

# Bitcoin company TDI eyeing off old lead and zinc Que River mine on Tasmania's west coast

By Megan Oliver    Cryptocurrency

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Bitcoin is the world's largest cryptocurrency. (Unsplash: Kanchanara)

An old lead and zinc mine on the west coast of Tasmania could become home to what an Australian bitcoin miner is describing as "Australia's largest emerging, 100 per cent renewable energy bitcoin mine".

The Que River mine, 20 kilometres south of Waratah, has not operated for years, but the purchase by newly formed company Tasmanian Data Infrastructure (TDI) could see a very different type of mining operation on the site.

## Key points:

- A location like an abandoned mine provides enough space for the construction of a bitcoin facility

Bitcoin is the world's largest cryptocurrency, and while it is completely digital, it still needs to be mined.

"Mining" in this case operates differently from regular mining, with high-tech computers required to run complex algorithms to produce bitcoins.

Each bitcoin mining computer around the world races to be the first to complete a 64-digit hexadecimal number, or hash, for a new bitcoin.

Only one computer achieves the hash and is rewarded 6.25 bitcoins, currently valued at \$207,330.

Then, the process repeats itself around every 10 minutes. There are currently an estimated 1 million bitcoin mining computers around the world.

Each mining hub needs a lot of computers to generate bitcoin, which takes up a lot of space.

A location like an abandoned mine provides enough space for the construction of a bitcoin facility, with some of the necessary infrastructure already in place.

Additionally, the Que River mine sits at an altitude of 700 metres, which provides an ideal climate for the machines.

## **Why is Tasmania becoming so popular for bitcoin mining?**

Tasmania's popularity for new bitcoin ventures is due to several reasons, but the predominant one is renewable energy.

Bitcoin mining uses an immense amount of energy. If bitcoin mining were a country, it would be the 23rd highest consumer of energy annually, not far behind Australia's usage.

- Tasmania's renewable energy and cheaper electricity makes it an appealing option for bitcoin miners
- The site is anticipated to hold 10,000 computers once complete

## Annual energy consumption by country (TWh)

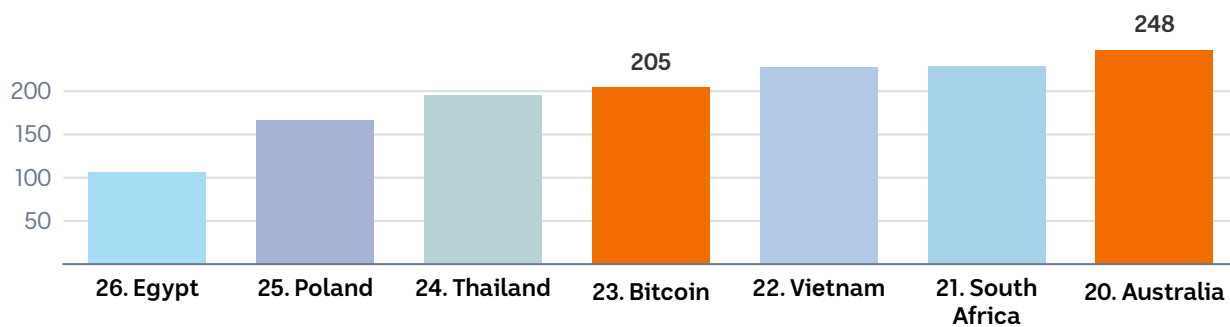


Chart: ABC News / Source: [Bitcoin Energy Consumption Data Index](#) / [Get the data](#)

Bitcoin has come under fire from environmentalists who say it relies too heavily on power from fossil fuels, a claim denied by industry proponents.

On top of that, it is expensive to run bitcoin mines because of the rising cost of electricity.

With 100 per cent renewable energy, as well as cheaper power, Tasmania solves a lot of problems.

Tasmania is also the coldest state in Australia. This is important as bitcoin mining computers generate a large amount of heat and need to be cooled down.

With a naturally cooler climate, bitcoin miners would save money by using less power.

It has put Tasmania on the top of Australian miners' lists.

## Who is buying the mine?

Newly formed company TDI has purchased the mine, subject to government approvals.

Michael Addison is the executive director of TDI and founder of GENEX Renewable Energy.

He said he expected the project to gain approval by the end of July.

Australian bitcoin miner Mawson Infrastructure Group has taken a 33 per cent stake in the company, in exchange for around 2,000 mining computers for its own use.

In a statement, Mawson chief and founder James Manning said it was a mutually beneficial partnership.

"By exchanging a portion of our ASIC bitcoin mining fleet for an equity position in TDI, we have continued to demonstrate our capital discipline whilst obtaining a meaningful equity position in one of Australia's largest emerging, 100 per cent renewable energy bitcoin miners," he said.

## How big will it be?

In the first stage of the project, TDI plans to install three container-sized mining installations, each holding around 650 bitcoin mining machines.

Eventually, the site is anticipated to hold 10,000 computers, including the 2,000 from Mawson Infrastructure.

Construction and machinery costs for the first two stages of the project are expected to reach \$100 million.

While bitcoin mining uses a significant amount of power, Mr Addison said Tasmania had an ample supply and the government would not be subsidising power costs.

"We will be buying energy at the wholesale price, so we're not seeking any subsidies from any governments at all," he said.

The site is estimated to spend \$130,000 on power each month when it is up and running, and \$1.56 million annually.

It means the network charge will be paid to TasNetworks, theoretically lowering the costs for other customers.

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