



# ISLAND MINING

## **Bringing Mining into the Mainstream**

Whitepaper v2.07  
September 06, 2019  
Island Mining SEZC

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# 1. Project Summary

## 1.1 Summary

Specialized machines used for Bitcoin mining (ASIC miners) are constantly evolving. As the Bitcoin network grows and the difficulty factor established by the network increases, the mining industry is continually looking for faster, more reliable, and more energy-efficient machines. Current hardware producers have underperformed in terms of supply and service, creating a huge unfulfilled demand for new hardware.

Cryptocurrency mining is also overwhelming for most consumers, either in terms of cost, finding suppliers, or simply the logistics and inconvenience of running machines on their own. Machines are generally too complicated for the average person and demand a large initial investment, not to mention the ubiquitous heat and noise generated by ASIC miners, turning the majority would-be home users away.

Island Mining was founded to proactively engage in the advancement of Bitcoin mining. We are dedicated to the next generation of mining hardware and operations. Our international teams in Japan, Mongolia and Cayman provide us with access to ASIC chip manufacturers, reliable hardware developers, sustainable energy, crypto friendly jurisdictions, as well as trustworthy security and banking affiliates.

### **Our mission is to drive the next generation of Bitcoin mining by making it accessible to everyone**

Island Mining is taking a two-prong approach to the mining market: developing better ASIC mining machines and creating a platform for easy, secure access to cloud mining.

Development of Island Mining's proprietary, Japanese-designed Falcon Series hardware, utilizing liquid immersion-cooling, began in Q3 2019. New ASIC chips and upgradable hardware will be developed by our Japanese engineers with efficiency, reliability and profitability at the forefront of our designs.

Our cloud mining platform will be made accessible by linking it to a token: Mining Coin (MNT). MNT holders will receive a share of hashing power from our mining facilities. MNT will be sold to the public to finance the expansion of our mining facilities, which will power the MNT token itself, as well as to finance the development of our proprietary mining machines. Our facilities will also utilize the ASIC machines that we are currently developing, reducing our dependence on costly third party suppliers and increasing the amount of hashing power our token holders receive. Profits from our mining facilities will continually be re-invested into upgrades to maintain a competitive level of hashing power.

Additionally, all users on our platform receive access to IslandEX, Island Mining's Exchange as well as access to our banking affiliates around the world to convert crypto mined with MNT to fiat.

# 2. Market background

## 2.1 Bitcoin mining background

### 2.1.1 Home mining

In the early days of Bitcoin, it was possible to mine hundreds of BTC using only the CPU in a home computer. Once this became infeasible, graphic processing units (GPUs), which had higher computing power, were utilized for mining. Now, with the increased difficulty factor in mining Bitcoin and the high cost of home electricity, both CPU and GPU mining have become unprofitable. Today, application-specific integrated circuit (ASIC) miners are being used for SHA-256 algorithm mining. Unfortunately, ASIC miners run hot, loud, and consume a lot of energy, making them difficult and sometimes unprofitable to run at home.

### 2.1.2 Industrial-scale mining facilities

Industrial scale mining facilities are the most profitable operations, now accounting for the majority of global hashing power. These large-scale operations run ASIC miners in a warehouse environment where site-specific cooling and noise-reduction systems are built into the infrastructure of the mines. Obtaining cheap power is also a necessary component to make large-scale mining profitable. Mines can be run as stand alone facilities for individual or corporate profits or can be shared by providing hosting services (running mining machines for third parties as a service).

### 2.1.3 Cloud mining

Cloud mining is a product provided by some industrial-scale mining facilities. Hashing power produced at a mine is sold to customers through an online system. The mining facility distributes cryptocurrency mined to customers on a regular basis, after deducting electrical and operational fees. Cloud mining is a viable alternative to home mining, which can be cost-prohibitive, logistically impossible for individuals to undertake.

## 2.2 Current issues with the mining industry

### 2.2.1 Hardware manufacturers

Currently there are only two major companies making ASIC mining machines in the cryptocurrency marketplace. One company is focused on their own mining and have high initial entrance barriers to purchasing their machines. The other company's machines are available to individual and corporate mining but unfortunately, the products are not always reliable and customer support falters at crucial times. A few smaller players are producing similar machines, but not in sufficient volumes to satisfy consumer demand.

ASIC mining machine supply is currently very limited, even for large-scale operations. Producers are not keeping up with demand and have the power to set terms that are not favorable to customers. This has resulted in significant increases in the price of machines and long delays in product shipping dates.

### 2.2.2 Cloud mining providers

The largest Bitcoin mining pools and syndicates are located in China, with about 81% according to recent calculations from blockchain.com blockchain explorer. Antpool, owned by Bitmain, the world's largest ASIC miner producer, accounts for 11% of global hashing power.

The majority of these pools are not accessible to users for cloud mining, with current cloud mining offerings being incredibly expensive and almost always less profitable and definitely more risky for end-users than simply buying Bitcoin.

### 2.2.3 Consumer adoption

Individuals outside the cryptocurrency realm can find it difficult to enter the market. Potential customers perceive Bitcoin as a technological innovation that is not yet accessible to the lay person and don't know where to start. Consumers are typically locked out of the market due to high initial capital required and poor options for cloud mining.

A basic customer service component is seriously lacking in the mining market today and, in our opinion, has played a key factor in the slow adoption of cryptocurrency by the average consumer. With the monopolies they currently hold, many current hardware manufacturers see no benefit in investing in customer service.

## 2.3 Current technical challenges

### 2.3.1 Excessive power consumption

Miners currently consume a massive amount of electricity. Faster ASIC chips have been produced but power consumption remains very high. Manufacturers of Bitcoin mining machines are primarily using a mixture of outdated 16 nm, 12nm, 10nm chips, and more modern 8nm ASIC chips. These machines are incredibly power hungry, causing public concern for their environmental impact.

### 2.3.2 Heat issues

Current ASIC machines are air-cooled. Fans used to draw air through the machines to cool the chips air run extremely loud and require custom ventilation and cooling solutions for facilities running more than 2 or 3 units.

The air-cooled machines the chips are housed in are built with a finite life-cycle, and constantly running machines to extract optimal returns physically deteriorates the ASIC chips. Overclocking

machines to increase processing power causes even faster component deterioration.

### **2.3.3 No modular solutions**

As parts inevitably start to break down within the mining units, partial failure can mean the entire machine needs to be replaced. There are no true modular solutions for mining machines, with replacement parts being particularly hard to come by and challenging to install, further reducing the feasibility of a “repair” solution over a “replace” solution.

# 3. Business model

## 3.1 Overview

Island Mining's goal is to establish itself as the preeminent ASIC machine producer and provider of Bitcoin and SHA-256 algorithm cloud mining.

We are ideally positioned to compete in this market. Island Mining has the team and international business connections necessary to produce technologically and environmentally superior hardware, build sustainable mining facilities, and create secure technical and financial infrastructure. Our model of responsible innovation will also set a new standard for the next age of the cryptocurrency mining market.

Mining Coin (MNT) will be issued through a Token Offering to fund Island Mining's projects and will permit holders to use hashing power from our facilities based on their MNT holdings, making cryptocurrency mining widely accessible to consumers.

## 3.2 Cloud mining platform

Cloud Mining will be Island Mining's first operational product offering. Our first facilities will be based in Mongolia, a crypto-friendly environment with low-cost, sustainable electricity.

Island Mining will retain a portion of our produced ASIC machines for installation in our mining facilities. Having control over our mining hardware supply is key to our business model and will dramatically reduce our overhead costs, in turn lowering costs and increasing hashing power yields for our customers and token holders, respectively.

### **Users can access Island Mining Cloud Mining in two ways**

1. Holding Mining Coin tokens
2. Purchasing hashing power directly



### 3.2.1 Cloud mining via Mining Coin

The primary function of the Mining Coin (MNT) token is sharing access to Island Mining's hashing power. MNT holders receive a percentage of hashing power produced by our facility, proportional to the balance of Mining Coin tokens in their IslandEX wallet. Crypto mined with this hashing power will be held in users' specific IslandEX Wallet.

Through IslandEX Exchange, Island Mining's cryptocurrency and fiat exchange, Mining Coin holders will be able to exchange cryptocurrency for fiat currency. Users can hold fiat and crypto at IslandEX or one of our affiliate banks and can use a prepaid debit card to easily spend earnings.

### 3.2.2 Cloud mining via direct purchase

Customers can purchase hashing power through our online system. A variety of options for set amounts of hashing power over fixed contract durations will be available starting in Q4 2019. Earnings can be held in users' IslandEX wallet or traded for fiat through our IslandEX Exchange.

## 3.3 ASIC machine development

Island Mining is currently developing a series of innovative ASIC chips and mining machines, designed by our Japanese engineering team. Part of the revenue from our Token Offering and mining facilities will be allocated for development of more efficient mining machines than what currently exist on the market today. We will be combining new ASIC chip development with liquid immersion-cooling technology to produce reliable, quiet, upgradeable, and efficient machines.

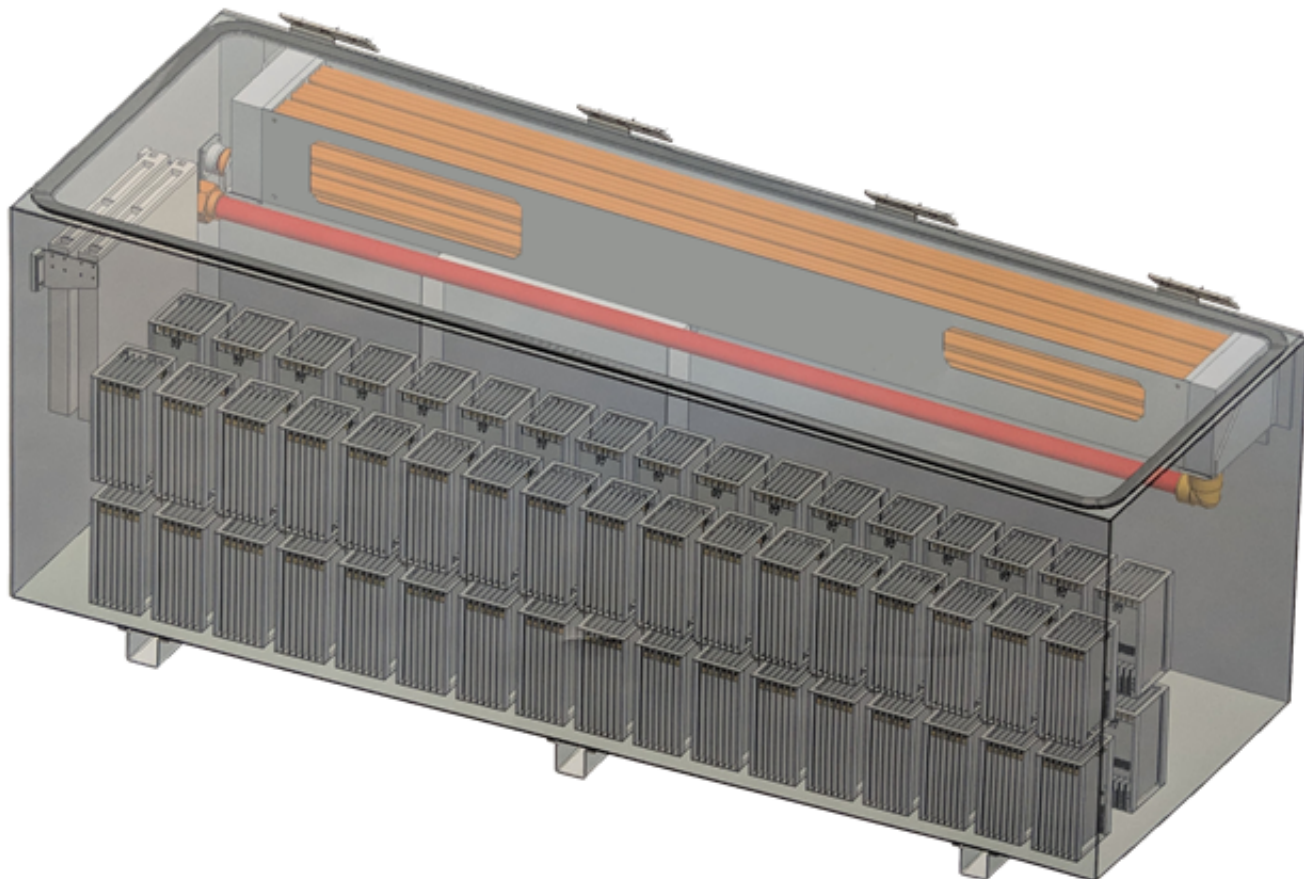
### 3.3.1 Liquid-immersion cooling technology

Our Japanese-designed and manufactured Falcon Series miners will be liquid immersion-cooled and upgradable, giving us an immediate and ongoing competitive advantage in the mining machine market. The entire system, including ASIC chip components, will be engineered and manufactured to high-quality, reliable standards as overseen by our Japanese tech team.

Liquid immersion-cooling technology is just now becoming viable for ASIC mining operations, putting Island Mining's liquid-cooled machines at the forefront of the next wave of mining hardware. Liquid-cooled configurations are near-silent, with no need for cooling fans. Chips can be more reliably overclocked in an immersion tank, generating higher returns and extending hardware lifespan.

We have joint ventured with an immersion cooling engineering company based in Canada to develop our proprietary liquid-cooled hardware. Prototypes of the following schematic have already been built, with photos available on our website at <https://www.islandmining.io/>.

### ***Schematic for Two-Phase Industrial-Scale Liquid Cooling Apparatus (scalable capacity up to 100 S17 or M20S equivalent ASIC miners)***



#### **3.3.2 Modular hardware upgrades**

The design of liquid immersion-cooled hardware also easily allows us to provide modular, upgradable solutions. This will pass on potentially huge savings for end-users who currently need to replace entire machines if components burn out or new, incompatible hardware is released.

#### **3.3.3 Cost savings and support**

These and other proprietary technological advances will increase the efficiency of our machines, reduce future upgrade costs, and be more environmentally responsible. Island Mining constantly pushes the boundaries of hardware development, ensuring customers have access to quality products and the most efficient and up-to-date services on the market.

### 3.3 Hardware sales and hosting

Mining Coin holders interested in generating more hashrate can purchase ASIC hardware from our online store at a discounted price. Island Mining currently has hosting options available at its mining facilities, making it easy for customers to start mining with their own equipment.

### 3.4 Crypto banking and exchange

Banking services will be available through IslandEX Exchange, a division of Island Mining. IslandEX will provide Mining Coin holders with the option to trade Bitcoin held in their IslandEX Wallet for fiat currency. Users can hold fiat at IslandEX Exchange or our affiliate bank where they will have the option of getting prepaid IslandEX debit card to easily spend earnings.

**Island Mining currently has a Non-Banking Financial Institution (NBFI) in Mongolia and a banking partner in Cayman Islands, which allow us to provide these services out of the gate.**



### 3.5 Sustainable energy sources

In addition to focusing on improving the speed and efficiency of ASIC chips and mining machines and reducing their impact on the environment, we will utilize renewable energy sources for our mines. Our first Mongolia-based mines will utilize solar and wind power, which are both abundant options in the region.

### 3.6 Top-tier customer service

With the monopolies they currently hold, current hardware manufacturers see no benefit in investing in customer service, often leaving people out in the cold if they need assistance.

We believe that engaging and retaining customers is crucial to overall and lasting success of a business. Island Mining promises to engage and retain new customers through industry-leading support and fair and honest operating procedures.

## 3.7 Island Mining's strategic affiliations

Island Mining has key strategic affiliations in each jurisdiction where we operate.

### 3.7.1 Cayman jurisdiction

Island Mining is based in the Special Economic Zone (SEZ) in the Cayman Islands. Cayman is currently the largest jurisdiction for cryptocurrency coin offerings in the world and the pre-eminent jurisdiction for establishing international investment funds and finance structures. Island Mining is working in this leading international financial centre with Global Fidelity Bank, also based in Cayman, to provide user fiat accounts and strong regulatory and financial services, including KYC and AML compliance.

**Island Mining currently has access to a Non-Banking Financial Institution (NBFI) in Mongolia and a banking partner in Cayman Islands, which allow us to provide financial services out of the gate.**

### 3.7.2 Japanese affiliates

Island Mining's strong Japanese operational affiliations and committed Japanese team will ensure a dedication quality innovation, attention to detail and customer service. Japan is well known worldwide for its outstanding products and service. We are confident that entering the international cryptocurrency marketplace with Japanese focus gives us a distinct competitive advantage.

From design and assembly to installation and support, our products will uphold the highest Japanese standards of quality.

### 3.7.3 Mongolia affiliates

Island Mining's team members in Mongolia are experts in renewable energy, banking, and finance. Mongolia has low cost, sustainable electricity, a cold climate and a government with one of the most favourable stances to cryptocurrency in the world. Our team and affiliates in Mongolia are committed to renewable energy solutions, social benefits and responsible innovation which align with Island Mining's vision.

Our NBFI (Non-Banking Financial Institution) in Mongolia will serve as the initial base of IslandEX Exchange.

# 4. Mining Coin system

## 4.1 Token overview

Island Mining will be selling Mining Coin (MNT) tokens to finance the expansion of our mining facilities, exchange and banking operations, and the development of our Falcon Series of ASIC mining machines.

MNT token holders are entitled to a percentage of hashing power produced by Island Mining facilities, proportional to the balance of MNT tokens in their account. Our vision is that if mining Bitcoin and other cryptocurrencies can be simplified and normalized with average consumers, barriers to general widespread adoption will start to dissolve. This will benefit the entire industry, including our own cloud mining and hardware development divisions.

## 4.2 IslandEX wallet

Crypto mined with hashing power received for holding MNT is held in users IslandEX Wallet. Users have the option to trade the Bitcoin (or other crypto) held in their wallet for fiat currency through IslandEX Exchange. Users can hold fiat at IslandEX and use a prepaid debit card issued through IslandEX or one of its banking affiliates, to easily spend their funds.

## 4.3 Purchasing machines

Anyone can purchase Island Mining hardware, however token holders will receive a discounted price and the option to host their machines at one of our mining facilities.

## 4.4 Hashing power distribution

Registered users holding MNT in their IslandEX Wallet will automatically receive payouts from Island Mining's mining facilities. Users are not required to lock any funds in order to receive payouts, although we intend to offer products in the future which will allow users to lock in tokens or crypto for higher hashrates.

## 4.5 Distribution frequency

Mined crypto will be deposited in users' IslandEX wallet every 24 hours, with no hold periods if users have passed KYC and AML checks.



## 4.6 Distribution amounts

The system uses the following formula to calculate each user's total hashing power share:

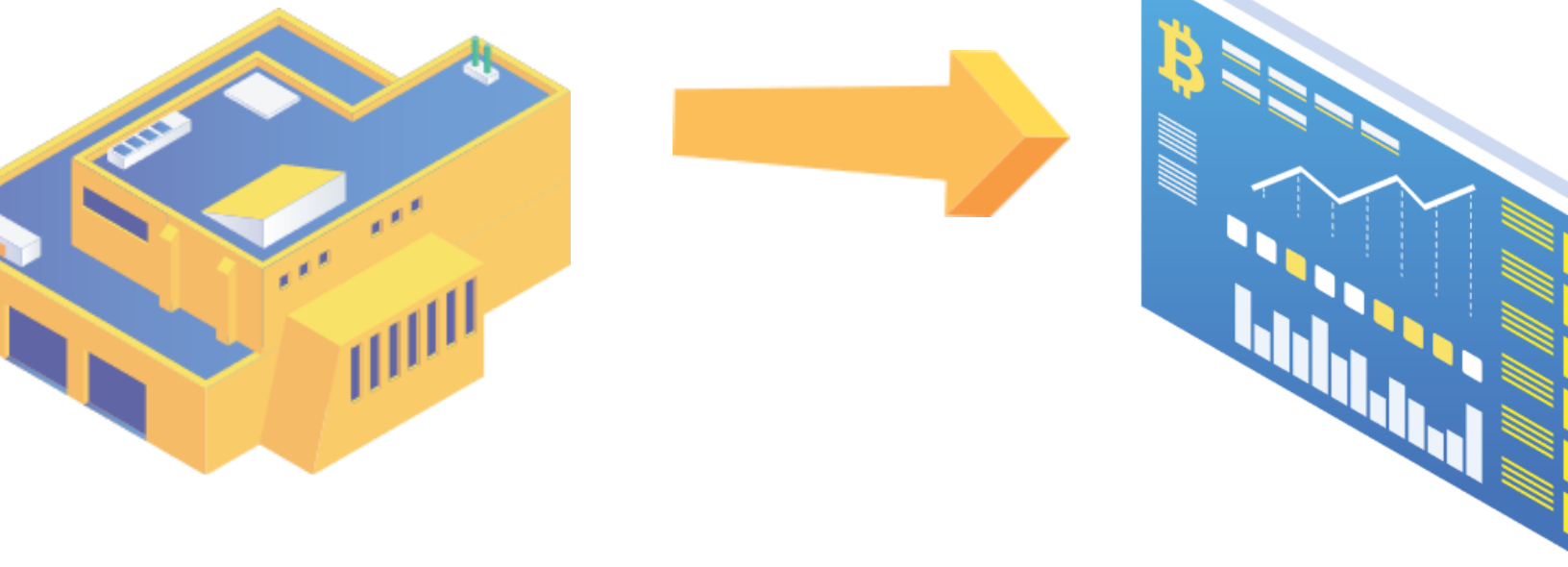
$$\frac{[\text{Total IslandMining Hashing Power}] * [0.80]}{\left[ \frac{[\text{User's MiningCoin}]}{[\text{Total MiningCoin in all Accounts}]} \right]} = \text{User's Hashing Power Share}$$

### 4.6.1 Example cases

#### Example Case 1

Ryan holds 100,000 Mining Coin in his IslandEX wallet, and the total amount of Mining Coin currently in all registered users' wallets is 10,000,000 MNT. The total hashing power of the facility is 50,000Th/s. Ryan's total hashing power is calculated by dividing their tokens by the total tokens in all users IslandEX wallets, times the 80% total hashing power of the facility (the share of hashing power that's distributed to the token holders).

In this case, Ryan controls 400Th/s and assigns it to mine Bitcoin, which is deposited in his account every 24 hours for as long as he keeps his Mining Coin in his IslandEX wallet.



# 5. Token economics

## 5.1 Token sale details

Our Token Sale has been designed with multiple stages at gradually higher prices proportional to our valuation and decrease in capital risk. This method also rewards early adopters.

Our token sales will be optimized across the following goals:

- Ensure that we have all of the funds that we need in order to construct and initiate our cloud mining system and mining facility;
- Pay for initial development costs for the Falcon series of ASIC miners and next-gen chip development

As the legality of dealing with Token Offerings varies between countries and jurisdictions, Island Mining will partner with or create corporations in key jurisdictions around the world. Island Mining is committed to being in good standing of the law in all jurisdictions when offering tokens within their markets.

To date, Japanese, Cayman, and Canadian legal counsel have been retained to advise and assist with Token Sale legalities, as these are the first jurisdictions where we will be marketing Mining Coin.

### Token Name

MNT

### ICO Token Type

ERC-20

### Total Token Supply

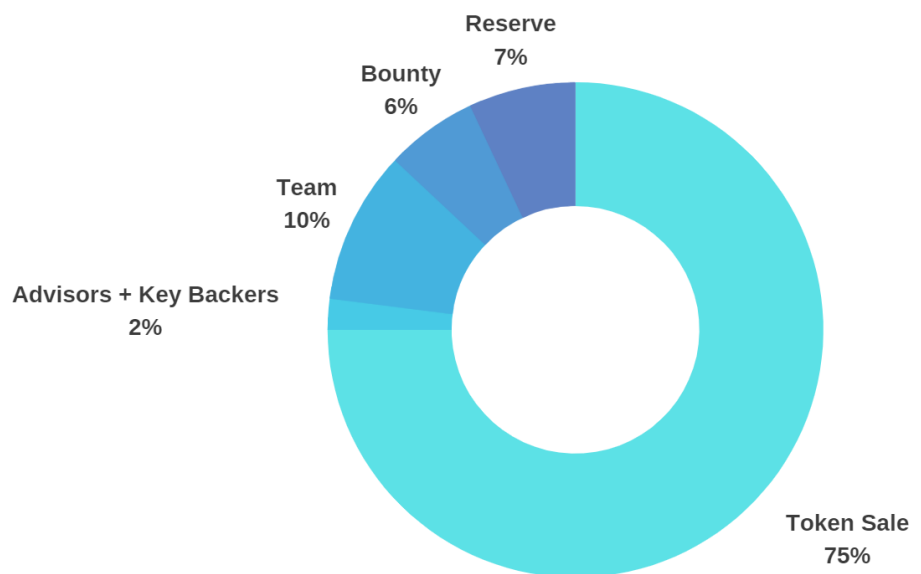
1,000,000,000 MNT

### Token Sale

800,000,000 MNT

### Hard Cap

800,000,000 MNT



## 5.2 Token sale details

Round	MNT sold	% of total tokens	Price (USD)	Total USD
Seed Round	50,000,000	5%	\$0.06	\$3,000,000
Private Round (Japan)	100,000,000	10%	\$0.07	\$7,000,000
Pre-sale Round	180,000,000	18%	\$0.10	\$18,000,000
Public Round 1	200,000,000	20%	\$0.135	\$27,000,000
Public Round 2	220,000,000	22%	\$0.17	\$35,200,000
		<b>75%</b>	<b>Total</b>	<b>\$90,200,000</b>

### 5.2.1 Seed round

Island Mining currently has access to existing mining machines for the initial expansion of our mining facility. Mining Coin's first round will raise \$3 million USD to secure the purchase of mining machines to be set up in Island Mining farms, starting with one in Mongolia and one in Canada.

### 5.2.2 Private round (Japan)

Island Mining will sell to an existing network of 20,000 people in Japan. KYC (Know Your Customer) has already been completed for the network, so this round will initiated immediately following the Seed Round.

### 5.2.3 Pre-sale round and public rounds

Island Mining will sell tokens to whitelisted individuals at the indicated prices in the table above.

## 5.3 Bounty program

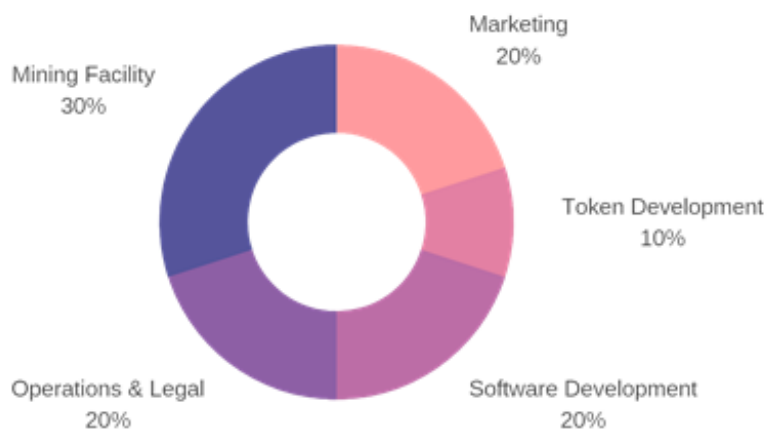
Bounty tokens will be available throughout the Token Sale. Marketing, sales and support people will receive Mining Coin tokens as a bonus for measurable efforts, scalable to token acquisition, subject to applicable laws.

More details on our bounty program will be made available on the Island Mining website: <http://www.islandmining.io>

## 5.4 Use of proceeds

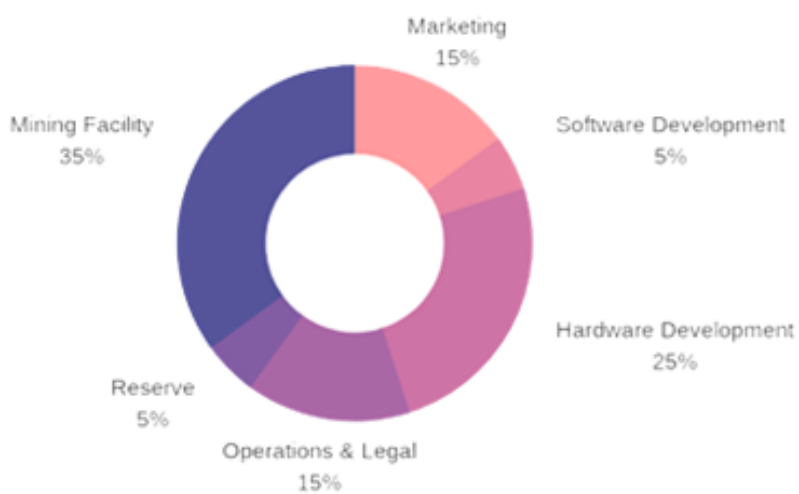
**Seed Round  
+  
Private Round  
(Japan)**

**\$10,000,000**



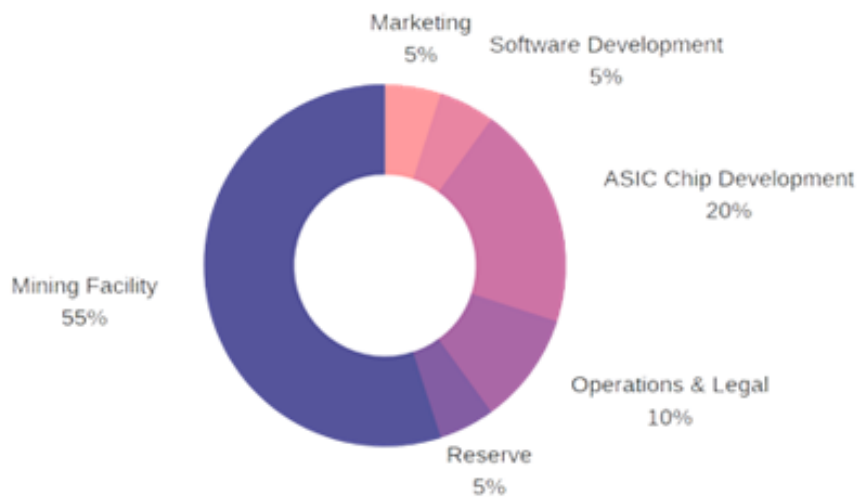
**Pre-Sale Round**

**\$18,000,000**



**Public Round 1  
+  
Public Round 2**

**\$62,200,000**



## 5.5 Detailed use of proceeds

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<b>Corporate</b>	<ul style="list-style-type: none"><li>• Operational and general expenses + legal</li></ul>
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<b>Sales and marketing</b>	<ul style="list-style-type: none"><li>• International promotion and generating key partnerships</li></ul>
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<b>Token + software development</b>	<ul style="list-style-type: none"><li>• Security, development, Distribution software, Servers, Exchange</li><li>• Token Sale Administration, KYC and AML Compliance</li></ul>
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<b>Development Tier 1</b> Hardware Development	<ul style="list-style-type: none"><li>• Liquid immersion-cooling ready boards and power supply</li><li>• Island Mining liquid cooled mining machine for home user</li></ul>
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<b>Development Tier 2</b> ASIC Chipset Development	<ul style="list-style-type: none"><li>• ASIC chip development</li></ul>
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<b>Mining Facilities</b>	<ul style="list-style-type: none"><li>• Set up of Island Mining farms (Site A - Mongolia; Site B - Canada, Site C - United States)</li></ul>
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# 6. Roadmap

- 
- Q1 2019**
    - Island Mining core team formed
    - Whitepaper v1.0 completed
  - Q2 2019**
    - Partnership agreements with Cayman Islands bank, Japan-based semiconductor consultants, Canadian liquid immersion-cooling engineering firm, Mongolia-based solar developer
  - August 2019**
    - Began development of liquid-cooled ASIC miners
    - Whitepaper v2.0 completed
  - September 2019**
    - **Initiate token sale Seed Round**
    - Begin expansion of Mongolia mining facility (Mine A)
  - November 2019**
    - **Initiate token sale Private Round (Japan)**
    - Launch cloud mining platform
  - December 2019**
    - IslandEX wallet and exchange development begins
  - Q1 2020**
    - **Initiate token sale Pre-Sale Round + Public Sale 1 + 2**
    - Begin construction of Canada facility (Mine B)
    - Falcon Series liquid-cooled ASIC miner launch
    - Launch IslandEX wallet and exchange
  - Q2 2020**
    - **Token sale completed and Mining Coin tokens unlocked**
    - Begin construction of US Mine (Mine C)
    - Shipping starts for Liquid-cooled Falcon Industrial Series
    - Launch global fiat/crypto banking services
  - Q3 2020**
    - Large-scale expansion of mines
    - Field testing Liquid-cooled Falcon Home Miners

# 7. Team



## Christopher Filiatrault

### Founder and CEO

Mr. Filiatrault has 30 years of experience developing and leading teams in a variety of internet-based businesses. He is the Founder of BMEX, a company that has built a network of Bitcoin ATMs in the Japanese market along with an associated cryptocurrency wallet. Having lived and worked in Japan for over 25 years, Mr. Filiatrault has the business connections and knowledge to lead the Island Mining team. Mr. Filiatrault has experience with taking start-ups to multimillion-dollar enterprises. His most recent deal included founding and raising over US\$25 million for DMG Blockchain Solutions Inc., a company that specializes in cryptocurrency and blockchain technology.



## Case Lewis

### Chief Operating Officer

Mr. Lewis provides key oversight of Island Mining's operational and reporting protocols, support, and training. Blockchain and cryptocurrency expert, and previously director and technical advisor to several publicly-listed companies, Mr. Lewis will oversee a period of rapid growth during and after our Token Sale, ensuring team coordination, seamless flow of information, and legal and financial compliance.



## Muneya Arakawa

### Chief Technical Officer

Muneya Arakawa has over 30 years of experience in the semiconductor business. He started his career as an engineer then moved to Service Engineer to cultivate business relationships between Japan and North America. Mr. Arakawa founded his company, Silicon International, 25 years ago. His deep knowledge of semiconductors and his international connections are now focused on Island Mining.

# 7. Team



## Chris Marsh

### Chief Financial Officer

Mr. Marsh spent 8 years at Richardson GMP and GMP Securities in Toronto, Canada, as an investment banker and corporate development executive. He also spent 4 years in London, England where he worked in corporate finance and asset management. Mr. Marsh is a CFA charterholder and holds a Masters in Finance from London Business School and a Bachelor of Commerce from Queen's University in Kingston, Canada. Chris also serves as CFO of Blockchain Foundry, the team behind Syscoin (SYS).



## Samir Bandali

### Chief Strategy Officer

As CSO, Mr. Bandali will lead the design and development of strategies which activate and strengthen a connection between our products and investors to drive profitable company growth in a dynamic and competitive environment. With a wealth of experience in international relations, Mr. Bandali will focus on building strategic global partnerships for Island Mining throughout his network. He will guide transparency and investor satisfaction which are crucial to Island Mining's



## Naoko Singer

### Japan Liaison

Ms. Singer's entire career has been Sales and Marketing and Customer Service oriented. As Executive Secretary to the CEO, Ms. Singer brings her solid background in organizational support, reporting and customer service. Her bilingual expertise, excellent interpersonal skills and creativity are an asset to Island Mining's Japanese business alliances.

# 7. Team



## Sergelen Tsogtbayar

### Mongolia Engineering Lead

Mr. Tsogtbayar, civil engineer, is Deputy CEO of Erchim Tusul LLC, the largest engineering company in Mongolia, and previously worked on Mongolia's largest bitcoin mining facility. Since 2000s, his company has developed a strong presence in real estate development, engineering and design of industrial facilities, including Ulaanbaatar's new international airport. His areas of experience and expertise range from infrastructure planning to high-rise construction projects.

Sergelen's Company's portfolio includes over 500 award-winning projects for commercial, institutional and government clients all across Mongolia.



## Neil Wright

### Security Lead

Neil Wright is the Co-Founder and Chief Technology Officer of Hill Top Security, a cybersecurity software company that started by developing software products for the US Department of Defense and the US Intelligence Community. Neil was responsible for incorporating secure, distributed ledger technology into the company's hard wallet offering and portfolio management software. Neil is a frequent speaker at Blockchain and Cybersecurity events and was awarded a patent for security incident response technology. Neil served as the Lead System Architect at UPS. Prior to that he was Lead Architect for Rare Medium and the Lead Developer for the Trading System Modernization initiative on Wall Street at Donaldson, Lufkin and Jenrette.

Neil earned a MSc in Science in Information Systems from Stevens Institute of Technology in 2006 and a BSc from the United States Military Academy at West Point in 1991. He served as an Infantry officer in the US Army from 1991 – 1996.

# 8. Disclaimer

## 8.1 Legal Disclaimer

Island Mining SEZC is aware of the risks associated with a decentralized platform and the associated cryptocurrency. The team is aware of the potential regulatory ramifications and has taken measures to minimize potential risk in a commercially reasonable manner.

As of the date of publication of this paper, Mining Coin tokens have no known potential uses outside of the Island Mining system. Island Mining SEZC does not permit the sale or trading of tokens on third-party exchanges. This paper does not constitute advice or a recommendation by Island Mining SEZC, its officers, directors, managers, employees, agents, advisors or consultants, or any other person to any recipient of this paper on the merits of the participation in the Token Generation Event.

Participation in the token generation event carries the risk of losing all or a substantial portion of the money used to purchase the tokens. Do not participate in the token generation event unless you are prepared to lose the entire amount you allocated to purchasing the tokens. Do not participate in the token generation event unless you fully understand and accept the nature of Island Mining and the potential risks inherent in Mining Coin tokens.

You should not acquire tokens for speculative or investment purposes with the expectation of making a profit or immediate re-sale. Island Mining SEZC makes no promises of future performance or value of the tokens. Nor does it make any promise of inherent value or continued payments.

Mining Coin tokens are structured and sold as securities. They hold no rights in Island Mining SEZC. They are sold as a functional good, and Island Mining SEZC may freely spend all proceeds it receives, absent any conditions, save as set out herein. This paper is neither a prospectus nor a disclosure document. It is not an offer to sell or a solicitation of any offer to buy any investment or financial instrument in any jurisdiction and should not be treated or relied upon as one.

This paper and the Token Generation Event is neither intended nor applicable to China or legal persons and entities domiciled therein. Citizens or legal entities domiciled in China may not participate in the token generation event. This paper is for information purposes only and is subject to change. All information in this paper that is forward looking is speculative in nature and may change in response to numerous outside forces, including technological innovations, regulatory factors, and/or currency fluctuations, including but not limited to the market value of cryptocurrencies.

In some cases, forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “seek,” “believe,” “potential,” “continue,” “is/are likely to” or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Island Mining SEZC has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, financial needs, or the results of a token generation event or the value or price stability of a token.

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Regulatory action could restrict the ownership, use or possession of Mining Coin tokens. Island Mining SEZC has all taken all commercially reasonable steps to ensure that the mechanics of its tokens comply with current regulations. Nevertheless, regulatory requirements or business obligations may dictate that Island Mining SEZC alter the mechanics of its tokens, all or in part, in order to comply with such requirements and obligations. Forward-looking statements in this paper are based on assumptions and analysis made by Island Mining SEZC related to historical trends, current conditions, expected developments and other relevant factors. As such, these statements are subject to risks and uncertainties that could cause actual results, performance, achievements and experience to differ materially from expectations expressed, implied or perceived. Participants should not place undue reliance on these forward-looking statements.

## 8.2 Risks

Risks and uncertainties include, but are not limited to security and fraud issues for customer data and the platform's technical infrastructure; the competitive nature of the proposed pricing models; industry competition related to cryptocurrency mining, machine production, and/or to cryptocurrencies; the loss key personnel; the ability to effectively scale operations; the ability to properly protect intellectual property; potential intellectual property claims; changing consumer preferences and demand; the interruption or failure of information technology and communication systems; undetected errors in software or hardware; potential security breaches; and laws and regulations relating to Island Mining SEZC's proposed business and other activities.

Island Mining will use crypto mined with the hashing power from the facility to pay for operating costs of the facility itself. In the event that we are not able to meet operating costs from the facility with mined crypto, for more than 30 days, mining operations may be temporarily reduced.