DeAsset
MANAGEMENT

RESEARCH REPORT

BitMine: The Alchemy of 5%

Inside the world's largest corporate ether treasury — 6 million ETH, a staking cash machine, and Tom Lee's case for why Wall Street's future runs on Ethereum.

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About DeAsset Management. DeAsset Management is a decentralized asset management firm providing global investors with access to real, diverse and sustainable value across digital and tokenized markets. This report is published for informational purposes. See the disclaimer at the end of this document.

01 · EXECUTIVE SUMMARY

The Strategy playbook, rewritten for a yield-bearing asset

BitMine Immersion Technologies (NYSE: BMNR) has accumulated **6,001,302 ETH — worth ~$16.1 billion, about 4.9% of all ether** — since pivoting from bitcoin mining in June 2025. It is the largest corporate ETH treasury in the world and the second-largest crypto treasury of any kind, behind only Strategy.

The strategic difference from the bitcoin-treasury model is one word: **yield**. With 84% of its ETH staked, BitMine projects ~$358 million of annualized staking revenue — staking was 98% of total revenue last quarter. Tom Lee's "Alchemy of 5%" thesis holds that owning 5% of ETH gives BitMine a structurally influential position in the network Wall Street is moving onto — tokenized assets, stablecoins, AI-agent payments — funded by equity, not debt.

6.00M	$358M	2.62%
ETH held (~4.9% of supply)	Projected annualized staking revenue	7-day annualized staking yield

DeAsset view: BitMine is the purest listed-equity expression of the "ETH as productive capital" thesis — bitcoin's treasury model plus a cash coupon. But the equity has already lived a full boom-bust cycle (-90%+ from its 2025 peak), dilution via continuous raises is the documented cost of the strategy, and the NAV premium that funded it has compressed to ~1.0×. The thesis is intellectually strong; the entry price is everything.

Holdings: BitMine PR, 27 Sep 2026. Price: ~$2,698/ETH. Staking: company disclosures, Sep 2026.

02

The Pivot: From Bitcoin Miner to ETH Treasury

On **June 30, 2025**, BitMine — then an obscure bitcoin immersion-cooling miner — announced a pivot to an Ethereum treasury strategy, with Fundstrat's **Tom Lee becoming Chairman** the same day. The market's reaction was violent: the stock ran ~2,500% to ~$161 in July 2025 on a $250 million PIPE announcement — before the company had bought any ETH at all.

Fifteen months later the balance sheet is transformed. Total crypto plus cash, marketable securities and strategic holdings stand at **$17.2 billion** (September 27, 2026). Alongside the ETH: 213 BTC, a $180 million stake in Beast Industries, a $115 million stake in Eightco (billed as rare public-equity exposure to OpenAI), and $672 million of cash and marketable securities.

The backer list reads like a crypto-native cap table: ARK/Cathie Wood, Founders Fund, Bill Miller III, Pantera, Kraken, DCG and Galaxy Digital. In June 2026 BitMine joined the **Russell 1000**; its Series A Preferred now trades on NYSE as BMNP. On September 30, 2026, Tom Lee keynoted Korea Blockchain Week in Seoul — a marker of how far the story has travelled from a small-cap miner.

BitMine press releases via PR Newswire, 2025–2026.

03

6 Million ETH: Scale, Staking and Cash Flow

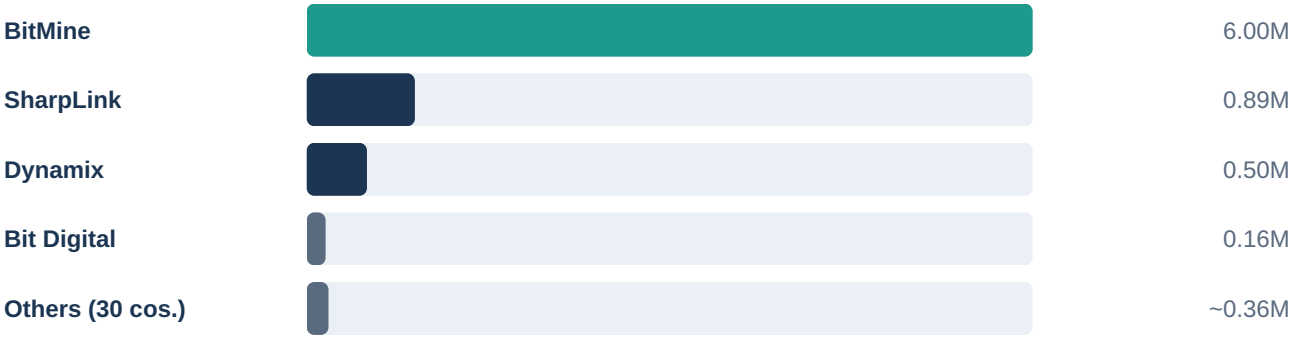
The numbers as of September 27, 2026: **6,001,302 ETH at ~$2,698 ≈ $16.1 billion** — the first time above 6 million, after adding 17,362 ETH that week. That is **~4.9% of ether's 122.1-million supply**, and 98% of the way to the stated "Alchemy of 5%" goal (~104,000 ETH to go).

Then the part bitcoin treasuries cannot replicate: **5,067,309 ETH — 84% of holdings, ~$13.7 billion — is staked**, earning a 7-day annualized yield of **2.62%**. Projected annualized staking revenue is **~$358 million** (Lee cites $424 million at full scale). For the quarter ended May 31, 2026, staking and validation revenue was **$45.7 million — 98% of total revenue** ($46.5 million).

MAVAN: STAKING AS A BUSINESS, NOT JUST A TREASURY FUNCTION

BitMine stakes through **MAVAN** (Made in America VAlidator Network), its institutional staking platform launched in early 2026 — which now also serves outside institutional clients (Lee: >$2 billion of external crypto handled, per an August Bankless interview). In September 2026 BitMine exited a 10-year Ethereum Tower staking arrangement for a new contract with American Validator at **1.50% of staking rewards**. The treasury is becoming a staking-services business with a balance sheet attached.

Corporate ETH treasuries — holdings (millions of ETH, Sep 2026)



Company disclosures; The Block ETH treasury tracker, ~22 Sep 2026.

04

Tom Lee's "Why Ethereum" Thesis

Lee's case has three pillars — and a deliberately provocative framing device:

1. The "Alchemy of 5%"

Owning 5% of ETH gives BitMine a position **large enough to positively influence the Ethereum ecosystem** — a seat at the table of the network's future. Accumulation is funded by **equity, not debt or convertibles**, framed as a multi-year strategy rather than a trade. Post-5%, Lee has said (Coinage podcast, September 2026), the company may hold above 5% if enterprise ETH adoption keeps growing, or sell staking-reward ETH to keep its supply share flat — a decision to be revisited in 2027.

2. Wall Street is moving on-chain — on Ethereum

Tokenization of financial assets and dollar stablecoins (with the GENIUS Act as tailwind) are migrating financial activity onto programmable rails, and Lee's bet is that Ethereum captures the institutional layer of that migration. Related: **AI agents need programmable payment and settlement rails**, with Ethereum at the center — the machine-economy optionality bitcoin structurally cannot offer.

3. ETH is productive; BTC is not

Staking makes ETH a **yield-bearing asset** — the treasury earns while it holds, unlike bitcoin. That single difference underwrites the entire corporate-treasury comparison: BitMine's balance sheet generates ~$358 million a year; Strategy's generates zero (before financial engineering).

> **LEE'S PRICE SCENARIOS (HIS STATED CLAIMS, NOT OUR FORECASTS)**
>
> Near-term **$6,000** ETH if bitcoin reaches $150K and ETH/BTC hits 0.04 ("conservative"); bull case **$22,000** near-term; long-term **$62,000–$250,000**, with the $250K scenario tied to Etherealize research positing ~$31 trillion of gold-plus-bitcoin monetary premium migrating to ETH. These are Lee's scenarios from various 2026 interviews — reported as stated, not endorsed. Macro context he cites: Q3 2026 ETH outperformed the S&P 500 by **6,728bp** — "the best performing macro asset" of the quarter.

05

Peers: The Corporate ETH Treasury Field

BitMine dominates, but a field is forming. CoinGecko tracks **34 public companies holding ~7.91 million ETH (~$19.6 billion), ≈6.5% of supply** (September 2026); The Block's tracker shows 7.68 million ETH at $20.6 billion NAV. Including ETFs, treasuries plus funds hold ≈**11% of ETH supply**.

The clear #2 is **SharpLink Gaming (SBET)** — **892,127 ETH (~$2.4 billion)** as of September 29, 2026, after its largest single staking deployment (42,074 ETH); cumulative staking rewards of 27,945 ETH (~$75 million). Joseph Lubin-backed, debt-free, with a **$1.5 billion buyback** program for when it trades below NAV (1.94 million shares repurchased by September 16). Behind it: Dynamix/DYNX (496,712 ETH), Bit Digital (158,461), BTCS (70,140) and a long tail.

The dynamic to watch: ETH treasuries, unlike BTC ones, **compete on staking execution** — validator choice, fee rates, MEV — not just on accumulation. MAVAN is BitMine's attempt to turn that execution edge into a second revenue line.

CoinGecko; The Block treasuries tracker; company disclosures, Sep 2026.

06

The Stock: BMNR's Boom-Bust-Rebuild

BMNR's price history is a full market cycle compressed into 15 months. After the July 2025 peak near **$161**, the stock fell **81% by late November 2025** and later traded **below $15 — a >90% drawdown** — on weak ETH prices, dilution fears and the broader crypto-stock selloff. It now trades around **$26.64** (September 30, 2026; ~$16.2 billion market cap), with a 52-week range of $12.80–$65.60: **-1.9% YTD, +45.55% over six months, -48.71% over one year**, beta 2.11. Four covering analysts average a **$48.80 target ("Hold")**. Liquidity is institutional-grade: ~$1.1 billion average daily dollar volume, ranked #94 among 5,704 US-listed stocks.

The drawdown's lesson is structural, not sentimental: the NAV premium that justified continuous equity raises has compressed to ~1.0× holdings value (per Lee). At no premium, further raises are dilutive — the same flywheel problem afflicting bitcoin treasuries, arriving faster because the 2025 spike pulled forward so much issuance. Early critics flagged the $250 million PIPE at $4.50 with insider resale rights; $4 billion-plus of unrealized losses sat on the book at the November 2025 lows.

Finnhub; MarketBeat (4 analysts, 22 Sep 2026); company disclosures.

07

Bull Case vs. Bear Case

Bull case	Bear case
Staking turns the treasury into cash flow (~$358M/yr; 98% of revenue)	Extreme volatility: -90%+ drawdown precedent; ETH 52-wk range $1,512–$4,946
ETH's on-chain-finance / AI-agent / stablecoin optionality	Dilution via continuous equity raises; premium now ~1.0× so raises are dilutive
Equity-funded — no debt refinancing risk	Unprofitable ex-staking; negative ROE; short cash runway per fundamental screens
#1-holder scale effects; MAVAN second revenue line	ETH faces more competition (L1s, L2s) than BTC ever did
Q3 2026: best-performing macro asset (+6,728bp vs S&P)	$4B+ unrealized losses at Nov 2025 lows show the balance-sheet beta

Company filings; Simply Wall St; Fugazi Research (bearish opinion, early 2026 — presented as the skeptical view).

08

Conclusion: What It Means for Investors

"BitMine is the purest listed-equity expression of 'ETH as productive capital' — bitcoin's treasury model, plus a cash coupon. The thesis is strong; the entry price is everything."

For DeAsset's **Ethereum-ecosystem** allocation, BitMine matters twice: as a demand sink (4.9% of supply held, 84% of it staked and thus illiquid) and as a listed proxy for investors who cannot or will not hold ETH directly. The staking cash flow is genuinely differentiating — no bitcoin treasury can replicate a $358-million organic yield.

But the 2025–26 price history is the warning label: this equity is a **leveraged, sentiment-driven claim on ETH with a dilution mechanism attached**. We would look for entry on weakness toward tangible-NAV support, not on breakouts; and we treat Lee's price scenarios as marketing until the 5% goal is actually reached and the post-5% capital policy (revisit 2027) is clarified. Monitored monthly alongside our ETH position sizing.

Next scheduled review: Q1 2027, or on material change to the 5% capital policy.

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