenant, agreement, term, provision or condition of this Sublease or to exercise any election herein contained shall not be construed as a waiver or relinquishment for the future of such covenant, agreement, term, provision, condition or election, but the same shall continue and remain in full force and effect. No waiver or modification of any covenant, agreement, term, provision or condition of this Sublease shall be deemed to have been made unless expressed in writing and signed by Subtenant and Sublandlord. No surrender of possession of the Sublease Premises or of any part thereof or of any remainder of the Sublease Term shall release Subtenant from any of its obligations hereunder unless such surrender is approved by Sublandlord in its sole discretion in writing. The receipt and retention by Sublandlord of monthly Base Rent from anyone other than Subtenant shall not be deemed a waiver of the breach by Subtenant of any covenant, agreement, term or provision of this Sublease, or as the acceptance of such other person as a tenant or Subtenant, or as a release of Subtenant from the further keeping, observance or performance by Subtenant of the covenants, agreements, terms, provisions and conditions herein contained. The receipt and retention by Sublandlord of monthly Base Rent with knowledge of the breach of any covenant, agreement, term, provision or condition herein contained shall not be deemed a waiver of such breach.

27. **Counterparts**. This Sublease (and amendments to this Sublease) may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one document. To facilitate execution of this Sublease, the parties may execute and exchange, by electronic mail PDF, counterparts of the signature pages. Signature pages may be detached from the counterparts and attached to a single copy of this Sublease to physically form one document. The parties hereto consent and agree that this Sublease may be signed and/or transmitted by facsimile, e-mail of a .pdf document or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), and that such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's handwritten signature. The parties further consent and agree that (a) to the extent a party signs this Sublease using electronic signature technology, by clicking "SIGN", such party is signing this Sublease electronically, and (b) the electronic signatures appearing on this Sublease shall be treated, for purposes of validity, enforceability and admissibility, the same as handwritten signatures.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

Executed as of the date first written above.

SUBLANDLORD: ENCAP INVESTMENTS L.P., a Delaware limited partnership

By: /s/ Craig Friou
Name:
Title:

SUBTENANT: APPLIED BLOCKCHAIN, INC., a Nevada corporation

By: /s/ David M. Rench
Name:
Title:

[Signature Page to Sublease Agreement]

EXHIBIT A

DEPICTION OF SUBLEASE PREMISES AND RETAINED PREMISES

☐Sublease Premises
☐Retained Premises

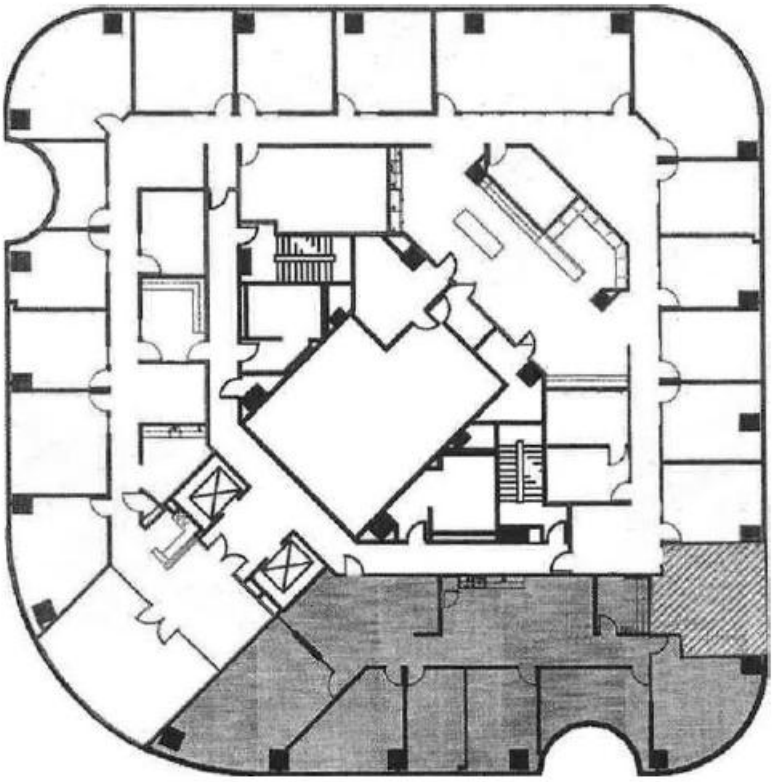

EXHIBIT B

CONFIRMATION OF SUBLEASE COMMENCEMENT DATE

, 2021

Applied Blockchain, Inc.
3811 Turtle Creek Blvd., Suite 2100
Dallas, Texas 75219
Attention: David Rench

Re: Sublease Agreement (the "**Sublease**") dated May 19, 2021, between **ENCAP INVESTMENTS L.P.**, a Delaware limited partnership ("**Sublandlord**") and **APPLIED BLOCKCHAIN, INC.**, a Nevada corporation ("**Subtenant**"), for the sublease of approximately 10,699 square feet of rentable area (the "**Sublease Premises**") pursuant to the Sublease. Capitalized terms used herein but not defiled shall be given the meanings assigned to them in the Sublease unless otherwise indicated.

Ladies and Gentlemen:

Sublandlord and Subtenant agree as follows:

1. **Condition of Sublease Premises**. Subtenant has accepted possession of the Sublease Premises pursuant to the Sublease.

2. **Sublease Commencement Date**. The Sublease Commencement Date is_____, 2021

3. **Base Rent**. Base Rent for the Sublease Premises shall be the following amounts for the following periods of time:

Time Periods	Base Rent Rate per rentable square foot in the Sublease Premises	Monthly Base Rent
// - //	$ 29.00	$ 25,855.92*
// - //	$ 29.75	$ 26,524.60
// - //	$ 30.50	$ 27,193.29
// - //	$ 31.25	$ 27,861.98
// - //	$ 32.00	$ 28,530.67
// - 10/31/2016	$ 32.75	$ 29,199.35

*Notwithstanding the foregoing, provided that Subtenant is not in default of the Sublease beyond all applicable notice and cure periods, Base Rent shall be abated between the Sublease Commencement Date and , 2021.

4. **Ratification**. Subtenant hereby ratifies and confirms its obligations under the Sublease, and represents and warrants to Sublandlord that it has no defenses thereto.

Additionally, Subtenant further confirms and ratifies that, as of the date hereof, (a) the Sublease is and remains in good standing and in full force and effect, and (b) Subtenant has no claims, counterclaims, set-offs or defenses against Sublandlord arising out of the Sublease or in any way relating thereto or arising out of any other transaction between Sublandlord and Subtenant.

5. **Binding Effect; Governing Law**. Except as modified hereby, the Sublease shall remain in full effect and this letter shall be binding upon Sublandlord and Subtenant and their respective successors and assigns. If any inconsistency exists or arises between the terms of this letter and the terms of the Sublease, the terms of this letter shall prevail. This letter shall be governed by the laws of the state in which the Sublease Premises is located.

Please indicate your agreement to the above matters by signing this letter in the space indicated below and returning an executed original to us.

Sincerely,

ENCAP INVESTMENTS L.P., a Delaware limited partnership

By: /s/ Craig Friou
Name:
Title:

Agreed and accepted:

APPLIED BLOCKCHAIN, INC., a Nevada corporation

By: /s/ David M. Rench
Name:
Title:

EXHIBIT C

EXISTING FURNITURE

War Room

Two Samsung 65” Consumer Grade displays installed on the wall with a Lifesize 10X camera in between mounted using the Vaddio Thin Profile Wall Mount
One Barco Wireless Presentation System (CSE-200)
Two Audix M3W microphones
One Creston 10.1” Touch panel
Six JBL Controls
24 CT Ceiling speakers installed
The following additional equipment installed in the rack in the Server Room: one Crestron DMPS3-300-C, one Lifesize Icon 800 Video Conferencing System, one Biamp Tesira Forte AVB VI, one Cisco 8-Port Switch, and one Crown CDI 1000

Conference Room Back

Two Samsung 65” Consumer Grade displays installed with a Lifesize 10X camera mounted above the displays in a Sound Controls Technologies In-Wall Recess for the Lifesize 10X
One Barco Wireless Presentation System (CSE-200)
Eight Shure MXW6/C Wireless Microphones
One Creston 10.1” Touch Panel
Six JBL Controls
24 CT Ceiling speakers installed.
The following additional equipment installed in the rack in the Server Room: one Crestron DMPS3-300-C, Lifesize Icon 800 Video Conferencing System, Biamp Tesira
Server IO, Cisco 8-Port Switch, and a Crown CDI 1000

Conference Front

Two Samsung 65” Consumer Grade displays installed with a Lifesize 10X camera mounted in between the displays using the Vaddio Thin Profile Wall Mount.
One Barco Wireless Presentation System (CSM -1)
Eight Shure MXW6/C Wireless Microphones
One Creston 10.1” Touch Panel
Four JBL Controls
24 CT Ceiling speakers installed
The following additional equipment installed in the rack in the Server Room: one Crestron DMPS3-300-C, Lifesize Icon 800 Video Conferencing System, an owner furnished cable box, Biamp Tesira Server 1O, Cisco 8-Port Switch, and a Crown CDI 1000.

Offices

Two 65” Display installed

Two Barco Wireless Presentation System (CSM-1)
Two custom HDMI Wallplate installed
Two Crestron 8G+ Transmitter and Receivers for cable box.

Kitchen

One 48” Display installed
One Crestron 8G+ Transmitter and Receiver for cable box
One Middle Atlantic ERK-4425LRD — Rack in the server room
One APC SMT1500RMU - 1500VA Smart UPS
One Middle Atlantic PD-915R-SP — Surge suppressor
Custom made ping pong table

Morpho card and finger print readers

4 on all entry doors
1 on the server room

Camera

2 MK Vision external hallway cameras

Exhibit 21

Subsidiaries

Name of Subsidiary	Jurisdiction of Organization
Shanghai Sparkly Ore Tech, Ltd	China
Applied Blockchain, Ltd.	Cayman Islands
APLD Hosting, LLC	Nevada

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of Applied Blockchain, Inc. (the "Company") on Form S-1 of our report dated August 13, 2021, with respect to our audit of the financial statements of Applied Blockchain, Inc. as of May 31, 2021 and May 31, 2020 and for the years ended May 31, 2021 and May 31, 2020, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum llp

Marcum llp
New York, NY
August 13, 2021