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Provenance, Production Cost, Custody, and Contribution: A Framework for Evaluating How Bitcoin Is Acquired

Kent Halliburton
Chief Executive Officer & Co-Founder, Sazmining Inc.
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Executive Summary

Bitcoin has become trivially easy to buy. Spot ETFs, corporate treasuries, and brokerage integrations have collapsed the friction of acquisition to a few taps. That is a success for adoption, and it is precisely why the question worth asking has changed. The question is no longer whether to hold Bitcoin. It is how the Bitcoin you hold came into your possession, and whether that path of acquisition carries economic, legal, and structural properties that a spot purchase cannot replicate.

This paper argues that it does. Bitcoin acquired through mining (specifically, through owned hardware whose block rewards flow directly to the owner's wallet) differs from exchange-purchased Bitcoin along four dimensions:

1. Production economics. A buyer is a price-taker with one lever: the market must go up. A miner is a producer whose acquisition cost is a function of energy contracts, hardware efficiency, and operational discipline: variables that can be underwritten, managed, and audited. Under favorable conditions, well-sited operations, including Sazmining-hosted sites, have historically produced Bitcoin at an effective 20–35% discount to spot on a cost-per-satoshi basis. Under unfavorable conditions, cost dispersion across sites (routinely 2–3x) determines who keeps producing and who capitulates. The correct frame is not “mining is always cheaper”; it is that cost basis becomes a controlled variable rather than a market outcome.

2. Provenance. Freshly mined coins carry no prior transaction history. For institutions with compliance, audit, and clawback-risk obligations, coinbase-proximate Bitcoin is the cleanest collateral the asset class can offer, and buyers in private markets have episodically paid premiums, commonly cited in the 5–10% range for verified low-hop coins, with higher figures claimed in tighter markets. This paper treats those premiums honestly: they are real but episodic, thinly documented, and extinguished the moment coins are commingled. The durable value is not the resale premium; it is the audit posture.

3. Sovereignty. Mined Bitcoin can travel from the coinbase transaction to the owner's own keys without ever residing on an exchange, in an omnibus custodial account, or inside a fund wrapper. The custody chain has zero intermediaries at origination. An ETF share is a claim on Bitcoin; a mined UTXO in self-custody is Bitcoin.

4. Network contribution. A holder who mines strengthens the security and decentralization of the very asset they hold. This is not sentiment; it is a structural alignment of incentives unavailable to passive holders, and it compounds as hashrate concentrates among fiat-motivated public operators.

The paper steelmans the strongest objections (the fungibility critique, the “just buy the sats” performance argument, virgin-premium skepticism, and the charge that hosted mining is not real decentralization) and rebuts each on the evidence rather than around it. It closes with an underwriting framework: a set of decision criteria for determining when mined

acquisition is superior for a given holder, because the honest answer is conditional, and the conditions can be stated precisely.

> ***When everyone can do something, the edge disappears. Buying Bitcoin is now something everyone can do.***

1. The Acquisition Question

In January 2024, spot Bitcoin ETFs launched in the United States. Within eighteen months, funds from BlackRock, Fidelity, and their peers were absorbing more Bitcoin than the network issued, and by mid-2025 survey data placed roughly 59% of institutional investors at allocations of 10% or more to Bitcoin and other digital assets.[1] Bitcoin moved from fringe position to core allocation. A financial advisor can now place a retiree into IBIT in the time it takes to rebalance a bond ladder.

This is unambiguously good for Bitcoin. It is also the end of acquisition as a source of edge. When the marginal buyer is everyone, buying confers no differentiated position: every purchaser holds the same asset, acquired at the same price, exposed to the same single variable. The buyer's entire thesis is that the market price rises. One variable, one lever.

Mining reopens the question. A miner does not accept the market's price for Bitcoin; a miner accepts the market's price for energy, hardware, and hosting, and converts those inputs into Bitcoin at a production cost that is specific to their operation. Two holders can own identical amounts of BTC and occupy completely different economic positions: one is long the price; the other is long the price and short their own production cost, with a tax-advantaged capital asset generating daily output regardless of market direction.

The claim of this paper, that mined Bitcoin is better Bitcoin, is really four distinct claims, and they deserve to be separated, because they rest on different evidence and fail under different conditions. The four sections that follow take them in turn. Throughout, “mined Bitcoin” means Bitcoin produced by hardware the holder owns, with pool payouts flowing directly to the holder's wallet, whether that hardware sits in a garage or in a professionally operated facility. What matters for the argument is ownership of the machine and directness of the payout, not who racks the server.

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2. Production Economics: Cost Basis as a Controlled Variable

2.1 The Producer's Position

Every commodity market distinguishes producers from buyers. A gold investor buys at spot; Barrick produces at an all-in sustaining cost (AISC) and its equity trades on the spread. Bitcoin is the first monetary commodity where an individual or a family office can occupy the producer's seat directly, owning the equivalent of the mine rather than shares of the miner, because the capital unit of production is a machine that costs thousands of dollars, not a pit that costs billions.

The producer's position has three properties a buyer cannot replicate. First, acquisition is continuous and mechanical: block rewards accrue daily, in sideways markets and

drawdowns alike, converting operational uptime into satoshis without a purchase decision. Second, the acquisition price is largely fixed in advance by power contracts and hardware efficiency, which means it can be modeled, stress-tested, and audited before a dollar is deployed. Third, the cost structure is improvable: better siting, better contracts, and newer hardware lower the production cost of every future coin, whereas nothing a buyer does lowers the spot price.

VanEck's research team observed that many entities continue to mine through periods of poor economics because of conviction in Bitcoin's future.[2] Read correctly, that is not stubbornness; it is the producer's option. A miner with resilient economics chooses whether to keep producing below spot; a buyer in a drawdown has no analogous lever at all.

2.2 What the Numbers Actually Show, Including When They Cut Against Mining

Honesty about current conditions strengthens this argument rather than weakening it. As of July 2026, JPMorgan estimates the network-average all-in production cost at roughly $78,000 per BTC while spot has traded near $63,000,[3] a sustained gap that CoinShares' Q1 2026 mining report translates into 15–20% of the global fleet operating unprofitably.[4] Hashprice sits near $33 per petahash per day.[5] Six large public miners sold a combined 32,000 BTC in the first quarter of 2026 to fund operations, more than they sold in all of 2025.[6]

A naive version of the mining thesis, “you always acquire below spot,” is therefore false, and any paper claiming it should be discarded. The correct claim is about dispersion. Network-average production cost is an abstraction; nobody mines at the average. Site-level all-in costs routinely span a 2–3x range, driven by power price, contract structure, climate, and fleet efficiency. In favorable market conditions, well-sited operations have produced Bitcoin at an effective 20–35% discount to spot; that range reflects Sazmining's operating experience across its hosted sites, with methodology to be detailed in the forthcoming BPC white paper.[7] In conditions like today's, the same cost discipline determines which operators continue accumulating while high-cost fleets capitulate and hashrate exits the network, a self-correcting mechanism that has already produced two double-digit difficulty declines in 2026.[8]

This is precisely why the industry needs (and this firm has proposed) a Bitcoin Production Cost (BPC) standard: an operator-level, all-in cost-per-coin metric modeled on gold's AISC, allowing any acquisition of hashpower to be underwritten the way an allocator underwrites a gold producer. The question “is mining better than buying?” is unanswerable in the aggregate and answerable with precision at the site level. An operation in the first quartile of the cost curve is a fundamentally different asset from one in the fourth, and the buyer-versus-miner comparison should be run against a specific BPC, not a network average.

2.3 The Tax Dimension

For U.S. taxpayers, mining hardware is depreciable business property. Under current rules, ASIC purchases qualify for 100% bonus depreciation, meaning the full capital cost can offset taxable income in the year of deployment, subject to individual circumstances. A buyer of spot Bitcoin receives no deduction of any kind; a miner acquires the same asset through a capital-intensive production process that the tax code treats like any other equipment-based business. For high earners and business owners, this can materially alter the after-tax cost per satoshi, a structural difference that exists regardless of Bitcoin's price on any given day. (Tax treatment depends on individual circumstances and elections, including hobby-versus-business characterization; nothing here is tax advice, and a qualified professional should be consulted.)

2.4 Summary of the Economic Claim

The production-economics case for mined Bitcoin is not that mining always wins. It is that mining converts cost basis from a market outcome into a managed variable, adds a second lever (operational cost) to the buyer's single lever (price), introduces a tax-advantaged capital asset into the position, and, when sited in the low quartiles of the cost curve, has historically delivered satoshis at a meaningful discount to spot. Whether a specific opportunity clears that bar is an underwriting question, and Section 7 provides the criteria.

> ***A buyer needs the price to rise. A producer needs the operation to work. Those are different bets, and only one of them is under your control.***

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3. Provenance: The Cleanest Collateral in the Asset Class

3.1 Every Coin Carries Its History

Bitcoin's ledger is permanent and public. Every UTXO can be traced to the coinbase transaction that created it, through every address it has touched since. This transparency is a feature (it is what makes the supply auditable), but it has an asymmetric consequence: circulated coins accumulate history, and history accumulates risk. A coin that has passed through a sanctioned mixer, a hacked exchange, or a darknet market carries that record forever. Stolen-property doctrines in many jurisdictions permit clawback of identifiable stolen assets, and chain-analysis firms have made identification routine. For an individual, this risk is mostly theoretical friction. For an institution with compliance obligations, audit requirements, and reputational exposure, it is a line item.

Freshly mined coins are the one category to which none of this applies. A coinbase-proximate UTXO (one that has moved directly from the block reward to the owner's wallet) has no prior owners, no prior transactions, and nothing for a forensics team to find. It is the

only Bitcoin whose entire history can be verified in seconds and whose risk profile is structurally zero at origination. In the language of institutional collateral, it is the on-chain equivalent of a newly minted gold bar with an unbroken assay chain.

3.2 The Premium: What the Market Has Actually Paid

A market for provenance has existed for years, mostly in OTC and private-placement channels. In 2019–2020, executives including Babel Finance's Flex Yang and Ikigai's Travis Kling publicly described institutional buyers paying 10–20% premiums for freshly minted coins with no transaction history.[9] More recent market-making documentation describes family offices and institutional allocators paying 5–10% premiums for verified "low-hop" coins (Bitcoin within a few transactions of the mining event), acquired with full compliance and AML screening precisely because the buyers are regulated entities seeking clean audit trails.[10] Individual reports have claimed premiums as high as 20–30% for large, well-documented blocks in tight markets.

This evidence should be handled with care, and this paper will not oversell it. The premium market is opaque, episodic, and thinly documented; there is no exchange-quoted virgin-coin price, and some miners report rarely encountering premium buyers at all. Three honest qualifications follow. First, the premium exists when a specific buyer with a specific compliance mandate meets a seller who can document provenance; it is a negotiated spread, not a standing market. Second, the premium is fragile: the moment coins are commingled, consolidated, or passed through shared custody, low-hop status is extinguished and cannot be recovered. Third, most miners never realize the premium because operational cash needs force sales through ordinary channels.

3.3 Why the Durable Value Is the Audit Posture, Not the Resale Spread

The correct institutional frame is not "mine coins to flip them at a premium." It is that provenance is an option that costs nothing to preserve and cannot be purchased later. A treasury that accumulates coinbase-proximate Bitcoin into segregated self-custody holds an asset that will pass any future compliance review, survive any tightening of exchange acceptance policies, and qualify for whatever premium the market offers at the moment of an eventual sale, while an identical quantity of exchange-bought Bitcoin holds a history the treasury did not choose and cannot erase. Regulatory trajectories are uncertain in both directions, but the asymmetry is not: no plausible future assigns negative value to clean provenance, and several plausible futures assign it substantial value.

Mined acquisition is the only way to originate this property at scale. It cannot be bolted on. That alone justifies treating mined Bitcoin as a distinct and superior sub-class of the asset for any holder to whom auditability matters.

> ***Provenance is free to preserve and impossible to purchase retroactively. That asymmetry is the whole argument.***

4. Sovereignty: Custody from the Block Reward Onward

Bitcoin's core innovation is the removal of counterparties from money. It is therefore worth noticing how much of today's Bitcoin exposure reintroduces them. An ETF share is a claim on a fund that holds coins at a custodian through an authorized-participant structure, three intermediaries deep, unredeemable in kind by the end investor. Exchange balances are liabilities of the exchange, as every failure from Mt. Gox to FTX has re-taught. Even direct purchases typically originate in an omnibus custodial account before withdrawal, leaving an identity-linked exchange record that permanently ties the coins to the buyer's identity in a third party's database.

Mined Bitcoin can be structured so that the chain of custody contains no third-party balance sheet at any point. The pool pays the block reward directly to the wallet the owner controls; the coins move from protocol issuance to self-custody in one hop. There is no exchange to fail, no fund wrapper to gate redemptions, no custodian whose terms of service can change. Payout cadence becomes a custody-policy decision: pool selection determines whether rewards arrive daily or accumulate to larger, less frequent settlements, and payout-threshold configuration is effectively a UTXO-management tool.

Two clarifications keep this claim honest. First, sovereignty is a property of the payout architecture, not of mining per se: a miner who directs rewards to an exchange account has surrendered the advantage, and a spot buyer who withdraws promptly to self-custody recovers much of it (though not the origination-level provenance of Section 3, and not without the exchange-record linkage). Second, professionally hosted mining involves an operational counterparty: someone racks, powers, and maintains the machine. That is a service-provider relationship, not a custodial one (the operator never holds the coins), but it is a dependency, and Section 6.4 addresses the critique it invites. The structural point survives both caveats: mined-to-self-custody is the shortest custody chain the asset permits, and every alternative acquisition path is strictly longer.

> ***An ETF share is a claim on Bitcoin. A mined UTXO in your own wallet is Bitcoin.***

5. Network Contribution: Strengthening What You Hold

The final claim is the least quantifiable and the most structural. Bitcoin's monetary properties (the fixed supply, the settlement assurances, the censorship resistance) are not free-standing facts. They are purchased continuously by hashrate, and the distribution of that hashrate determines how robust they are. A network secured by a handful of fiat-

levered public companies optimizing quarterly hashrate-per-share is more fragile (more regulable, more coercible, more correlated in its failure modes) than one secured by a broad base of economically independent operators. The Q1 2026 forced-selling episode, in which leveraged public miners liquidated record volumes of BTC into a falling market, is a live illustration of how concentrated, fiat-motivated hashrate behaves under stress.

A holder who mines is doing something a passive holder structurally cannot: contributing security to the asset on their own balance sheet. Every independently owned machine, particularly when pointed at pools that decentralize block-template construction, marginally redistributes the network's security budget away from concentrated operators. The individual contribution is small; the aggregate effect of a broad ownership class of miners is not. Mining is the only way new Bitcoin comes into existence, and participation in issuance is participation in governance-by-hashrate, the deepest form of alignment the protocol offers.

There is also a portfolio-logic version of this argument. A large holder's principal tail risk is degradation of the network's security or credible neutrality. Mining is the one activity that hedges that specific risk by acting against it, while simultaneously producing the asset. No other exposure in the Bitcoin complex (not ETFs, not miner equities, not lending yield) has the property that holding it makes the underlying asset stronger.

> ***Mining is the only exposure in the Bitcoin complex where the act of holding it makes the asset itself stronger.***

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6. The Strongest Objections, Taken Seriously

A thesis that cannot survive its best counterarguments is marketing. This section states the four strongest objections in their strongest form and answers each on the merits.

6.1 “One Bitcoin Is One Bitcoin”: The Fungibility Objection

The objection, steelmanned: The Bitcoin protocol treats every satoshi identically. Promoting a premium for “clean” coins legitimizes chain surveillance, invites a two-tier market of whitelisted and blacklisted coins, and erodes the fungibility that sound money requires. Bitcoiners who care about the network should refuse to price provenance at all, because pricing it strengthens the very taint regimes that threaten permissionlessness.

The response: This objection is normatively serious and descriptively beside the point. Whether coins *should* trade on history is a values question; whether they *do* is an empirical one, and the empirical answer (OTC premiums, exchange deposit screening, chain-analysis contracts across every major venue) was settled years ago by regulators and compliance departments, not by miners. A holder who declines to originate clean coins does not weaken

the surveillance regime by one basis point; they simply bear its costs without its offsets. Moreover, the provenance case in Section 3 does not require endorsing taint doctrine: it requires only observing that clawback risk and compliance friction are real costs that coinbase-proximate coins do not carry. One can advocate protocol-level fungibility improvements, as many miners do, while rationally preferring to hold the coins that today's imperfect world treats best. Refusing the advantage changes nothing except who holds it.

6.2 "Just Buy the Sats": The Performance Objection

The objection, steelmanned: Over most historical windows, dollar-cost averaging into spot Bitcoin outperformed retail mining after all-in costs. Hardware depreciates toward zero on a 3–5 year curve, difficulty compounds relentlessly, and as of mid-2026 the network-average production cost sits above spot, a condition that has forced even sophisticated public miners into record forced selling. Individual miner testimonials of missed break-evens are abundant. Mining adds operational risk, illiquidity, and complexity to obtain the same asset a brokerage delivers in three taps.

The response: Everything factual in this objection is true, and Section 2 conceded it in advance. What the objection cannot do is aggregate its way past dispersion. "Mining" is not one trade; it is a cost curve, and the objection is a correct indictment of its upper quartiles. The comparison that matters runs a specific operation (a specific power contract, a specific fleet efficiency, a specific all-in BPC) against spot accumulation over a defined horizon, after tax effects. Run that way, first-quartile operations have historically cleared the bar with room, and fourth-quartile operations never should have been funded. The objection is also silent on the three dimensions where no performance comparison applies: provenance cannot be bought at any price, origination-level custody cannot be replicated by a withdrawal, and network contribution does not appear on a brokerage statement. "Just buy the sats" is the correct advice for anyone who cannot underwrite an operation, and this paper's framework in Section 7 exists precisely so the reader can determine which side of that line they are on.

6.3 "The Virgin Premium Is a Myth": The Skeptic's Objection

The objection, steelmanned: The UTXO model tracks amounts, not serialized coins; "virginity" is destroyed by the first spend and cannot be verified at scale. There is no quoted market, no sustained bid, and miners themselves report rarely meeting premium buyers. The premium anecdotes trace to a handful of executive interviews and marketing pages from parties selling provenance services. This is a numismatic curiosity dressed up as an asset class.

The response: Largely correct as stated, which is why Section 3 explicitly declined to rest on the resale premium. The documented evidence supports a modest claim: identifiable buyers with compliance mandates have repeatedly paid single-digit to low-double-digit premiums for verifiable low-hop coins in private transactions. It does not support a standing, liquid

premium, and this paper claims none. But the skeptic's argument, pushed to its conclusion, proves too much: if provenance were worthless, exchanges would not screen deposits, custodians would not risk-score inbound UTXOs, and no institution would pay for chain analysis. The infrastructure of coin discrimination is a multi-hundred-million-dollar industry whose entire existence prices history. The premium is simply where that pricing occasionally becomes visible. The prudent position, the one this paper takes, is to treat the resale premium as optionality with uncertain value, and the audit posture as the durable asset. That position survives the skeptic's every factual point.

6.4 "Hosted Mining Isn't Decentralization": The Purist's Objection

The objection, steelmanned: If your machine sits in someone else's facility, connected to a pool they recommended, behind power contracts they negotiated, you have not decentralized anything; you have bought a synthetic mining product with extra steps. Real decentralization means sovereign hardware in sovereign locations. The Q1 2026 stress episode shows what industrial concentration does; boutique hosting is the same concentration at smaller scale.

The response: The objection correctly identifies a spectrum and then denies the spectrum matters. Between industrial self-mining giants and a home miner there is a wide middle, and position on it is determined by verifiable facts: who owns the hardware and its serial number, where the payouts go, who selects the pool, and whether the host ever touches the coins. A model in which the customer owns the machine, rewards pay out directly from the pool to the customer's wallet, and the customer can choose a decentralized-template pool differs in kind, not merely in degree, from cloud-mining contracts or miner equities, where the customer owns a revenue claim and the operator owns everything that matters. The residual dependency is real: the host is an operational counterparty, and facility or jurisdiction concentration is a genuine risk to underwrite (multi-site geographic distribution is the standard mitigation). But grant the objection everything and a hosted, customer-owned machine still moves hashrate ownership from a leveraged public company's balance sheet to an individual's, and several hundred thousand individually owned machines are structurally harder to coerce than five corporate boards. Perfect sovereignty is the ceiling. The floor the purist defends (abstention) leaves hashrate exactly where they say it shouldn't be.

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7. An Underwriting Framework: When Mined Bitcoin Wins

The honest conclusion of Sections 2 through 6 is conditional: mined Bitcoin is better Bitcoin for holders who meet identifiable criteria, and spot accumulation is better for those who do not. The conditions can be stated precisely. A prospective miner (individual, family office, or

corporate treasury) should be able to answer yes to the economic screens and should weight the structural factors by their own mandate.

Criterion	Screen	Favors
Site-level production cost (BPC)	All-in cost per coin (power, hosting, fees, hardware amortization) sits in the first or second quartile of the operator cost curve, verified against auditable power contracts	Mining if yes; spot if unverifiable
Time horizon	Capital committed for a full hardware life (3–5 years), spanning at least one halving and one difficulty cycle	Mining at 4+ years; spot below 2 years
Tax position	Sufficient taxable income to absorb bonus depreciation of the hardware basis, with business-activity characterization available	Mining materially; neutral otherwise
Drawdown tolerance	Position survives sustained hashprice compression (model at 25–50% above current difficulty) without forced hardware sales	Mining if yes; spot if no
Provenance mandate	Compliance, audit, or collateral requirements assign value to coinbase-proximate, fully documented coins	Mining decisively
Custody requirements	Mandate requires self-custody or segregated direct custody rather than fund or omnibus exposure	Mining decisively
Operational capacity	Either in-house operations capability or a hosting counterparty structured so the customer owns the hardware and receives direct pool payouts	Prerequisite for mining at all

Three portfolio conclusions follow from the framework.

First, mining and buying are complements, not substitutes. The rational structure for most qualifying holders is a core spot position for liquidity plus a mining allocation that continuously accumulates provenance-clean coins at a managed cost basis, the same logic by which a gold allocator holds both bullion and producers, except that here the holder can own the production directly.

Second, the value of the mining allocation is regime-dependent in a way that favors patience. In bull conditions it accumulates below spot; in bear conditions it accumulates when buyers are psychologically incapable of buying, and it does so mechanically. The daily payout does not consult sentiment. Historically, coins produced through capitulation phases have carried the lowest realized cost basis of any acquired in the cycle, but only for operations sited well enough to keep running, which returns every version of this argument to the cost curve.

Third, the structural properties (provenance, custody, and contribution) do not fluctuate with hashprice. They are acquired at origination, cost nothing to maintain, and cannot be added to coins acquired any other way. For the growing class of holders whose mandates price those properties, the conclusion of this paper is not a slogan but an underwriting result: mined Bitcoin is better Bitcoin, and the premium the market occasionally pays for it is simply the visible edge of a difference that was always there.

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8. Conclusion

Bitcoin's first fifteen years settled the question of whether to hold it. The next fifteen will increasingly turn on how it is held and how it was acquired, because as the asset institutionalizes, the properties that differentiate one holder's coins from another's are exactly the properties institutions are built to price: cost basis, auditability, custody chain, counterparty exposure.

On each of those dimensions, Bitcoin acquired at the coinbase (through owned hardware, paying out directly to the holder's keys, produced at an underwritten cost) dominates Bitcoin acquired on an exchange. The economic advantage is conditional and demands honest site-level underwriting; this paper has supplied the conditions rather than hiding them. The structural advantages are unconditional: no market regime revokes clean provenance, no drawdown lengthens a one-hop custody chain, and no competitor product strengthens the network by existing.

> ***The edge in Bitcoin used to be knowing about it early. That edge is gone. The remaining edge is structural: occupying the producer's seat in a market where everyone else is a price-taker. Unlike the early-adopter edge, this one is not going away, because it is written into the difference between buying an asset and making one.***

References

1. Survey data reported by mid-2025 placed roughly 59% of institutional investors at allocations of 10% or more to Bitcoin and other digital assets. See Sazmining Research, “The Smartest Bitcoin Strategy Isn't on Any Exchange” (February 2026), and the survey sources cited therein.

2. VanEck Digital Assets Research commentary on miner behavior through unprofitable periods, as cited in Sazmining Research (February 2026), ibid.

3. JPMorgan client note, Nikolaos Panigirtzoglou et al., July 2026, as reported in “JPMorgan: Bitcoin Mining Costs Have 'Worsened' as BTC Trades Below Production Cost,” Bitcoin Magazine, July 2026. Production-cost estimate derived from electricity, hardware depreciation, and overhead across public miners.

4. CoinShares, Q1 2026 Bitcoin Mining Report.

5. Hashrate Index, Bitcoin Hashprice Index, accessed July 2026.

6. TheEnergyMag data as cited in the JPMorgan note (ref. 3): MARA, CleanSpark, Riot Platforms, Cango, Core Scientific, and Bitdeer sold a combined 32,000 BTC in Q1 2026, exceeding their combined sales for all of 2025.

7. Sazmining operating data across hosted sites under favorable 2024–2025 market conditions. Methodology and site-level figures to be published in the forthcoming Bitcoin Production Cost (BPC) white paper.

8. Network difficulty adjustment data, 2026; hashrate declines reported by Galaxy Research and reflected in JPMorgan coverage (ref. 3).

9. “Industry Execs Claim Freshly Minted 'Virgin Bitcoins' Fetch 20% Premium,” Bitcoin.com News, March 2020, reporting statements by Flex Yang (Babel Finance) and Travis Kling (Ikigai Asset Management).

10. Market documentation from OTC intermediaries facilitating miner-direct transactions, 2025–2026, describing 5–10% premiums for coins within three transaction hops of the mining event, transacted under full compliance and AML screening.

Disclosures and Methodological Notes

This paper was prepared by Sazmining Inc., a Bitcoin mining-as-a-service company whose business model (customer-owned hardware hosted at renewable-powered facilities, with direct-to-wallet pool payouts and an in-kind management fee) corresponds to the acquisition structure analyzed herein. Readers should weigh that interest. The paper's claims are intended to be auditable: market figures are pinned to dated sources in the References section, premium evidence is characterized at the confidence level the documentation supports, and counterarguments are presented in their strongest available form.

Nothing in this document constitutes investment, legal, or tax advice. Bitcoin mining profitability depends on variables including hashprice, network difficulty, energy costs, hardware efficiency and lifespan, pool fees, and Bitcoin's price, none of which are guaranteed. Depreciation and other tax treatments depend on individual circumstances and applicable law; consult qualified professionals. Historical premiums for low-hop or coinbase-proximate Bitcoin are episodic, privately negotiated, and may not recur. Market data cited herein is as of July 2026 and will change.

The Bitcoin Production Cost (BPC) framework referenced in Sections 2 and 7 (an operator-level, all-in cost-per-coin standard modeled on gold's All-In Sustaining Cost) is the subject of a forthcoming Sazmining Research white paper. Operators interested in contributing site data to a standardized industry cost curve are invited to contact research@sazmining.com.