



Strategic & Financial Discussion
October 2021

mti
Mechanical Technology, Inc.

 **ecochain**

mti instruments

Legal Disclosure

- This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act that reflect our current views with respect to, among other things, our operations, business strategy, interpretation of prior development activities, plans to develop and commercialize our products and services, potential market opportunity, financial performance and needs for additional financing. We have used words like "anticipate," "believe," "could," "estimate," "expect," "future," "intend," "may," "plan," "potential," "project," "will," and similar terms and phrases to identify forward-looking statements in this presentation.
- The forward-looking statements contained in this presentation are based on management's current expectations and are subject to substantial risks, uncertainty and changes in circumstances. Actual results may differ materially from those expressed by these expectations due to risks and uncertainties, including, among others, those related to our ability to obtain additional capital on favorable terms to us, or at all, the success, timing and cost of ongoing or future operations, the lengthy and unpredictable nature of the project development, and technology process and businesses in which we currently engage or may engage.
- These risks and uncertainties include, but may not be limited to, those described in our filings with the SEC. Forward-looking statements speak only as of the date of this presentation, and we undertake no obligation to review or update any forward-looking statement except as may be required by applicable law.

Legal Disclosure & Disclaimer

The material in this presentation has been prepared by EcoChain and is general background information about EcoChain's activities, current as at the date of this presentation and is provided for information purposes only. It should be read in conjunction with EcoChain's periodic and continuous disclosure announcements filed with the Securities and Exchange Commission. This presentation provides information in summary form only and is not intended to be complete. EcoChain makes no representation or warranty, express or implied, as to the accuracy, completeness, fairness or reliability of any of the information, illustrations, examples, opinions, forecasts, reports, estimates and conclusions contained in this presentation. It is not intended to be relied upon as advice or a recommendation to investors or potential investors and does not take into account the investment objectives, financial situation, taxation situation or needs of any particular investor. Due care and consideration should be undertaken when considering and analyzing EcoChain's future performance and business prospects. **THIS PRESENTATION IS NOT INTENDED TO SERVE AS A FORECAST OF ANY SUCH FUTURE PERFORMANCE OR PROSPECTS.** An investor must not act on any matter contained in this document but must make its own assessment of EcoChain and conduct its own investigations and analysis. Investors should assess their own individual financial circumstances and consider talking to a financial adviser, professional adviser or consultant before making any investment decision. This document does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any security in EcoChain nor does it constitute financial product advice. This document is not a prospectus, product disclosure statement or other offer document under United States federal or state securities law or under any other law. This document has not been filed, registered or approved by regulatory authorities in any jurisdiction

Legal Disclosure & Disclaimer

Any projection, forecast, estimate or other “forward-looking” statement in this presentation only illustrates hypothetical performance under specified assumptions of events or conditions that have been clearly delineated herein. Such projections, forecasts, estimates or other “forward-looking” statements are not reliable indicators of future performance. Hypothetical or illustrative performance information contained in these materials may not be relied upon as a promise, prediction or projection of future performance and are subject to significant assumptions and limitations. In addition, not all relevant events or conditions may have been considered in developing such assumptions. READERS OF THIS DOCUMENT SHOULD UNDERSTAND THE ASSUMPTIONS AND EVALUATE WHETHER THEY ARE APPROPRIATE FOR THEIR PURPOSES. SOME EVENTS OR CONDITIONS MAY NOT HAVE BEEN CONSIDERED IN SUCH ASSUMPTIONS. ACTUAL EVENTS OR CONDITIONS WILL VARY AND MAY DIFFER MATERIALLY FROM SUCH ASSUMPTIONS. READERS SHOULD UNDERSTAND SUCH ASSUMPTIONS AND EVALUATE WHETHER THEY ARE APPROPRIATE FOR THEIR PURPOSES. This presentation may include figures related to past performance or simulated past performance as well as forecasted or simulated future performance. EcoChain disclaims any obligation to update their views of such risks and uncertainties or to publicly announce the results of any revision to the forward-looking statements made herein.

Legal Disclosure & Disclaimer

Use of Projections and Illustrations This presentation contains certain financial forecasts and illustrations. Neither EcoChain's [nor Mechanical's] independent auditors have studied, reviewed, compiled or performed any procedures with respect to the projections for the purpose of their inclusion in this presentation. The material in this presentation is for illustrative purposes only and should not be relied upon as being necessarily indicative of future results.

Use of Estimates in Presentations

Numbers presented BEFORE the release of Form 10-Q for third quarter ended September 30th, 2021, are monthly estimates and subject to change upon final accounting adjustments and entries. These monthly estimates are presented as an illustration of management's review of key metrics that help in understanding the performance of the Company. Readers are strongly encouraged to review this presentation in connection with the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2021, Company's Quarterly Report on Form 10-Q for the period ended June 30, 2021, and the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Preamble

- The following discussion is **completely qualified by the legal disclosures on the several pages preceding this one**
- Our goal is to **share with you some of our strategic thinking and financial analysis** we are using to guide the growth of our business
- This discussion is **in line with our principles of being accountable and transparent with shareholders**
- **We operate in a hyper dynamic economic environment.** That's a fancy way of saying **things change quickly.** What we are telling you here is based on **our estimates and assumptions which are our best guess.** We **reserve the right to revise our point of view based on new information** and changes in the business environment
- Despite an uncertain, dynamic environment, **we must plan and make operating and investment decisions.** This presentation lays some of that out **for your review**

Agenda



Strategic Financial Goals



Financing Plan



Most Recent Financing



Financial & Strategic Goals: Current



Have **50 MW** under management by end of Q4 2021



Have all equipment installed by end of Q4 2021, early Q1 2022



Result, depending on BTC price, **run-rate EBITDA of \$20-\$40+ million**

New & Emerging Goals

- ✓ **Close Soluna acquisition**
- ✓ **Finance their first project – “Dorothy”**
 - Opportunity to build **50 MW – 150 MW** behind the meter at a curtailed wind farm
 - Nearly shovel ready
 - **2.3-2.5 ¢ per kWh, 93% uptime power**
 - Project can be brought up in phases
 - **Aiming for 50 MW by end of Q2 2022, and another 50 MW by early Q4 2022. Exact timing will formally be released in December.**
- ✓ **Dorothy (100 MW) + Python + Anaconda + TNT = **Over 150 MW with in-place ability to hit 200 MW****
 - **Significant additional pipeline exists**
 - **May choose to build portions of new locations** instead of bringing Dorothy to full 150 MW in 2022

New & Emerging Goals



- ✓ **Run-rate Corporate EBITDA \$120 million to \$160 million by early Q4 2022**
- ✓ **Could result in Market Capitalization over \$1 billion and share price over \$50 if you do the math on our current comparable analysis**
- ✓ **This is my personal opinion. It is not a projection or investment advice. I can't project the market, bitcoin prices, or network difficulty. We can build the facilities and operate the equipment that could generate certain economic results. This is not a guarantee or projection. It is my guess, fully qualified by the four pages of legal qualifiers that you should read carefully at the beginning of this presentation**

The Projects & Hashrate

- ✓ **Some assumptions:**
 - **10 MW** of S-19s is about **300 PH/s**
 - **50 MW** of S-19s per **Python and Anaconda** could be **~1.5 EH/s**
 - **Anaconda & Python** currently **targeting 900 PH/s – 1.2 EH/s** depending on equipment mix
 - **Tilting to higher densities may exceed 900 PH/s in Q1 2022**
 - **Can re-invest cash over 2022 and 2023 to slowly move hashrate closer to maximum of 1.5 EH/s**
 - **Decisions will be made real-time**

Cost To Build Capacity



Cost to fully build 1 MW of infrastructure was running about \$250,000 to \$300,000

- Given equipment cost increases, **may run close to \$400,000**



Project Dorothy can be built in phases from 50 MW – 150 MW

- Aiming for **50 MW by end of Q2 2022**, and **another 50 MW by early Q4 2022**
- Cost is **about \$130 million - \$145 million per 50 MW**
- Using **S-19s results in 3 EH/s** by Q3-Q4 2022 (100 MW)
- Can **re-invest cash and grow another 50 MW** depending on market conditions



This is **not a guarantee** on first, second or third phase – **timing or budget may increase or decrease size. We are working on a complete financing plan.** We will release it when completed. **This is our current directional thinking**

Financing can include the following non-dilutive sources



Equipment financing at the project level



Debt at the project level



Debt at the corporate level



Equity partnerships at the project level



Preferred equity at the corporate level

Analysis Of Most Recent Financing



- ✓ Funds used to buy more **power dense equipment at Python and Anaconda**
- ✓ Purchase **electrical infrastructure equipment** for **Dorothy** so the **project timeline can be met**
- ✓ **We need to have a certain equity base to continue to do non-dilutive financing**
- ✓ Alternative: **S1 Equity Offering**
 - **Market price at filing: \$12.980 per share**
 - **Market price at closing: \$10.384 per share**
 - Stocks in the micro-cap world get significant negative pressure between filing and pricing
 - **The deal:**
 - Discount 25%, warrant coverage 25% at \$10.384
 - Shares sold at \$7.788, warrant strike price \$10.384
 - From “Go” to cash, including time to file, go effective and **close is 2 to 3 weeks**

Analysis Of Most Recent Financing



- ✓ Selected Option: PIPE Of Convertible Debt
 - Market price at filing & close: \$12.980 per share, VWAP \$11.475 per share
 - Conversion price for shares: \$9.180 per share
 - 20% discount to VWAP, 8% original issue discount
 - Warrants:
 - 592,024 shares at \$12.50, 592,024 shares at \$15.00 and 592,024 shares \$18.00
 - 50% of the warrants can be called by the company if VWAP exceeds strike price by 130% for 10 days
 - Warrant strike price demonstrates investor confidence in our company and its prospects

Comparison

✓ Shares Sold:

- S1 sells **317 thousand more shares**
- **At \$12.98 per share, it is \$4.12 million in value** the company is **not giving away relative to PIPE**

✓ Warrants:

- The **S1 warrants are worth about \$1.80 million**
- The **total value of the warrants under the PIPE** taking into account the call feature is about **\$4.80 million. This is a theoretical value.** If the warrants are exercised, **the company raises over \$26.9 million dollars at a premium to current prices.**
- We can **call 50% of the warrants** if they are **sufficiently in the money**

Note: Valuation of Warrants Under the S1 warrant scenario and PIPE warrant scenario are internal management estimates.

Comparison

- ✓ **PIPE is a “fair deal”** as it costs about the same but **raises \$26.9 million for the company at a significant premium**

	S1	PIPE
Cost of Additional Shares Sold	\$4.12 million	-
Warrant Value	\$1.80 million	\$4.80 million
Total Cost Of Issuance	\$5.92 million	\$4.80 million

- ✓ **Cost is about the same**
- ✓ **Big difference is if the value of the shares rise** and the warrants do have value, the company raises equity capital **at a premium to todays price**
- ✓ **Consistent with our theme of transparency, shareholders know how many shares can be sold at certain prices**

Note: Valuation of Warrants Under the S1 warrant scenario and PIPE warrant scenario are internal management estimates.

Side-By-Side Comparison



	S1	PIPE
Timing & Certainty Of Execution	At Risk	Superior
Number Of Shares Sold For \$16.3 million	2.093 million shares⁽¹⁾	1.776 million shares⁽²⁾
Warrants Issued	523 thousand at \$10.384	592 thousand at \$12.5 592 thousand at \$15.0 592 thousand at \$18.0

(1) \$16.3 million at \$7.788 per share.

(2) \$16.3 million at \$9.180 per share.

Note: Valuation of Warrants Under the S1 warrant scenario and PIPE warrant scenario are internal management estimates.

What You Should Expect

- 1) Flash reports on hashrate
- 2) More detailed operating and financing plan on **Dorothy**. Plan of record to be released in December.
- 3) Discussion of other projects in the pipeline that may also commence in 2022

We are accomplishing a great deal in 2021

- ✓ **By the end of 2022**, we should be operating about **4 EH/s** if all goes well
- ✓ As usual, **we will keep you posted monthly on our journey**. It's **bound to have some bumps** on the road, **but our team is persistent and determined to meet its goals**