Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Part I Reporting Issuer					
1 Issuer's name			2 Issuer's employer identification number (EIN)		
STRONGHOLD DIGITIAL MINING, I	NC.	86-2759890			
3 Name of contact for additional in		one No. of contact	5 Email address of contact		
6 Number and street (or P.O. box is	DEPT.	786-671-5638	INVESTORS@BITFARMS.COM 7 City, town, or post office, state, and ZiP code of contact		
6 Number and Street (or P.O. box	maii is not delivered t	o street address) of contact	7 City, town, or post office, state, and zir code of contact		
110 YONGE STREET			TORONTO, ONTARIO M5C 1T4 CANADA		
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STRONGHOLD DIGITAL MINING, INC.
FORM 8937 ATTACHMENT
REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

Disclaimer

This Form 8937 including all attachments or related documents do not constitute tax advice. None of the documents analyses any specific shareholder's facts and circumstances. Shareholders should seek independent counsel from qualified tax advisors regarding the U.S. tax consequences of the transaction described within this statement and its impact on their U.S. taxes.

FORM 8937 related to the Organizational Action of Stronghold Digital Mining, Inc. occurring on March 14, 2025, may be accessed at: https://investor.bitfarms.com/stock/tax-information

Form 8937, Part II, Line 14: Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On March 14, 2025, pursuant to the consummation of the Agreement and Plan of Merger, which was amended by amendment no. 1 thereto, dated as of September 12, 2024 ("Merger Agreement"), by and among Bitfarms Ltd. ("Bitfarms"), Stronghold Digital Mining, Inc. ("Stronghold"), Backbone Mining Solutions LLC, an indirect, wholly-owned subsidiary of Bitfarms ("BMS") and HPC & AI Megacorp, Inc., a direct, wholly-owned subsidiary of BMS ("Merger Sub"), Merger Sub merged with and into Stronghold (the "Merger"), with Stronghold surviving the Merger as an indirect, wholly-owned subsidiary of Bitfarms.

Under the terms of the Merger Agreement, each issued and outstanding share of Stronghold Class A common stock was automatically converted into the right to receive 2.520 validly issued, fully paid and non-assessable Btifarms common shares.

Form 8937, Part II, Line 15: Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

For U.S. federal income tax purposes, the receipt of Bitfarms common shares in the Merger is intended to be treated as a taxable exchange pursuant to section 1001 of the Internal Revenue Code ("Code"). Accordingly, a U.S. shareholder's tax basis in its Stronghold Class A common stock is expected to be extinguished given the shares of its Stronghold Class A common stock were exchanged.

A U.S. shareholder's basis in its Bitfarms common shares received pursuant to the Merger is expected to equal the fair market value of the Bitfarms common shares received.

Form 8937, Part II, Line 16: Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

While there is no definition of fair market value in the Code, Bitfarms intends for the Bitfarms common shares exchanged for the Stronghold Class A common stock to be valued at US \$1.11 per Bitfarms common share received.

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For example, if a U.S. shareholder held one (1) Stronghold Class A common stock share, it received 2.520 Bitfarms common shares in exchange for its one (1) Stronghold Class A common stock share pursuant to the Merger. The U.S. shareholder's consideration received for its one (1) Stronghold Class A common stock would be equal US \$2.7972. The U.S. shareholder would be expected to have basis in its 2.520 Bitfarms common shares equal to US \$2.7972.

Form 8937, Part II, Line 17: List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

The applicable Code section upon which the tax treatment is based upon is section 1001.

Form 8937, Part II, Line 18: Can any resulting loss be recognized.

The applicable Code section upon which the tax treatment of the Merger is based upon is section 1001. The deductibility of loss, if any, of a U.S. shareholder of Stronghold Class A common stock as a result of the Merger may be subject to limitations.

Form 8937, Part II, Line 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The action occurred on March 14, 2025. The basis adjustment should be reported in the shareholder's taxable year that includes this date. For example, a shareholder who is a calendar year taxpayer, the action is reportable in the tax year ending December 31, 2025.