



Summit Mining ^{v2.0}

OPERATING GUIDE OF THE
SMK AND THE MARKETPLACE

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Preamble

Summit Mining Glossary

1. Client account

Dashboard: Refers to the Application through which a client can access the services offered by Summit Mining.

Approved Account: An account that has completed all compliance formalities and provides the client with access to all Summit Mining features.

Limited Account: Account that gives the client restricted access to one or more features.

Suspended Account: An account whose functionality has been restricted by Summit Mining as a result of the client's failure to comply with the terms and conditions.

Closed Account: An account closed by the client or by Summit Mining.

Fund Deposit: A transaction in which a client sends funds to Summit Mining to make an investment.

Available Funds: The amount (displayed in Euros) available in the client's account following a Fund Deposit. Available Funds can only be used to make an investment or be withdrawn.

VIP Program: A loyalty program for holders of Summit Tokens, the Summit Group's cryptocurrency. There are several VIP levels, unlocked by the value of Summit Tokens held. Each level provides a number of benefits.



2. SMK (Summit Mining distribution Key)

Assets Under Management: All assets managed by Summit Mining. They consist of the Mining Park, all other assets or money tied up for mining activities (funds waiting to be invested, proceeds from the resale of Equipment, etc.).

SMK (or Summit Mining distribution Key): An earnings distribution key that represents the client's share of total Assets Under Management.

SMK Price (or SMK Market Price): Price of the Summit Mining distribution Key, updated daily and correlated to the resale value of the Assets Under Management.

New SMK: SMK that was created following an investment via a Classic Purchase.

Transferable SMK: SMK that can be transferred on the Marketplace.

Non-transferable SMK: SMK that cannot be transferred on the Marketplace.

Activated SMK: SMK that gives the right to a distribution of earnings.

Deactivated SMK: SMK that does not give the right to a payout.

Total Number of SMKs in the Mining Pool: Sum of all SMKs outstanding in the Summit Mining service.

Total Activated Mining Pool SMKs: Sum of all activated SMKs outstanding in the Summit Mining service.

Number of Client SMKs: Sum of all SMKs owned by the client.

Number of Client Activated SMKs: Sum of all Activated SMKs held by the client.

3. Marketplace

Marketplace: Dashboard tool that allows the client to purchase SMKs offered for sale by other clients, or to resell their SMKs to other Summit Mining clients.

Fixed Price Sale Order: Order that allows the client to manually choose the price at which he wants to sell his SMK on the Marketplace.

Limit Market Order: An order that automatically adjusts to the market price of the SMK while imposing a limit price below which the client does not wish to sell.

Market buy order: An order to buy SMKs offered for sale at the posted price.



4. Purchase of SMKs

Classic Purchase: A method of purchasing SMK through monthly investment rounds designed to pool available funds to purchase mining machines at the best price.

Marketplace Purchase: A method of purchasing SMKs that allows you to buy SMKs directly from other clients.

Automatic Reinvestment Buying: A method of buying SMK that allows you to automatically convert your earnings into SMK at the end of each month. The Automatic Reinvestment Purchase is initiated by a Purchase on the Marketplace, completed by a Classic Purchase in case of lack of liquidity on the Marketplace or sale orders too far from the market price of the SMK.

Average Purchase Price of (Activated) Mining Pool SMKs: Average purchase price of all SMKs purchased by Summit Mining. The Average Purchase Price takes into account all non-marketplace SMK purchases and sales. The average purchase price of the Mining Park SMKs is calculated by dividing, at the Summit Mining level, all the investments made that allowed the creation of new SMKs (including processing fees), by the number of SMKs obtained. As mentioned before, the investments in the Marketplace are excluded from the calculation. In some cases, only activated SMKs are taken into account for the calculations.

Average Purchase Price of Client's (Activated) SMKs (or Average Purchase Price): Average purchase price of all SMKs purchased by a Client. The average purchase price takes into account all SMK purchases and sales, including the Marketplace. The average purchase price of Client's SMKs is calculated by dividing, at the client level, all investments made in exchange for SMKs (including processing fees and transaction fees) by the number of SMKs obtained. Purchases related to Automatic Reinvestment and via the Marketplace are included. In some cases, only activated SMKs are taken into account for the calculations.

5. Sale of SMKs

Delegated Sale: A method of reselling SMKs through which the seller delegates to Summit Mining the task of reselling its SMKs.

Delegated Sale Price: Price at which Summit Mining proposes to resell the SMKs. This price remains valid only during the execution period of the Delegated Sale.

Delegated Sale execution period: Period during which Summit Mining will try to sell the SMKs at the Delegated Sale price. This period is variable depending on the amounts in euros involved, with no guarantee of success.

Discount linked to the Delegated Sale: Discount applied to the price of the Delegated Sale in case of effective resale of the SMKs.

6. Mining

Equipment: Refers to any type of hardware intended for the mining of Crypto-assets or necessary for their exploitation (container, etc.); the Mining Park consists of Equipment.

Mining Park: All Equipment managed by Summit Mining that has been purchased with client funds or purchased through the resale of Equipment for the purpose of performing the community mining service offered by Summit Mining.

Gain: A generic term that defines a perceived profit, which can be applied to the Mining Park or to the Client, depending on the context, in gross or net terms.

Total Amount Mined by the Mining Park: Corresponds to the value of all Crypto-assets mined by the Mining Park during a calendar month, before deduction of any fees.

Gross Amount Mined by the Mining Park: Corresponds to the **Total Amount Mined by the Mining Park** from which are deducted the Operating Costs and any Exceptional Expenses.

Monthly Mining Park Return: Corresponds to the gross return generated by the Mining Park. It is calculated by dividing the **Gross Amount Mined by the Mining Park** by the product of the Average Purchase Price of the SMKs in the Mining Park and the Total Number of SMKs in the Mining Park.

Instant SMK Yield: This is the yield that a client could earn if they purchased SMKs at this point in time and they were activated instantly. This yield is based on the **Gross Mined Amount of the Mining Park** during the last 30 days and the price of the SMK on a given moment. This yield varies every day. This yield therefore varies every day. It gives an estimate of the potential gross yield of an SMK at the present time, to give an indication to a client who would like to buy it. It is calculated by dividing the **Gross Amount Mined by the Mining Park** during the last 30 days by the product of the SMK price and the Total Number of Activated SMKs in the Mining Park.

Gross Amount Mined by the Client: Corresponds to the portion of the **Gross Amount Mined by the Mining Park** that is attributable to the Client, before deduction of the costs specific to each Client. This portion is calculated according to the following formula: $[\text{Gross Amount Mined by the Mining Park}] \times [\text{Number of Activated SMKs of the Client} \div \text{Total Number of Activated SMKs of the Mining Park}]$.

Gross Client Return: Corresponds to the gross return obtained by the Client during a calendar month, i.e., the return before deduction of Performance Fees and the Mining Park Renewal Contribution. This return is expressed as a percentage and is obtained according to the following formula: $[\text{Gross Amount Mined by the Client}] \div [(\text{Number of Client's Activated SMKs}) \times (\text{Average Purchase Price of Client's Activated SMKs})]$.

Net Amount Mined by the Client: Corresponds to the **Gross Amount Mined by the Client** from which the Performance Fees and the Contribution to the renewal of the Mining Park are deducted.

Client Net Return: Refers to the final net return obtained by the Client during a calendar month. This return is expressed as a percentage and is obtained according to the following formula: $[\text{Client Net Mined Amount}] \div [(\text{Number of Client Activated SMKs}) \times (\text{Average Purchase Price of Client Activated SMKs})]$.



7. Fees

Gross Equipment Cost: The amount charged to Summit Mining for the purchase of the Equipment.

Processing Fee: A fee charged when investing in new SMK to cover all expenses related to the logistics of installing the new mining machines.

Total Equipment Purchase Cost: The total amount spent on the purchase of Equipment, including costs associated with its installation logistics (Processing Fee).

Exceptional Expenses: All logistical costs that may arise due to unforeseen events, such as the relocation of machines from one Mining Site to another.

Operating Costs: Represents all costs resulting from services provided by third parties on behalf of Summit to operate the Mining Park (electricity, rent, maintenance, etc.).

Performance Fee on Mining Earnings (or Performance Fee): A fee based on the performance Summit Mining achieves in a calendar month of mining. This fee is expressed as a percentage of the Gross Mining Amount mined by the Client.

Contribution to the Renewal of the Mining Park: Contribution deducted from the Gross Yields to combat the obsolescence and obsolescence of the mining machines. It is expressed as a percentage that varies according to the Client's Gross Yield levels.

Transaction Fee: A fee charged on Purchases in the Marketplace. This fee is expressed as a percentage of the amount spent by Client on the purchase of SMK. It is a fixed percentage, identical for each Client.

Performance Fees on the resale of SMKs: Fees charged on the Sale of SMKs. This fee is expressed as a percentage of the amount of the Capital Gain. It varies according to the level of VIP of the Client.

Gain for client of SMK, Loss for client of SMK: Difference between the sale price of SMK and their average purchase price. When the difference is positive, a Capital Gain has been realized and is subject to a Performance Fee on the resale of SMKs. When the difference is negative, a Minus-Value has been realized, and no Performance Fee on the resale of the SMKs is to be expected.

The SMK

Part 1



Part 1

The SMK

1.1. Role of the SMK

1.1.1. Introduction

The SMK (Summit Mining distribution Key) was created in October 2019, shortly after the launch of Summit Mining, with the objective of addressing an issue of equality between existing clients on the one hand, and “community” distribution of mined funds on the other.

Initially named “MPT” (for “Mining Park Token”), the Summit Mining team wished to give it another name in order to avoid the confusion that sometimes occurred because of the term “Token”. Indeed, the MPT (that is now the SMK) is not a crypto token as we understand it. This is why we decided in October 2022, three years after its creation, to rename the MPT to SMK.

In this document, however, for reasons of comprehension, we will only use the new term SMK, as if the term MPT had never existed.

Finally, you may read or hear about “MPT 1.0”, “SMK 1.0”, “MPT 2.1” or “SMK 2.1”. It is simply a numbering system that follows a versioning system, just like software. Indeed, we believe that in 2019, the very first version of the MPT (or SMK) was therefore a “version 1”, hence the “1.0” numbering. Starting in May 2022, we began thinking about a new operation of the SMK, which we named “version 2”. After much discussion with Summit Mining clients, we finally optimized version 2 into a new final version: version 2.1. We now refer to this as “SMK 2.1”, or simply as “SMK”.

In conclusion, it is these changes that have caused the entire Summit Mining service to evolve from a “version 1” to a “version 2”.

For more details on the evolution of the service and the specific reasons for these changes, please refer to the F.A.Q. of this document and the appendix.



1.1.2. Role

As we explained, the SMK (Summit Mining distribution Key) was created shortly after the launch of Summit Mining, when the service moved from an individual to a community-based approach.

The SMK represents the equivalent of a “share” that is primarily used for two things:

- **It serves as a distribution key for earnings.** The more SMKs a client has, the larger the share of the mining pool they own and therefore the more mining gains they get.
- **It represents each client’s share of the total assets that Summit Mining manages on behalf of its clients** (mainly mining machines). The more SMK the client holds, the more he/she will be entitled to the fruits of the resale of the assets under management.

1.2. Creation and destruction of SMKs

SMKs are created or destroyed only when funds are added or withdrawn by clients, to the extent that this adds or removes funds from the Assets under Management.

New SMKs are created as soon as Summit Mining receives new funds to purchase more mining machines.

SMKs are destroyed in the event of a cash outflow resulting in the sale of machines.

If SMKs are exchanged between clients via the marketplace (see below), the number of SMKs in circulation remains the same, as there is no net addition or deletion in the value of assets under management (no sale or purchase of new mining machines).

1.3. SMK Price Calculation Method

The price of the SMK is calculated and updated daily on the Summit Mining dashboard.

To calculate the price of the SMK, the formula is as follows:

$$\text{SMK price} = [\text{Value of Assets under Management}] \div [\text{Total number of SMKs in the Mining Park}].$$

The Value of Assets under Management is the sum of the following elements:

- Resale value of the machines,
- Value of cash waiting to be invested from client funds,
- Value of cash waiting to be returned to SMK vendors or reinvested in machines, resulting from the fruits of machine sales,
- The value of any other assets or monies tied up for mining (such as deposits for electricity).

The Total number of SMKs in the Mining Park depends on the contributions and withdrawals of funds, as explained in the previous paragraph.



1.4. Factors influencing the price of the SMK

The SMK is priced to reflect the value of the assets managed by Summit Mining. The majority of these assets are mining machines. The value of mining machines fluctuates greatly.

The price of the machines, and by extension the price of the SMK, can depend on several factors, and more or less aggressive speculation can result from these factors:

- **Machine profitability:** according to supply and demand, the more profitable a machine is, the more it is in demand and therefore the more expensive it is; the reverse is also true.
- **The geographical location where the machines are hosted:** like a vehicle, the value of the machines depends on the country in which they are connected.
- **The machine model:** like a vehicle, models can be over- or under-priced depending on their rarity or the manufacturer.
- **Outdated equipment:** the older the machines get, the more they theoretically lose value.

Mined Amount and Yield

Part 2

Part 2

Mined Amount and Yield

2.1. At the level of the Mining Park

2.1.1. Amount Mined by the Mining Park

2.1.1.1. Total Amount Mined by the Mining Park

The **Total Amount Mined by the Mining Park** is the value of all crypto-assets mined by the Mining Park in a calendar month, before deducting any fees.

Many factors influence the **Total Amount Mined by the Mining Park**:

- **Mining difficulty:** the more computing power there is on the network, i.e. to simplify, the more mining machines there are in the world, the more mining rewards received are divided among miners.
- **Ongoing operating costs (electricity, maintenance, etc.):** the larger they are, the more they add to the total amount mined.
- **The machine model:** not all machines are the same and some can be more or less efficient, especially in terms of power consumption.
- **The price of cryptocurrencies:** if the price drops, more of the mined cryptocurrencies must be spent to pay the bills. This leaves a smaller amount of mined cryptocurrencies to enjoy the gains net of fees, compounded by the fact that they are worth less.

- **The number of machines online at a given time:** a number of machines may be at a standstill for various reasons, for example:
 - when minors are being moved from one farm to another,
 - when miners are down,
 - when a mining farm is in maintenance,
 - in case of theft,
 - in case of destruction of machines.
- **The ability to negotiate machines by lot (wholesale prices):** the more funds Summit has at its disposal, the more machines can be traded and therefore purchased for the same budget, and therefore the more crypto-currencies can be mined.
- **The amount of the deposits for electricity:** deposits must be paid to be allowed to install the miners on a farm. Generally, the deposit is between 1 and 6 months, the most common being 2 or 3 months. This is less funds available for the purchase of mining equipment, and thus influences the volume of cryptocurrencies mined.

2.1.1.2. Gross Amount Mined by the Mining Park

The **Gross Amount Mined by the Mining Park** corresponds to the **Total Amount Mined by the Mining Park** from which are deducted the Operating Costs* and any Exceptional Costs**.

* *Operating Costs are all costs resulting from services provided by third parties on behalf of Summit Mining for the operation of the Mining Park (electricity, rent, maintenance, etc.).*

** *Exceptional Costs are all logistical costs that may arise as a result of unforeseen events, such as the relocation of machines from one Mining Site to another.*

The **Gross Mined Amount by the Mining Park** is therefore calculated as follows:

	Total Amount Mined by the Mining Park
-	Operating Costs
-	Exceptional expenses
=	Gross Amount Mined by the Mining Park

E X A M P L E

All the machines generate a **Total Amount Mined by the Mining Park** equivalent to €150,000 in the form of cryptocurrencies on a given moment.

- **€45,000** are used for Operating Costs.
- **€5,000** are used for Exceptional Expenses.

→ The **Gross Mined Amount by the Mining Park** is then **150,000 - 45,000 - 5,000 = €100,000**.

2.1.2. Instant Return of the Mining Park and the SMK

2.1.2.1. Monthly output of the mining park

The Monthly Mining Yield is the yield generated by the Mining Park over a calendar month.

This return is calculated at the end of each month. It is obtained according to the following formula:

$$\text{Monthly output of the mining park} = \frac{\text{Gross Amount Mined by the Mining Park}^*}{[(\text{Total number of SMKs Activated from the Mining Park}^{**}) \times (\text{Average Purchase Price of Activated SMKs in the Mining Park}^{***})]}$$

* The Gross Mined Amount of the Mining Park is the one at the end of the month.

** The Total number of Activated SMKs in the Mining Park is defined at the beginning of the month.

*** The average Purchase Price of the Activated SMKs of the Mining Park is calculated at the beginning of the month.

E X A M P L E

January 1st:

- 1 million activated SMKs were held by clients.
- The average Purchase Price of Activated SMK in the Mining Park was €1.20 per SMK.

February 5th:

- A Gross Mined Amount by the Mining Park of €100,000 is distributed, i.e. after all Operating Costs and Exceptional Expenses have been paid.

→ The Monthly Yield of the Mining Park is $[\frac{€100,000}{(1,000,000 * €1.20)}] = 8.33\%$.

2.1.2.2. SMK Instant Return

The SMK Instant Return is the return a client could earn if they purchased SMKs at that particular time and they were activated instantly.

This yield is based on the **Gross Mined Amount by the Mining Park** of the last 30 days and on the SMK price on a given moment. This yield therefore varies every day. It can be used as an indicator of when it is potentially interesting to buy SMK*.

* SMK's Instant Return is based on past data and does not predict future returns.

The SMK instant return is obtained according to the following formula:

$$\text{SMK Instant Return} = \frac{\text{Gross Mined Amount by the Mining Park (last 30 days)}}{[(\text{Total Number of Activated SMKs in the Mining Pool}) \times (\text{SMK Price})]}$$

E X A M P L E

As of March 15th:

- in the last 30 days, **€100,000** have been mined (**Total Amount Mined by the Mining Park**).
- **50%** of the **Total Amount Mined by the Mining Park** is used for Operating Costs.
- **1,000,000 SMKs** are in circulation and activated.
- Market price of SMK = **€1**.

→ **Gross Amount Mined by the Mining Park** (last 30 days) of **€50,000**.

→ Instant SMK yield of **5%**.

2.2. At the Client level

2.2.1. Gross client amount and yield

2.2.1.1. Gross Amount Mined by the Client

The **Gross Amount Mined by the Client** corresponds to the portion of the **Gross Amount Mined by the Mining Park** that belongs to the Client.

All other things being equal, the **Gross Amount Mined by the Client** is proportional to the number of SMKs owned by the Client. In other words, the **Gross Mined Amount by the Mining Park** is distributed to clients in proportion to the number of SMKs they own.

The **Gross Amount Mined by the Client** is calculated according to the following formula:

$$\text{Gross Amount Mined by the Client} = [\text{Gross Amount Mined by the Mining Park}] \times [\text{Number of SMKs Activated by the Client}^* \div \text{Total number of SMKs in the mining park}]$$

** Only active SMKs are taken into account in the calculation of the prorata distribution, as they are the only ones entitled to a distribution of mining profits.*

E X A M P L E

- A client has **10,000** SMKs.
- The Mining Park includes a total of **1,000,000** SMKs.

→ The client therefore owns **1%** of the number of SMKs in circulation (Total Number of SMKs in the Mining Park).

→ The client will get the same percentage of everything mined (after all fees are deducted) during the month by the Mining Park, which is **1%**.

- **€100,000** (**Gross Mined Amount by the Mining Park**) are distributed once all operating costs and exceptional expenses are paid.

→ The **Gross Amount Mined by the Client** is then **€1,000**, i.e. **1%** of the **Gross Amount Mined by the Mining Park** (**€100,000 x 1% = €1,000**).

2.2.1.2. Gross Client Return

The **Gross Client Return** is the return earned by the Client in a calendar month, before deduction of fees.

As mentioned above, it is used to determine the amount of Contribution to the Renewal of the Mining Park which is deducted from the **Gross Amount Mined by the Client**.

The **Gross Client Return** is expressed as a percentage. It is calculated according to the following formula:

$$\text{Gross Client Return} = \frac{\text{Gross Amount Mined by the Client}^*}{[(\text{Number of SMKs Activated by the Client}^{**}) \times (\text{Average Purchase Price of Client's Activated SMKs}^{***})]}$$

* Client's Gross Mined Amount is that at the end of the month.

** The number of Client's Activated SMKs is that at the beginning of the month.

*** The Average Purchase Price of the Client's Activated SMKs is calculated at the beginning of the month.

2.2.2. Net amount and return of the client

In order to calculate the net amount and yield, we have to deduct from the **Gross Amount Mined by the Client** the Performance Fee on the Mining Gains and the Mining Park Renewal Contribution.

2.2.2.1. Performance Fee on Mining Earnings

Summit Mining earns its income primarily through a performance fee on client gains. The Performance Fee on mining gains is deducted directly from the **Gross Amount Mined by the Client**. They are based on the VIP level, which in turn is based on the value of Summit Tokens held in staking by the client or the number of referrals made by the client.

In the table below, the column "Summit Mining Performance Fee", shows the Performance Fee on Mining Earnings charged by Summit Mining at the corresponding VIP level.

VIP level	OR		Performance Fees on Mining Earnings
	Value of Summit Tokens held	Number of referrals achieved	
0	€0	0	20.0%
1	€100	2	19.5%
2	€500	5	19.0%
3	€3,000	10	18.5%
4	€10,000	15	18.0%
5	€30,000	20	17.5%
6	€100,000	30	17.0%
7	€300,000	50	16.5%
8	€500,000	100	16.0%
9	€2,000,000	200	15.0%



E X A M P L E

- A client holds the equivalent of at least €2,000,000 in Summit Tokens in staking, or has made at least **200** referrals.
- It is therefore at the level of **VIP 9**.

→ His performance fee on Mining Earnings is 15%.

2.2.2.2. Contribution to the Renewal of the Mining Park

To compensate for obsolescence and to constantly improve the condition of the Mining Park, a renewal contribution is deducted directly from the **Gross Amount Mined by the Client**.

The Renewal Contribution is entirely dedicated to repairing, upgrading or buying back better performing machines in order to provide the community with the most efficient Mining Park possible.

The contribution has been designed to have a small impact on returns when they are low, and to be more significant during periods of high returns.

The percentage of contribution to the Renewal of the Mining Park is given in the table below:

Tier	Gross Client Return (% monthly)	Percentage of Contribution to the renewal of the Mining Park
1	0.00% – 0.80%	0%
2	0.81% – 1.53%	3%
3	1.54% – 2.21%	6%
4	2.22% – 2.84%	9%
5	2.85% – 3.44%	12%
6	3.45% – 3.99%	15%
7	4.00% – 4.52%	18%
8	4.53% – 5.02%	21%
9	5.03% and more	24%

E X A M P L E

Let's assume that:

- A Client receives a **Gross Amount Mined by the Client** of **€200**.
- The **Gross Client Return** is **4.2%** (invented for the example).

→ The **Gross Client Return** corresponds to **Tier level 7** in the table above.

→ The contribution to the renewal of the Mining Park is **18%**.



2.2.2.3. Net Amount Mined by the Client

To obtain the **Net Amount Mined by the Client**, the Performance Fees on the Mining Gains as well as the Contribution to the Renewal of the Mining Park as we have seen in the two previous sections must be deducted from the **Gross Amount Mined by the Client**.

The **Net Amount Mined by the Client** thus corresponds to what is paid individually to the client during a calendar month, all fees included.

The **Net Amount Mined by the Client** is calculated as follows:

	Gross Amount Mined by the Client
-	Performance Fee Amount
-	Amount of the Contribution to the Renewal of the Mining Park
<hr/>	
=	Net Amount Mined by the Client

EXAMPLE

Let's assume that:

- A Client is at **VIP level 9**.
- He receives a **Gross Amount Mined by the Client** of **€200**.
- The **Gross Client Return** is **4.2%** (invented for the example).

→ Its Performance Fee on Mining Earnings is **15%**.

→ The **Gross Client Return** corresponds to **Tier level 7** in the table above.

→ The contribution to the renewal of the Mining Park is therefore **18%**.

On the **€200** paid, **15%** are deducted as Performance Fees, that is **€30**.

On the **€200** paid, **18%** is deducted as a Contribution to the Renewal of the Mining Park, that is **€36**.

→ **The Net Amount Mined by the Client is then €200 - €30 - €36 = €134.**

2.2.2.4. Client Net Return

The **Client Net Return** is the return earned by the Client in a calendar month, and takes into account all Client-specific fees.

This yield is expressed as a percentage and is obtained according to the following formula:

$$\text{Client Net Return} = \frac{[\text{Net Amount Mined by the Client}^*]}{[(\text{Number of SMKs Activated by the Client}^{**}) \times (\text{Average Purchase Price of Client's Activated SMKs}^{***})]}$$

* The Client's Net Mined Amount is set at the end of the month.

** The number of Client's Activated SMKs is set at the beginning of the month.

*** The Average Purchase Price of the Client's Activated SMKs is calculated at the beginning of the month.

E X E M P L E

As of March 1st:

- A client has **10,000 SMKs** activated.
- The Average Purchase Price of the Client's Activated SMKs is **€0.5**.

As of March 31st:

- **100** are distributed to the client (**Net Amount Mined by the Client**).

→ The **Client Net Return** is therefore $\text{€}100 \div (10,000 \times \text{€}0.5) = 2\%$.

Purchase of SMK

Part 3

Part 3

Purchase of SMK

To purchase SMKs, there are three options:

- **Classic Purchase (via monthly order),**
- **Purchase on the Marketplace,**
- **Automatic Reinvestment Purchase.**

3.1. Classic purchase (via monthly order)

3.1.1. How Classic Buying works?

A client may purchase SMKs through Classic Purchase on monthly investment rounds. Each investment round corresponds to a calendar month that starts, by definition, on the first day of the month and ends on the last day of the month. The idea behind the investment rounds is to gather as much funds as possible during the month in order to place an order for new mining machines at attractive wholesale prices.

Classic Buying via monthly investment rounds allows you to pool your investment funds to get the best prices by negotiating larger machine lots than if Summit had to buy machines piecemeal.

Classic Purchase is open to all clients who have an Approved Account, i.e. with a current KYC or KYB.

3.1.2. Processing fees with Classic Purchase

When Summit places an order for machines, there is a fee, called a Processing Fee. This fee is used to cover all expenses incurred between the time the new machines are ordered and the time they begin mining.



They are used to cover the many expenses that are unavoidable before the mining machines are connected, such as:

- transportation expenses between the place of sale of the machines and the mining farm,
- the purchase of equipment necessary for the installation (container, turbine, cables, connectors, routers, etc.),
- insurance costs for logistics and delivery,
- Equipment installation and configuration costs,
- customs duties, processing fees, various taxes.

The fee is 25% and is also listed on the Summit Mining pricing page. **This rate is based on a calculation of the historical average of the fees typically incurred by Summit Mining for each order**, with the understanding that depending on the country of connection, these fees may be higher or lower.

The processing fee is not recoverable and is not included in the calculation of the average purchase price of SMKs. They are deducted directly from the funds invested, and the remaining amount is used as the basis for calculating the SMK allocation, as we will explain later.

3.1.3. Calculation of the number of SMKs obtained with the Classic Purchase

After the processing fee is deducted, **the remaining funds are divided by the SMK price for the calculation of the New SMK award.**

EXAMPLE

- A client invests **€10,000**.
 - The SMK is valued at **€0.50**.
- The investment received is **€10,000**.
- The processing fee is **25%**, or **€2,500**.
- The capital dedicated to the creation of SMK is **€7,500** ($€10,000 - €2,500 = €7,500$).
- The number of SMKs obtained is **15,000 SMKs** ($€7,500 \div €0.50 = 15,000$ SMKs).

3.1.4. SMKs activation with Classic Purchase

Once SMKs are created, they must be activated in order for the client to receive earnings. **SMKs are activated one calendar month after the end of a monthly investment round.**

The reason SMKs are not activated immediately after they are created is because it takes some time for newly purchased machines to be installed and operational.

E X A M P L E

- A client invests on March 15 and receives **7,500 SMKs**.
- On March 31st, the March investment round closes.

The client will have his SMKs activated one calendar month after March 31st, i.e. on May 1st.

3.2. Purchase on the Marketplace

3.2.1. Functioning of the purchases on the Marketplace

The Marketplace was designed so that a Summit Mining client can purchase SMKs directly from other clients in the community.

Purchasing in the Marketplace allows buyers to obtain SMKs that will be activated directly. Therefore, **the buyer will be able to collect his mining earnings quickly**, as the mining machines are already connected.

For buyers, the Marketplace is open from the 2nd of the month (20:00 CET) until the 15th of the month (23:59:59 UTC).

Purchasing on the Marketplace is open to all clients who have an Approved Account, i.e. with a current KYC or KYB. However, **the purchase on the Marketplace is reserved for clients who have already made an initial investment via the Classic Purchase.**

3.2.2. Use of Available Funds to Place Purchase Orders

In order to place purchase orders and thus obtain SMKs on the Marketplace, a client must have sufficient Available Funds in his account.

A client can increase their Available Funds by depositing euros or cryptocurrencies directly through the Marketplace.

Another way to increase your Available Funds is to automatically convert your mining gains into Available Funds. There is an option for this on the Dashboard.

Note that if a client sells SMKs through the Marketplace, the proceeds from the sale will go directly into their Available Funds.

3.2.3. Types of purchase orders on the Marketplace

Buyers can only place “market” type buy orders. This means that buyers cannot indicate the price at which they would like to buy (as with a “limit” order). They can only buy directly the SMKs that are offered for sale, and at the price that the seller wants.

If there are no SMKs for sale or the SMKs offered for sale were sold just before the order was placed, the buy order is automatically cancelled and the buyer must place a new order.

Buy orders can be placed at any time during the period when the Marketplace is open to buyers. SMK allocations will be made on a first-come, first-served basis, i.e. the cheapest SMKs will be sold to the first submitted buy orders.

3.2.4. Transaction costs with the purchase on the Marketplace

There is a 5% transaction fee for buyers on the Marketplace. It is added at the time of payment and the total amount to be paid is shown before the transaction is validated.

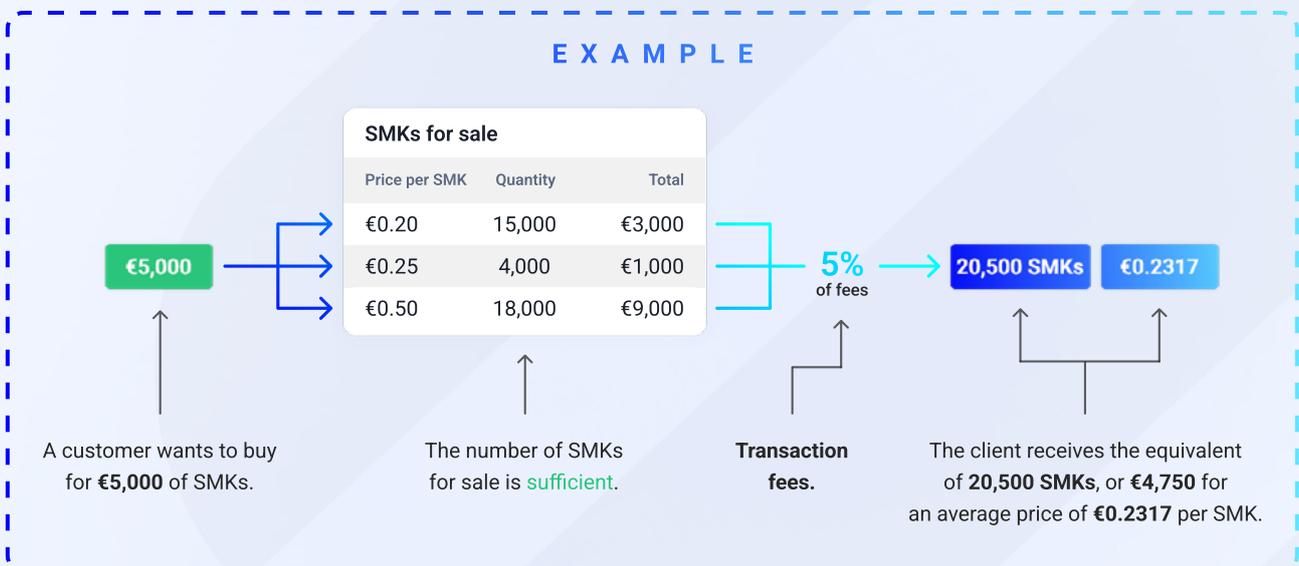
3.2.5. Number of SMKs obtained and validation of the average purchase price on the Marketplace

In order to find out how many SMK the client will get, the system will first subtract the transaction fee from the Available Funds that the client wants to use to buy SMKs.

Then, the remaining amount is compared with the amount of available sell orders. The algorithm starts with the sell orders with the lowest prices, and gradually builds up the available liquidity that results from the SMKs offered for sale.

Once the sum is fully allocated, the system will divide the sum mobilized by the number of SMKs obtained to calculate an average purchase price.

The goal of the operation is to propose to the client an average purchase price by compiling all the sale orders, within the limit of his budget. He is then free to validate or refuse the proposed average price, or to adapt the amount he wishes to invest.



3.2.6. SMKs activation with Marketplace purchase

SMKs are activated a maximum of 48 hours after the transaction is confirmed in the Marketplace. This is the maximum time for the system to verify the transaction and for the funds to be returned to the seller.



3.3. Purchase by Automatic Reinvestment

3.3.1. Operation of the Automatic Reinvestment Purchase

The Automatic Reinvestment Purchase option allows a client to automatically convert their mining earnings into additional SMKs.

On the 1st day of each month, just after the Marketplace closes for sellers, automatic reinvestments are first directed to the Marketplace, before it opens to buyers on the 2nd of the month.

If there are SMKs for sale on **the 1st day of the month**, this ensures that Automatic Reinvestments receive the best average purchase prices.

To do this, the algorithm developed by Summit Mining's teams automatically matches the sell orders present on the Marketplace with the buy orders coming from the Automatic Reinvestments. The matching is done according to:

- **the price of SMKs available for sale,**
- **the quantity of SMK available for sale.**

There are two cases in which Automatic Reinvestments may not be executed in full in the Marketplace.

Case #1: The price of the SMKs for sale on the Marketplace is too far from the market price of the SMK.

Automatic Reinvestments only apply to SMKs for sale in the Marketplace whose price does not exceed 30% of the market price of the SMK on the 1st of the month, so as not to penalize Automatic Reinvestments compared to Classic Purchases. For example, if on the 1st of the month the market price of the SMK is €0.50, all buy orders for Automatic Reinvestments will be executed if and only if the price of the SMKs for sale on the Marketplace does not exceed $€0.50 + 30\% = €0.65$.

Case #2: The quantity of SMKs available for sale is insufficient.

Due to a limited number of SMKs for sale or due to their too high price (c.f. case #1 above), it is possible that the number of SMKs that can be purchased automatically is not sufficient to process all the Purchases by Automatic Reinvestment. In this case, a pro-rata is made between the buyers, then the remaining funds dedicated to the Automatic Reinvestment (those that have not been filled on the Marketplace) are then incorporated into the order of the past month to buy new machines. This is called a Mixed Automatic Reinvestment.

Specifically, on the 1st of each month, Summit's algorithm looks to see if there are any SMKs for sale in the Marketplace:

- If there are SMKs for sale in the Marketplace, the system will buy them back first, starting from the lowest price (respecting the price limit of 30% of the SMK market price), and allocate them to clients who have chosen the automatic reinvestment option.
- If there are no SMK to sell (or not enough or they are too expensive), the automatic reinvestments are integrated directly into the monthly order of the month that just passed, via the Classic Purchase. **This is a "mixed" case where part of the automatic reinvestments are made on the Marketplace and the other part is made on the monthly order via the Classic Purchase.**

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Let's say that at the end of October there are:

- **50,000 SMKs** for sale on the Marketplace from orders added by sellers between October 16th and 31st.
- As of November 1st, the price of the SMK is **€0.50**.

Scenario #1

Let's assume that:

- The system records an amount of automatic reinvestments that corresponds to **80,000 SMKs**.
- The most expensive SMKs are for sale for **€0.55**.

→ Automatically, the **50,000 SMKs** available in the Marketplace are purchased and distributed on a pro-rata basis to clients who have chosen automatic reinvestment.

→ The remaining funds from the Automatic Reinvestment (corresponding to **30,000 SMKs**) are then directed to the Classic Purchase and close the October order.

This is where the automatic reinvestment comes in handy if a client wants to be sure of getting SMKs, because in this particular example, there will be none available for the opening of the Marketplace to buyers on November 2nd.

Scenario #2

Let's assume that:

- The system posts an automatic reinvestment amount that corresponds to **40,000 SMKs**.
- The most expensive SMKs are for client for **€0.55**.

All buyers are served.

→ Only **10,000 SMKs** remain available for sale after the Automatic Reinvestments are completed.

Scenario #3

The system records an automatic reinvestment amount that corresponds to 40,000 SMKs; 25,000 SMKs are for client at €0.65 or less, and 25,000 SMKs are for client at €0.66 or more.

→ Buyers are served with a pro rata for **25,000 SMKs** whose price does not exceed the market price plus 30%, i.e. **€0.65**. This leaves **15,000 SMKs** that cannot be bought back on the Marketplace, which will be purchased via the Classic Buy of the past month (October).

3.3.2. Costs of the purchase by Automatic Reinvestment

There is a purchase fee for Automatic Reinvestment buyers. The amount of the fee depends on the method used to complete the entire reinvestment request:

- If SMKs are purchased on the Marketplace, the fees that apply are the Marketplace transaction fees. They are deducted from the amount available for the redemption of SMKs.
- If the SMKs are included in the order for a monthly investment lathe, the costs that apply are the processing costs, i.e., those related to the logistics of purchasing new machines. These costs are deducted from the amount available for purchasing the SMKs.
- If it is a “mixed” case (where part of the automatic reinvestments are on the Marketplace and part on the monthly investment round order), a pro-rata among all “automatic buyers” will be done, and the fees are distributed equally according to the proportion of the number of SMKs from each source.

3.3.3. Calculation of the number of SMKs obtained with the purchase by Automatic Reinvestment

Once the allocation is made between automatic reinvestments on the Marketplace and monthly ordering via Classic Buying, the precise amount of the fee is deducted from the committed funds. **These fees are prorated between the methods used.**

The remaining amount, net of fees, is then converted to SMK by dividing the amount by the SMK price.

EXAMPLE

Let's assume that according to the different rules mentioned in the section “How Automatic Reinvestment Buying works”:

A client has generated **€100** in gains (**Net Amount Mined by the Client**).

To simplify, all SMK are **€0.50**.

Scenario #1

100% of the mining gains are taken in the Marketplace during the Automatic Reinvestment.

→ **5%** of the **€100** are charged, that is **€5**.

→ The remaining amount allows the acquisition of SMKs. In this case, **€95** remain to buy **190 SMKs**.

Scenario #2

100% of the mining gains are NOT sold in the Marketplace during the Automatic Reinvestment (because no seller has offered his SMK for sale).

→ Automatic Reinvestment is added to the previous month's order.

→ **25%** of the **€100** is charged, i.e. **€25**.

→ The remaining amount allows the purchase of SMKs. In this case, there is **€75** left to buy **150 SMKs**.

Scenario #3

70% of the mining gains are sold in the Marketplace during the Automatic Reinvestment, and therefore 30% are NOT sold in the Marketplace during the Automatic Reinvestment. There are two steps:

First:

→ 5% of the €70 is charged, i.e. €3.5.

→ The remaining amount allows the purchase of SMKs. In this case, there is €66.5 left to buy 133 SMKs.

Second:

→ for the €30 not filled, the Automatic Reinvestment is added to the previous month's order.

→ 25% of the €30 is charged, i.e. €7.5.

→ The remaining amount allows the purchase of SMKs. In this case, there is €22.5 left to buy 45 SMKs.

→ The client gets a total of 178 SMKs.

3.3.4. Activation of SMKs when purchasing by Automatic Reinvestment

For Automatic Reinvestments, SMKs are activated according to the source of their purchase:

- For SMKs obtained on the Marketplace, these are activated according to the rules of the Marketplace.
- For SMKs obtained through the Classic Purchase, they are activated according to the Classic Purchase rules. They are therefore part of the previous month's investment round and are by definition activated after one calendar month.

Sale of SMK

Part 4

Part 4

Sale of SMK

To sell SMKs, there are two options:

- **Selling on the Marketplace,**
- **The Delegated Sale.**

4.1. Selling on the Marketplace

4.1.1. Functioning of the sale on the Marketplace

To sell all or part of their SMKs, a client can go through the Marketplace. This allows to potentially resell SMKs directly to other clients in the community, without any machine being moved or disconnected. This is a system that can be faster than the Delegated Sale, as you will see in the next paragraph.

The marketplace is open for vendors between the 16th day of the month and the last day of the month.

Selling on the Marketplace is open to all clients who have an Approved Account, i.e. with an up-to-date KYC or KYB. The sale on the Marketplace is conditioned by the fact that you must first have acquired SMK with an initial investment via the Classic Purchase.

4.1.2. End of mining for SMKs offered for sale in the Marketplace

Mining, and therefore the allocation of the mining profits, ends as soon as the SMKs are actually sold. This only applies to the number of SMKs that the client sells. If the client started mining at the beginning of the month and his SMKs are sold during the month, he will receive a pro rata share of the profits.



4.1.3. SMKs transferable on the Marketplace

When a new SMK is created, it means that there has been an upstream physical purchase of mining machines and a series of logistical operations to connect them to farms within different countries. Some visibility is needed to ensure that the effort and expense involved is worthwhile.

In fact, **only SMK that have been activated for more than 6 months are transferable on the Marketplace**. This means that if a client makes an investment through Classic Purchase (or some of the SMK obtained through Automatic Reinvestment was obtained through Classic Purchase), the New SMK they obtained will not be sellable for 6 months on the Marketplace. This 6-month timeframe allows Summit Mining to build up a mining pool for its community with higher profitability and better conditions.

On the other hand, any SMK acquired on the Marketplace has, by definition, been activated more than 6 months ago. They are therefore immediately transferable again.

This rule is also made to encourage Summit Mining clients to think long-term. As with any investment, it takes a while to pay off the initial investment, and mining is no exception.

This 6-month blocking period for sales on the Marketplace prevents clients from selling their SMKs too early without having waited a reasonable time to amortize their purchase.

The 6-month period is counted from the time the funds are received and the SMKs created, not from the date the SMKs are activated.

4.1.4. Transaction fees for selling on the Marketplace

There are no selling fees on the Marketplace for sellers.

4.1.5. Types of sell orders on the Marketplace

4.1.5.1. The fixed price sale order

Description:

The fixed price sell order is one of the two sell orders that are available on the Marketplace. This order allows you to manually choose the price at which you want to sell your SMK. If the order is executed, i.e. if another client wants to buy these SMK at the requested price, he knows in advance **the exact amount in euros he will receive in exchange for his sold SMK**, whatever the market price of the SMK or its evolution.

Important to know:

- It is not possible to place a fixed price order above the market price of SMK,
- A sell order may only be partially executed,
- It is possible to create several fixed price orders.

Validity:

A fixed price sell order remains valid until it is fully executed or cancelled. If a client sees that the SMK market price is starting to deviate too far from their fixed price sell order and they are no longer satisfied, they can cancel the order and possibly replace it.

The order can be cancelled at any time, except on the first day of the month, when the Marketplace is reserved for Automatic Reinvestments.

If the cancellation of his order occurs during the opening period of sales, he can place a new sell order ("fixed price" or "market with limit price" as we will see in the next section).

On the other hand, if he cancels his order outside the sales period, the order will be effectively cancelled, but the client will have to wait until the next sales period to place another order.

Execution (or evolution):

Once the buying period opens (starting on the 2nd of the month), if there are any SMKs left for client from Automatic Reinvestments, buyers can come in and draw from the fixed price sell orders, starting with the lowest priced sell orders.

What happens if the market price of SMK changes after placing a fixed price sell order?

- If a client has placed an order at the market price and the price rises afterwards, the order remains in place and visible. It is up to him to remain vigilant so that his order is not too low compared to the market, but low enough to interest sellers. If the level of his fixed price order is judiciously chosen to interest buyers in relation to the market price, the sale will be greatly facilitated.
- If the market price falls below the price at which his order is set, he may never execute.

E X A M P L E

Let's assume that:

- It is the 18th of March.
- The price of the SMK is **€0.80**.
- A client wants to sell **100 SMKs**.

The client, in a hurry to sell, chooses to put in a fixed price sell order below the market price, at **€0.70**. With the fixed price sell order, he had the possibility to choose to put his SMKs for sale between **€0.01** minimum and **€0.80** maximum.

Scenario #1: Maintaining the SMKs price

→ If his order is executed, the client is sure that he will get at least **€70** in exchange for his SMKs.

Scenario #2: SMK price increase

Next day:

- The price of the SMK increases to **€0.90**.

→ The sell order with a fixed price of **€0.70** is not modified.

→ To modify it upwards, the client will have to cancel it, then replace it taking into account the temporality of the opening of the Marketplace for the sellers.

Scenario #3: SMK price falls

Next day:

- The price of the SMK drops to **€0.40**.

→ The sell order with a fixed price of **€0.70** is not modified.

→ To modify the order, the seller will be able to cancel it and then replace it, taking into account the timing of the opening of the Marketplace for sellers.

If he does not replace his registered order at **€0.70**, it may look less attractive to buyers who may prefer to buy SMKs via the Classic Buy at **€0.40**.

4.1.5.2. The market sale order with limit price

Description:

The market sell order with limit price also allows to sell SMKs on the Marketplace, but unlike the fixed price sell order, the selling price of his SMKs automatically adjusts to the SMK market price, while imposing a limit price below which the client does not want to sell his SMKs. As long as the SMK market price is above his limit, the client is assured (in case of execution) that his order will be executed at the SMK market price.

This order allows the client to benefit from an eventual rise in the SMK market price, while ensuring that if the market price goes down, the client cannot sell below a certain limit that they choose. In simpler terms, the client has the ability to limit the downside and fully benefit from an upside.

Important to know: it is not possible to place the limit price of your order at a price higher than the market price of SMK.

Validity:

A market order with limit price remains valid until it is executed or cancelled. If the market price of the SMK falls permanently below its limit price and he is no longer satisfied, he can cancel it. However, the order will never be cancelled automatically.

The order can be cancelled at any time, except on the first day of the month, when the Marketplace is reserved for Automatic Reinvestments.

If the cancellation of his order takes place during the opening period of the sales, he can place a new order to sell "at fixed price" or "at market with limit price".



Execution (or evolution):

Once the buy period opens, market sell orders with limit prices can move in two ways:

- When the market price of the SMK falls below the limit price, the client's order is displayed as a fixed price sell order.
- When the SMK price is greater than or equal to the limit, the selling price automatically adjusts back to the SMK price.

EXAMPLE

Let's assume that:

- It is the 18th of March.
- The price of the SMK is **€0.80**.
- A client puts his SMKs for sale with a market order and a limit price of **€0.70**.

This means that the order will be displayed as a **€0.80** order and will follow the market upwards. In case of a decline, the order will adjust to the limit price of **€0.70**.

Thus, if the next day the price of the SMK is **€0.90**, the order will be modified and will be automatically displayed at **€0.90**.

If the price falls the next day to **€0.75**, the order will be changed to **€0.75**, as the limit is not yet reached.

If the price falls to **€0.50**, the order will be modified again and "blocked" at **€0.70**, i.e. the limit price at which the seller agrees to sell.

If the price of the SMK rises to **€0.80**, the order will be modified again automatically to **€0.80**.

4.1.5.3. Priority of execution

Orders are executed in order of priority, starting with the lowest price:

- If two orders are placed by sellers at the same time, the order of the seller with the lower price will be executed first in case of a purchase.
- If two orders are placed (or re-placed) at the same price, the order placed or re-placed first will be executed first.

In the case of market orders with limit, with each new change in the SMK price, all orders are automatically adjusted at the same time. It is therefore important to decide which seller will be executed first.

On the Marketplace, market orders with limit prices have a FIFO (First In, First Out) priority among themselves. The order that has been placed chronologically first will have priority at the same price. In the same way, if a sell order at a fixed price has been placed before a market order with limit price, it is the first one that will have priority during the execution.

EXAMPLE

Scenario #1: bullish scenario with only market orders with a limit price

- It is the 18th of March.
- The price of the SMK is **€0.80**.
- On March 18th, a selling client A places a market order with a limit price of **€0.50**.
- On March 20th, a selling client B places a market order with a limit price of **€0.60**.
- The Marketplace opens for buyers and the market price of the SMK is **€1**.

→ Thus, for buyers, both orders of A and B are displayed at **€1**.

If a buyer client Z shows up and wants to buy SMKs and is willing to pay **€1**, the system will first allocate him the SMKs of client A; then those of client B if the order of buyer Z has not been fully executed with the SMKs of client A.

Scenario #2: mixed bullish scenario

- It is the 18th of March.
- The price of the SMK is **€0.80**.
- On March 18th, a seller A places a market order with a limit price of **€0.50**.
- On March 20th, a client B places a market order with a limit price of **€0.60**.
- On March 23rd, a selling client C places a fixed price order at **€0.50**.
- The Marketplace opens for buyers and the market price of the SMK is **€1**.

→ Thus, for buyers:

- **Both orders of A and B are displayed at €1.**
- **The order of client C is displayed at €0.50.**

If a buyer client Z shows up and wants to buy SMKs, the system will first allocate client C's SMKs to him, then client A's SMKs if buyer Z's order has not been fully executed with client C's SMKs.

Scenario #2 bis: mixed bearish scenario

- It is the 18th of March.
- The price of the SMK is **€0.80**.
- On March 18th, a selling client A places a market order with a limit price of **€0.50**.
- On March 20th, a selling client B places a market order with a limit price of **€0.60**.

- On March 23rd, a selling client C places a fixed price order at **€0.50**.
- The Marketplace opens for buyers and the market price of the SMK is **€0.40**.

→ Thus, for buyers:

- The orders of A and C are displayed at **€0.50**.
- The order of client B is displayed at **€0.60**.

If a buyer client Z shows up and wants to buy SMKs, the system will first allocate client C's SMKs to him, and then client A's SMKs if buyer Z's order was not completely filled with client C's SMKs. The reason is the following: Client C's order was physically booked at the price of **€0.50** on March 23rd. However, on the same day, the price of the SMK was **€0.80**. Client A's order was therefore registered at that time at **€0.80** in the order book.

4.2. Delegated Sale

4.2.1. Operation of the Delegated Sale

In a Delegated Sale, the seller delegates to Summit Mining the task of reselling his SMKs.

The sale of SMKs is similar to the sale of the assets to which they are backed. These Assets under Management consist primarily of mining machines that Summit will have to sell on the market, usually to other institutional buyers.

This can be a lengthy process, as it is more difficult to sell mining equipment than shares on an exchange. Finding the right buyer in the right country, who is willing to pay the right price and for the right model of machine, can, in some cases, be a matter of patience.

Given the rapid changes in the mining machine market, Summit Mining cannot commit to a sale price for an indefinite period. Therefore, **Summit Mining proposes to set a period of time during which the team believes it can sell the machines at a certain price**: this is the lead time, as explained below.

4.2.2. Interruption of mining with the Delegated Sale

The mining is stopped as soon as we receive the request for the Sale of SMKs. In effect, the SMKs are removed from the Dashboard, i.e. from the Client account. In fact, Summit Mining may have to disconnect the machines for an indefinite period of time in order to prepare them for a buyer. In this case, there was no cryptocurrency mining during this period. For this reason, Summit Mining will suspend payouts throughout this period.

If the Delegated Sale is not concluded and the client chooses to take back and keep their SMKs, mining will resume at the time the request is received and validated and their SMKs are reinstated to their Dashboard at that time.

4.2.3. Discount linked to the Delegated Sale

At any time, any SMK, new or not, can be put for sale with the Delegated Sale.

The SMK Delegated Sale price is set at the time of the sale decision via an exit form. **However, there is an immediate discount that will be charged to the market price** of the SMK at the time of application.

The discount for the Delegated Sale is 25%. **Under normal market conditions, this discount allows Summit Mining to maximize its chances of selling its SMK.**

This discount is temporary, for the time of the Delegated Sale. It materializes and is deducted from the fruits of the sale if the latter is successful.

It covers the following points:

- Downward volatility on the SMK price when selling: if a client asks Summit Mining to sell their SMKs at €0.80, it may be that by the time the team finds a seller, the price has already dropped to €0.60. This is what happened in May 2022.
- Expenses incurred by Summit Mining in the sale of the machines: photos, packaging, transportation, disconnection costs, etc.
- Negotiating against Summit on the sale, especially when selling a large lot. Summit may decide to lower the price immediately if the market is illiquid, in order to quickly attract a buyer.

4.2.4. Time of execution

Once the discount has been applied, Summit Mining will attempt to sell the mining machines equivalent to the SMKs the client wishes to sell on the mining market (globally).

Summit Mining offers a time frame during which Summit Mining will attempt to sell the SMKs with a price that includes the discount. As with a real estate sale, there is no guarantee of success. During this period, the SMKs are locked in and therefore no longer tradable on the Marketplace.

The turnaround time depends on the amount of euros offered for sale. The deadlines are as follows:

At the end of the Delegated Sale period, if Summit Mining has successfully sold the mining machines, and therefore the client's SMKs, the client will receive the proceeds of the sale in the form of Available Funds.

Equivalent amount in euro of SMKs offered for sale	Timeframe of the Delegated Sale
From €1 to €9,999	30 days
From €10,000 to €99,999	45 days
From €100,000 to €249,999	60 days
From €250,000 to €999,999	75 days
≥ €1,000,000	90 days

On the other hand, at the end of the Delegated Sale period, if Summit Mining has not been able to sell the machines due to lack of liquidity, unforeseen circumstances (cancelled sale) or too low a price, the seller retains three options:

- To renew the Delegated Sale with a new price of SMK at the time of this renewal. The discount associated with the Delegated Sale will be applied with the associated delay; of course, this new discount replaces the initial discount, it is not added.
- Reactivate your SMKs and resume mining (because the machines were not sold after all).
- Put your SMKs for sale on the Marketplace.

4.2.5. Remittance of funds in case of success of the Delegated Sale

If, at the end of the Delegated Sale period, Summit Mining has succeeded in finding a counterparty and has sold the client's SMK, the client is informed. In this case, the proceeds of the sale will be returned to the client in the form of Available Funds in the client's account.

The remittance of the proceeds from the sale of the SMKs in the form of Available Funds is maximum 15 days after the actual sale of all the machines, i.e. from the day Summit Mining receives the funds from the buyer.

E X A M P L E

Let's say it's January 1st:

- A client has a portfolio of **10,000 SMKs**.
- He wants to sell **5,000 SMKs**.
- Its average purchase price is **€0.50**.
- He chooses the Delegated Sale.
- The price of the SMK at this date is **€1**.

→ His SMKs put up for sale are therefore worth **€5,000**.

By filling out the Delegated Sale form, Summit Mining offers to try to resell its SMK for €0.75 (with the 25% discount).

Summit Mining then has 30 days to sell the SMK at that price, regardless of how the market price of the SMK changes.

Case #1: A buyer has been found

→ Summit Mining pays the client the proceeds from the sale of their SMKs, i.e. **5,000 SMKs x €0.75 = €3,750**.

→ The payment occurs between February 1st and 15th.

Case #2: No buyer has been found

After 30 days (end of January), no sale has taken place and the client chooses to take back his SMKs.

→ His mining resumes.

→ He will start collecting earnings from mining again from February 1st.



Case #2 bis: No buyer has been found, the price of the SMK has dropped and the client tries again a Delegated Sale.

Let's assume that:

- SMKs were offered for sale at **€0.75** in early January (€1 per SMK based on the market price of the SMK, less a 25% discount).
- The price of the SMK was reduced from **€1 to €0.80** in January.
- After 30 days (end of January), no sale has taken place and the client chooses to try a new Delegated Sale.

Upon re-filling the Delegated Sale form in early February, Summit Mining offers to try to resell the client's SMKs for €0.60 (€0.80 per SMK based on the new SMK market price, minus a 25% discount).

Summit Mining then has another 30 days to sell the SMK at that price, regardless of how the market price of the SMK changes.

4.3. Performance fee on the profit of the sale of SMKs

The sale of SMKs, whether it is realized on the Marketplace or through the Delegated Sale, can generate a capital gain or a capital loss.

To find out, apply this formula:

$$\text{More (or less) Value} = \text{Number of SMKs sold} \times [(\text{Price of the SMK at the time of the sale}) - (\text{Client's Average SMK Purchase Price})]$$

If there is an increase in value, performance fees are applied, in the same way as on mining gains, according to a rate that varies according to the client's VIP level. The VIP level varies according to the number of Summit Tokens held by the client in staking or the number of referrals the client has made.

In the table to the right, the "Performance Fee on SMK Resale" column shows the Capital Appreciation Performance Fee charged by Summit Mining based on the corresponding VIP level.

VIP level	Performance fees on the resale of SMKs
0	20.0%
1	19.5%
2	19.0%
3	18.5%
4	18.0%
5	17.5%
6	17.0%
7	16.5%
8	16.0%
9	15.0%



F.A.Q.

Frequently Asked Questions



What are the positive and negative points of the evolution of the Summit Mining concept with the SMK 2.1?

There are no negative points in SMK 2.1. The system is much fairer while remaining community-based.

It also allows for better management of extremely volatile moments as well as extreme bull and bear market situations.

When is the SMK price set for the purchase of new SMKs?

For a Classic Purchase with monthly investment rounds, the SMK price used is that of the day the funds are received.

For a purchase from the Marketplace, it is the seller who sets the selling price of his SMK. The date is therefore the date on which the transaction is actually completed. Since you must have deposited funds in your account before you can make a transaction on the Marketplace, it is important to anticipate how long this deposit may take.

Why do the processing fees seem high (25%) when if I order a machine myself on the internet, there are no fees (or very few)?

The 25% fee is to cover all expenses related to the installation of the new mining machines. These fees are as follows: Transportation costs, Insurance costs for logistics, Installation costs, Machine setup costs, Customs fees and duties, Legal fees, File fees, Miscellaneous taxes, Deposit for electricity, Purchase of equipment, etc.

In the case of online sellers, they resell machines at 30% to 70% above their purchase price. Of course, they also have the same costs as we do, but they charge a comfortable margin. The difference with Summit Mining is that you don't see it and you feel like there are no fees. To make a parallel, it's the same as when you see a product for €10 on the internet plus €5 for shipping. The total you have to pay is €15, and on another site, there may be the same product but for sale at €20 with "free" shipping. In the end, you pay even more.

Are clients with SMK 1.0 at a disadvantage because they purchased SMKs at €1?

Clients who bought SMK at €1 when it was worth €0.75 or more were not disadvantaged. On the other hand, those who bought SMK at €1 when it was worth €0.74 or less were indeed disadvantaged.

That's why we made an adjustment when we switched to SMK 2.1.

Will clients wanting to invest in Summit Mining during a bull run be disadvantaged?

If the price of SMK rises to, say, €2, then yields will have increased proportionately, which will attract clients. Supply will meet demand. The goal is that each person decides whether to invest or not, all without negatively impacting other investors.

In a few words, what are the differences between a Classic Purchase and a Marketplace Purchase?

On the Marketplace, there is only a 5% fee and activation is done within 48 hours of purchase. However, SMKs must be available for sale on the Marketplace before any purchase is possible.

With the Classic Purchase, however, you are guaranteed to get SMK. In return, there is a fee of 25% (used to pay for shipping, insurance, installation, etc.) and the activation of your SMKs takes place 30 days (one calendar month to be exact) after the end of the investment round in which you participated and in which we received the funds.

Do you have a strategy for managing your Mining Park in a bull or bear market?

Yes, absolutely. In a bull market, the price of machines can reach very interesting levels and we take advantage of this to sell some machines, especially the older ones. With the funds we obtain, we can buy newer, more efficient machines.

In a bear market, the price of machines is at its lowest. It is therefore the time to buy as many as possible. The introduction of the SMK 2.1, with a price linked to the price of the machines, will attract more investors.

How much lower would my percentage ownership in the machine pool be if a new member gets 3 times as much SMK for the same investment? Wouldn't my return be even lower?

Your percentage of participation will indeed be lower, but this percentage has no direct impact on your return, which will remain unchanged. You will simply have a lower percentage of a larger Mining Park. In fact, with the integration of new, more efficient machines, your yield should even tend to increase slightly.

Does a decrease in the Mining Park (sale of machines) decrease yields?

No, it won't change your returns. Here's an example:

The Mining Park consists of 2,000,000 SMKs with a value of €1,000,000 (SMK = €0.50). You own 20,000 SMKs (1% of the pool) and the pool generates €100,000 net in month N (i.e. 10% return).

If a sale of 500,000 SMKs takes place, i.e. 25% of all SMKs in circulation are put up for sale, then the park will have a value of €750,000 for 1,500,000 SMKs. This does not affect the price per SMK, which remains at €0.50.

Now, regarding your percentage of participation in the mining park:

20,000 SMKs = 1% of 2,000,000 SMKs.

20,000 SMKs = 1.33% on the remaining 1,500,000 SMKs after the sale.

Your pre-sale performance:

€100,000 for 2,000,000 SMKs → €100,000 x 1% = €1,000.

Your performance after the sale:

€75,000 for 1,500,000 SMKs → €75,000 x 1.33% = €1,000.

Does an increase in the number of miners (purchase of new machines) reduce yields?

No, it won't change your returns. Here's an example:

The fleet consists of 2,000,000 SMKs with a value of €1,000,000 (SMK = €0.50). You own 20,000 SMKs (1% of the pool) and the pool generates €100,000 net in month N (i.e. 10% return).

If a purchase of 500,000 SMKs takes place, i.e. 25% more SMKs are put into circulation, then the park will have a value of €1,250,000 for 2,500,000 SMKs. This does not affect the price of the SMK, which remains at €0.50.

Now, regarding your percentage of participation in the mining park:

20,000 SMKs = 1% of 2,000,000 SMKs.

20,000 SMKs = 0.8% of the remaining 2,500,000 SMKs after the sale.

Your pre-purchase performance:

€100,000 pour 2,000,000 SMKs → €100,000 x 1% = €1,000.

Your post-purchase performance:

€125,000 pour 2,500,000 SMKs → €125,000 x 0,8 % = €1,000.

Why is the price of SMK blocked on the marketplace?

From a regulatory point of view, we are obliged to put in place certain measures that may sometimes seem less logical or optimal. In this case, it is a bias decided in order to avoid the risk of money laundering. Indeed, we could imagine that a seller puts an offer to sell SMK far above the market price, which of course nobody wants to buy, except the complicit buyer.

If I want to invest €1,000 in the marketplace and there are not enough SMKs for sale this month, is the €1,000 automatically converted into a "Classic Purchase", and therefore with a 25% processing fee?

At the moment, no. Buyers on the Marketplace can only buy SMKs for sale on the Marketplace. The question arises for a buyer of SMKs already in circulation who does not necessarily want to buy New SMKs, because it is necessary to wait for the activation of the machines. This would require the client to confirm if they want to add New SMKs to their purchase, which would complicate the process.

If you were convinced that mining would no longer be profitable, what measures would you take?

Mining is far from being unprofitable in the medium or long term. It is simply cyclical, like any speculative market. It is a healthy process, because a bottom of cycle allows to “clean” the market. For the most resilient players, it is a godsend to get material at very interesting prices and to find partners with a preferential electricity rate. If mining were to cease to exist, the Summit Group has already begun to diversify and launch other businesses to diversify its revenue streams and therefore yours.

Is the risk of downgrading miners borne by the company?

Summit Mining cannot bear the risk of a haircut, nor can it be charged, because we offer a mining machine management service. Through this service, we offer community mining that allows our clients to mine without having to do it themselves. We provide our clients with our expertise, which allows us to buy machines at the best price and with the best profitability.

