

TeraWulf, Inc
EIN: 87-1909475
Attachment to Form 8937-Part I and Part II

Line 10: CUSIP number

Entity	CUSIP number
TERAWULF INC.	88080T104
IKONICS Corporation Common Stock	45172K102

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 June 24, 2021, TeraWulf Inc. (formerly known as Telluride Holdco, Inc.) a Delaware corporation ("**TeraWulf**"), IKONICS Corporation, a Minnesota corporation ("**IKONICS**"), Telluride Merger Sub I, Inc., a Minnesota corporation ("**Merger Sub I**"), Telluride Merger Sub II, Inc., a Delaware corporation ("**Merger Sub II**"), and TeraCub Inc. (formerly known as TeraWulf Inc.), a Delaware corporation ("**TeraCub**") entered into an agreement and plan of merger (such agreement, as amended, supplemented or otherwise modified prior to the date hereof, the "**Merger Agreement**").

On December 13, 2021, pursuant to the terms of the Merger Agreement, (i) Merger Sub I merged with and into IKONICS (the "**First Merger**"), with IKONICS surviving the First Merger, and (ii) Merger Sub II merged with and into TeraCub (the "**Second Merger**" and, together with the First Merger, the "**Exchange**"), with TeraCub surviving the Second Merger.

Pursuant to the terms of the Merger Agreement, in connection with the First Merger, each share of common stock, \$0.10 par value per share, of IKONICS ("**IKONICS Common Stock**") issued and outstanding immediately prior to the effective time of the First Merger (other than any dissenting shares) was automatically converted into and exchanged for (i) one validly issued, fully paid and non-assessable share of TeraWulf common stock, (ii) one contractual contingent value right ("**CVR**") issued by TeraWulf in accordance with a CVR agreement the ("**CVR Agreement**") and (iii) the right to receive \$5.00 in cash, without interest.

Immediately prior to the effective time of the Second Merger, each share of Series A Convertible Preferred Stock, \$0.001 par value per share, of TeraCub ("**TeraCub Preferred Stock**") issued and outstanding was automatically converted into shares of the common stock, \$0.001 par value per share, of TeraCub ("**TeraCub Common Stock**").

At the effective time of the Second Merger, each share of the TeraCub Common Stock (including shares of TeraCub Common Stock resulting from the conversion of TeraCub

Preferred Stock described above), issued and outstanding immediately prior to the effective time of the Second Merger (other than any dissenting shares of the TeraCub Common Stock) was automatically converted into the right to receive a number of validly issued, fully paid and non-assessable shares of the TeraWulf common stock equal to (x) a number of shares of the TeraWulf common stock that is equal to forty-nine times the number of shares of the TeraWulf common stock outstanding as of immediately following the effective time of the First Merger and immediately prior to the effective time of the Second Merger, divided by (y) the number of shares of the TeraCub Common Stock outstanding on a fully diluted basis as of immediately prior to the effective time of the Second Merger.

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.

The exchange of IKONICS Common Stock for TeraWulf common stock, CVRs, and cash in the First Merger, and the exchange of TeraCub Common Stock for TeraWulf common stock in the Second Merger should, taken together, for U.S. shareholders of IKONICS Common Stock and U.S. shareholders of TeraCub Common Stock, constitute an exchange described in Section 351 of the Internal Revenue Code of 1986, as amended (the “Code”).

The conversion of TeraCub Preferred Stock into TeraCub Common Stock immediately prior to the Second Merger should be treated as a tax-free reorganization under Section 368(a)(1)(E) of the Code.

U.S. shareholders of IKONICS Common Stock

With respect to the exchange of IKONICS Common Stock for TeraWulf common stock, CVRs, and cash in the First Merger, the aggregate adjusted basis of TeraWulf common stock received by a U.S. shareholders of IKONICS Common Stock should be equal to (i) the aggregate adjusted basis of the IKONICS Common Stock surrendered by such U.S. shareholder, minus (ii) the sum of the fair market value of the CVRs and the cash received for those shares, plus (iii) any amount of taxable gain that such U.S. shareholder recognized with respect to the First Merger.

With respect to (iii) above, taxable gain recognized by a U.S. shareholder of IKONICS Common Stock in the First Merger will generally equal the lesser of: (A) the excess of the sum of the fair market value of the TeraWulf common stock, the CVRs and the cash received by such U.S. shareholder in the First Merger over the shareholder’s adjusted tax basis in the IKONICS Common Stock surrendered; or (B) the sum of the fair market value of the CVRs and the cash received by such U.S. shareholder in the First Merger.

U.S. shareholders of TeraCub Preferred Stock

With respect to the conversion of TeraCub Preferred Stock into TeraCub Common Stock immediately prior to the Second Merger, the aggregate adjusted basis of the TeraCub

Common Stock received should equal the U.S. shareholder's aggregate tax basis in TeraCub Preferred Stock surrendered.

U.S. shareholders of TeraCub Common Stock (including holders of exchanged TeraCub Preferred Stock)

With respect to the exchange of TeraCub Common Stock for TeraWulf common stock in the Second Merger (including for holders of exchanged TeraCub Preferred Stock), the aggregate adjusted basis of the TeraWulf common stock received should equal the U.S. shareholder's aggregate tax basis in TeraCub Common Stock surrendered.

For more information regarding the tax consequences of the Exchange, please see the section titled "Material U.S. Federal Income Tax Consequences" in our Form S-4 filed with the SEC with respect to the Exchange available here: <https://www.sec.gov/Archives/edgar/data/1083301/000110465921136822/0001104659-21-136822-index.htm>. Former IKONICS and TeraCub shareholders are encouraged to consult their tax advisors regarding the tax consequences of the Exchange.

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.

The following is how the previously-described approach to basis determination would be calculated by U.S. shareholders:

U.S. shareholders of IKONICS Common Stock

With respect to your exchange of IKONICS Common Stock for TeraWulf common stock, CVRs, and cash in the First Merger:

- Step 1: Calculate your aggregate adjusted basis in the IKONICS Common Stock that you surrendered.
- Step 2: Calculate the fair market value of the CVRs received in the Exchange. One reasonable approach would be to use the value of the pre-merger business of IKONICS based on IKONICS' average stock price over a period of time before the First Merger was announced as an indicator of value for the entire business; then applying discounts reflecting that (i) the CVRs will be entitled to receive only 95% of the Net Proceeds (as defined in the CVR agreement) arising from dispositions, if any, of any part of the pre-merger business of IKONICS, (ii) holders of CVRs will not be eligible to receive payment for dispositions, if any, of any part of the pre-merger business of IKONICS after the eighteen-month anniversary of the closing, and (iii) discounting for the deferral of payments on the CVRs until the time of the disposition. You may request general guidance with respect to the fair market value of the CVRs from the Rights Agent (as defined in the CVR Agreement), which guidance will generally be based upon the valuation work conducted by independent valuation advisory firms using certain assumptions, methodologies and qualifications, though no representation is hereby or thereby made as to the accuracy of any CVR valuation. (Note that due to the substantial

uncertainty regarding the tax treatment of the CVRs, U.S. shareholders of IKONICS Common Stock should consult their tax advisors concerning the recognition of gain, if any, resulting from the receipt and ownership of the CVRs and the basis implications of various possible treatments of the CVRs).

- Step 3: Calculate the total amount of cash you received in the Exchange. This is generally the total amount of IKONICS Common Stock surrendered multiplied by \$5.00.
- Step 4: Calculate your total taxable gain, if any, recognized in the First Merger.
- Step 5: Your aggregate adjusted basis in the TeraWulf common stock that you received in the First Merger should equal the combined total of Steps 1 and 4, minus the combined total of Steps 2 and 3. You must allocate the aggregate tax basis across the total number of TeraWulf common stock that you received in the First Merger.

If you acquired different blocks of IKONICS Common Stock at different times or at different prices, your tax basis in the shares of TeraWulf common stock received in the First Merger should be determined by reference to each separate block of IKONICS Common Stock.

U.S. shareholders of TeraCub Preferred Stock

With respect to your conversion of TeraCub Preferred Stock into TeraCub Common Stock immediately prior to the Second Merger, your aggregate adjusted basis in the TeraCub Common Stock that you received (including any fractional shares) should equal the aggregate adjusted basis in the TeraCub Preferred Stock that you surrendered. You must allocate the aggregate tax basis across the total number of TeraWulf common stock that you received in the Second Merger.

If you acquired different blocks of TeraCub Preferred Stock at different times or at different prices, your tax basis in the shares of TeraWulf common stock received in the Second Merger should be determined by reference to each separate block of TeraCub Preferred Stock.

U.S. common shareholders of TeraCub

With respect to your exchange of TeraCub Common Stock for TeraWulf common stock in the Second Merger (including for holders of exchanged TeraCub Preferred Stock), your aggregate adjusted basis in the TeraCub Common Stock that you received (including any fractional shares) should equal the aggregate adjusted basis in the TeraCub Common Stock that you surrendered. You must allocate the aggregate tax basis across the total number of TeraWulf common stock that you received in the Second Merger.

If you acquired different blocks of TeraCub Common Stock at different times or at different prices, your tax basis in the shares of TeraWulf common stock received in the Second

Merger should be determined by reference to each separate block of TeraCub Common Stock.

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

Code Sections 351, 354, 358, 368 and 1001

Line 18: Can any resulting loss be recognized?

U.S. shareholders of IKONICS

- No loss should be recognized on the Exchange under Code Section 351

U.S. preferred shareholders of TeraCub

- No loss should be recognized on the Exchange under Code Section 354

U.S. common shareholders of TeraCub

- No loss can be recognized on the Exchange under Code Section 351

Line 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year

The stock basis adjustments are taken into account in the taxable year of the U.S. shareholder that includes December 31, 2021 (e.g. 2021 for calendar year taxpayers).