

# **SG Mining Consortium**

## **Venture Plans for 2014**



## **Executive Summary**

The purpose of this business plan is to map out options and actions to be undertaken by the Bitcoin venture undertaken earlier this year named as "SG Mining Consortium". A Bitcoin miner model Jupiter, manufactured by KNCminer was purchased as a collective group and has been received on 18 Oct 2013.

Costing SGD\$9847.56 (which includes the purchase price, shipping and GST charges), the venture has already broken even in terms of Bitcoins mined and sold. The members of the venture would be refunded the original investment account and as laid out in the original proposal, members of the venture will now need to decide what will be the plan for the group going forward.

In this document, the available options will be laid out which will not require significant amount of effort and time to manage as well as some upcoming outlook for Bitcoin mining in 2014.

This document will also highlight a suggested plan which needs to be reviewed by the members and subsequently decisions have to be made for continuity of this venture.

There have been thoughts about officially converting this venture into a start-up and possibly incorporation into a LLC. This plan will not be discussed in this proposal.

## **1.1 Venture Objectives**

The purpose of this plan are:

1. To provide and document a written guide on managing the assets of the Bitcoin venture. This includes the Jupiter Bitcoin miner, all crypto-coins obtained via mining and/or trading and all accessories and supporting infrastructure aiding in the sole purpose of generating crypto-coins for profit.
2. This document is only intended for members of the Bitcoin venture only, and is not intended to obtain more funding from external sources.
3. The scope of this plan is to provide detailed actions to be undertaken by the Bitcoin venture in order to secure more profit/growth.

## **1.2 Mission**

The Bitcoin venture aka SG Mining Consortium's mission is simple and straightforward.

1. Purpose – SGMC exists to harness the advantages of crypto-currency, namely Bitcoin and to contribute processing/ hashing power in order to generate Bitcoins for profit.
2. Vision – With the knowledge gained from participating in the global Bitcoin community, SGMC is poised in an advantageous position for educating the public on crypto-currencies as well as being armed with superior informed expertise, generate and rely on technologies to provide a recurring income from crypto-currency generation.
3. Actions – The short term objective, is to ensure profitability of the venture. Whilst the cost of the initial hardware has already been recovered. The Jupiter miner is still relatively profitable and will still be able to generate a healthy amount of Bitcoins for the venture. The mid term objective is to decide how the venture can and should move forward with a definitive plan.
4. Marketing slogan for SGMC – “Huat Ah!”

### 1.3 Venture Summary

The current state of the venture is shown below. This is as updated on the blog on the 16<sup>th</sup> December 2013.

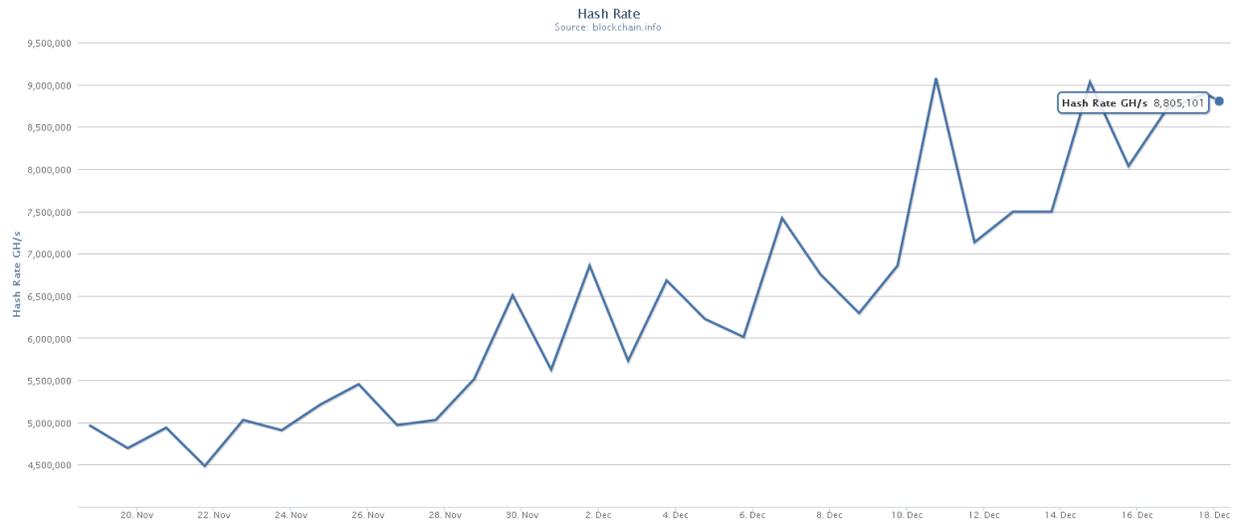
Current Difficulty	<b>908,350,862</b>
Current SGD (In-hand)	\$3,611.43
Current USD (Exchange)	\$0.19
Current SGD (Exchange)	\$3,896.02
Current BTC (Wallet)	3.02605034
Current BTC (Pool)	<b>0.57738866</b>
Current NMC (Total)	<b>16.02158</b>
BTC on Exchanges	<b>1.8</b>
<b>Estimated Assets SGD\$</b>	<b>\$13,628.38</b>

At this juncture, we are close to doubling the investment or I should say, the venture has already doubled on paper.

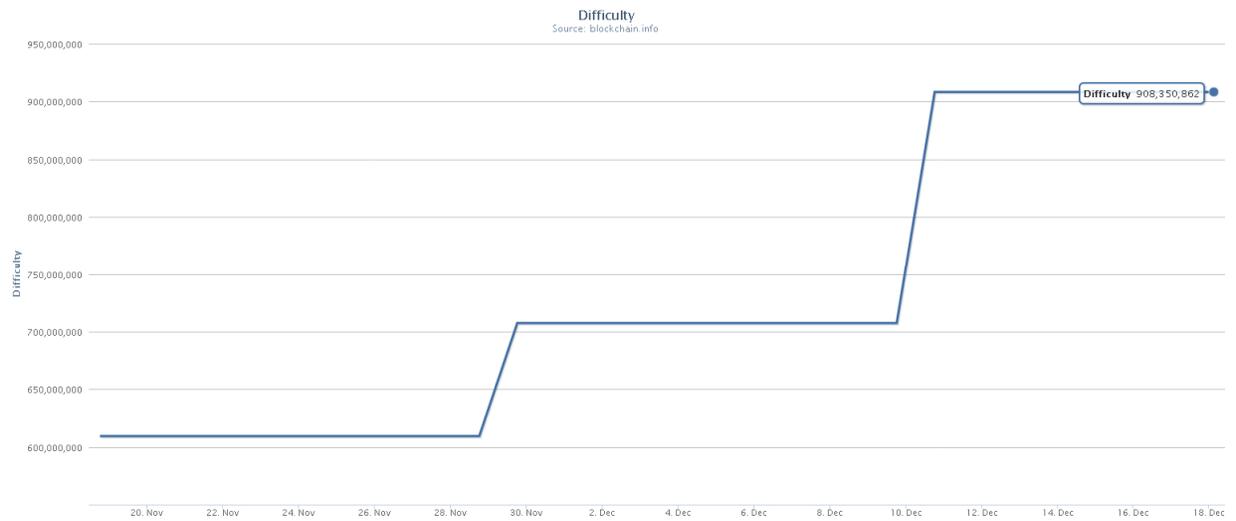
### 1.4 State of the Coin



(Fig. 1) Above shows the USD rate per bitcoin for the past 30 days (MtGox)



(Fig. 2) Past 30 days global hashrate chart.



(Fig. 3) Difficulty chart for the past 30 days.

From here, we can derive that the only constant is difficulty. This variable always increases steadily. Below is a snapshot of the past difficulty increases since Oct 2013.

### Difficulty History

Date	Difficulty	Change	Hash Rate
Dec 10 2013	908,350,862	28.41%	6,502,229 GH/s
Nov 29 2013	707,408,283	16.07%	5,063,826 GH/s
Nov 17 2013	609,482,680	19.29%	4,362,847 GH/s
Nov 05 2013	510,929,738	30.70%	3,657,378 GH/s
Oct 26 2013	390,928,788	46.02%	2,798,377 GH/s
Oct 16 2013	267,731,249	41.45%	1,916,495 GH/s
Oct 06 2013	189,281,249	27.19%	1,354,928 GH/s

If we are to calculate a 11 day difficulty retarget with a 25% increase every jump, coupled with the hashrate of a Jupiter unit and the amount of bitcoins it will mine in that period, we will end up with this chart below.

Retarget Date	Est. Difficulty	BTC Mined
10-Dec	908,350,862	3.349621
21-Dec	1,135,438,578	2.679699
1-Jan	1,419,298,222	2.143757
12-Jan	1,774,122,777	1.71501
23-Jan	2,217,653,472	1.372008
3-Feb	2,772,066,840	1.097602
14-Feb	3,465,083,549	0.878086
25-Feb	4,331,354,437	0.702471
8-Mar	5,414,193,046	0.561968

This means up to the difficulty of 5.4 billion, the box would have mined approx. a total of 14.5 BTC.

## **1.5 Current Operating Procedures**

Since Oct 2013, procedures have been established to generate revenue for all shareholders in this venture.

- Keeping the mining unit online to mine bitcoins.
- Transfer of BTC to wallet every 0.5 BTC mined. And subsequent transfer to [www.fybsg.com](http://www.fybsg.com) for liquidation.
- Transfer all NMC to [www.btc-e.com](http://www.btc-e.com) for consolidation.
- Selling of BTC on [www.fybsg.com](http://www.fybsg.com) in increments of 0.2 BTC priced at slightly above market rate on the day of sale.

Based on the charts and estimations as shown above, this procedures will not be viable in the long term as profits will erode and even more so if the USD rate continues to fall.

This leads us to the next section where a few possible options are shown for the venture to decide which direction it wants to go to for 2014 or when it hits 1 billion difficulty (whichever comes first).

## **1.6 Future Endeavours**

### **Option 1**

Continue to operate as usual. Mine and sell. Based on the earlier estimations that the miner will be able to generate up to 14 BTC till early March, we are guaranteed to profit the equivalent in USD rate up till that point if predictions are accurate.

### **Option 2**

Sell the Jupiter unit. Tracking recent sales on [www.ebay.com](http://www.ebay.com), Jupiters seem to be able to fetch upwards of USD\$15k plus. Of course, minus off ebay's and paypal's fees, they will come up short to about USD\$11k plus. Do note that this will effectively mean that the venture would have ended after selling the unit and the proceeds split amongst all the shares.

There is also another disadvantage in using ebay to re-sell the unit. There have been rumors that the new buyer will mine with the purchased unit for about a month and then use ebay's Buyer Protection policy to force a refund, claiming that the unit has malfunctioned. The seller would have no choice but to refund the payment (in the process incur the fees during the sale) and accept back the unit, which would be functional anyway.

The new buyer would have just “borrowed” the miner to use for a month and he/she gets to keep all the coins mined.

Another avenue to sell the Jupiter would be direct to the bitcoin community. As of this writing, it can fetch between 12-15 BTC.

### **Option 3**

Diversification into a basket of alt-coins for long-term investment.

As you may know, other than bitcoin, there are also lots of other alt-coins out there and some of them do have uses and/or infrastructure set up to accept them as a mode of payment. Most noticeable alt-coin is Litecoin (LTC). There are also others such as DigiCoin (DGC) that has a marketplace set up for people to buy/sell goods using DGC.

These coins value is still very low and could be around for the longer term which means their value may rise in the long term. By diversifying into these coins, the investment will pay off if any of them rise in price against the USD.

### **Option 4**

Reinvestment into cloud mining to increase the venture’s total hashing power. [www.cex.io](http://www.cex.io) provides a unique service whereby they allow hashing power which they call GH shares to be traded for BTC.

What they have done is set up a data center with petahashes of computing power and then allow registered users to use BTC to “buy” shares of computing power in GH units.

These shares have value in BTC and can be resold for BTC. Whilst holding the shares, they are a stake in the computing power provided by the data center and it will mine BTC for the holder of the share.

## **1.7 Summary**

In short, continuing on our current path is not the end of the world, the venture is still profitable at this juncture even without doing anything.

Opportunities do arise sometimes that will make us feel or think of doing something different and hope that maybe the change will provide a better result and that is the reason for us to choose now what would be the best option for the venture.

Do take note that irregardless win or lose on the next decision, each share in the venture would have doubled up by now and that by itself is considered a huge success! No other legal opportunity will provide a chance to double your initial investment in 2 months. (Receipt of miner on 18<sup>th</sup> Oct).

Personally, my thoughts would be to keep the miner and reinvest 50% of coins mined into the cloud service. Then re-invest the proceeds from the cloud service into more cloud processing power. It might not be able to keep up with difficulty changes in the long run but with a bit of luck, when we exit the cloud service in 2014, we would have more BTC than we would have if we had chosen the other options.

The only factor is the USD/BTC rate which cannot be estimated nor predicted.