

NEW RISK ALERT: (RIOT)

Riot Blockchain Issues Dire Warning After 8% of World's Bitcoin Mining Capacity is Wiped Out

The bitcoin miner says industry may not be able to cope if mining power is curbed over environmental concerns.

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This alert compares the language used in the company's latest filing with the period before. [Research](#) suggests changes in language, particularly in the risk factor section, is a powerful indicator of future performance. Companies that change filing language, according to research, underperform those that don't by 30-50 basis points per month for the following year.

Riot Wans of New Restrictions Following Bitcoin Mining Ban In Inner Mongolia

Riot Blockchain, a bitcoin miner, is warning that bitcoin mining restrictions or outright bans by provincial governments in China may leave the industry unable to cope with a significant decline in mining power. In its latest [10-K](#), Riot Blockchain warned a recent ban could spread to other provinces in China:

*"For example, on March 2, 2021, we became aware of the actions taken by the governmental authorities for the Chinese province of Inner Mongolia, which represents roughly **8% of the world's total mining power**, to outright ban bitcoin mining in the province..."*

The ban is a result of the intense electrical power demands of bitcoin mining coupled with the environmental impact of mining for the rare earth metals needed to power specialized mining computers:

*"While we have yet to see whether these miners will be able to relocate to another location in China to continue mining, **we cannot quantify the effects of this regulatory action on our industry as a whole.**"*

China accounts for between [65%-80%](#) of the world's bitcoin mining power though it's illegal for Chinese citizens to transact in cryptocurrencies on the mainland. China has created its own [digital currency](#)— a first for a major economy— which may be why Riot Blockchain hints in its annual report at additional bitcoin restrictions in China:

*“If further regulation follows, it is possible that our industry **may not be able to cope** with the sudden and extreme loss of mining power...If further extreme regulatory action is taken by governments in China or elsewhere, including the United States, our business may suffer and investors in our securities may lose part or all of their investment.”*

Separately, Riot Blockchain disclosed it has hired an M&A advisory firm to advise it on strategic opportunities and to:

“...advise the Company on potential strategic transactions in bitcoin mining related operations. The Company does not have a defined timeline for any transaction and cannot provide any assurance whether or when a transaction may be announced or consummated.”