LUXXFOLIO HOLDINGS INC.

Management's Discussion & Analysis
For the years ended August 31, 2022 and 2021

Dated: February 28, 2023

This Management's Discussion & Analysis ("MD&A") of the financial condition and results of operation of Luxxfolio Holdings Inc. (the "Company") is for the years ended August 31, 2022 and 2021. This MD&A is dated February 28, 2023 and should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes for the years ended August 31, 2022 and 2021, which are available on SEDAR at www.sedar.com. Together with the audited consolidated financial statements and the related notes, this MD&A has been prepared by the management of the Company in accordance with the requirements of National Instrument 51-102 and the International Financial Reporting Standards ("IFRS") as at the date of this MD&A. All dollar amounts are expressed in US dollars ("USD") unless otherwise stated.

Unless otherwise indicated, the Company's significant accounting policies and estimates, contractual obligations, commitments, contingencies, and business risks and uncertainties, as described in its audited consolidated financial statements for the years ended August 31, 2022 and 2021, remain unchanged. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results presented in the MD&A are not necessarily indicative of the results that may be expected for any future period.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking statements" and "forward looking information" (collectively, "forward looking information") within the meaning of Canadian securities laws. This forward-looking information relates to future events or future performance and reflect management's expectations regarding Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology.

Forward-looking information in this MD&A includes, but is not limited to:

- Raising capital, and the use of funds
- Business opportunities for the Company
- Future sales and cash flows of the Company

The risk factors described in this MD&A are not necessarily all the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking information.

In addition, any forward-looking information represents the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking information in this MD&A include: (a) execution of the Company's existing business plans and growth strategy which may change due to changes in the market place, the views of management, or if new information arises which makes it prudent to change such business plans and growth strategy; and (b) the accuracy of current research results and the interpretation thereof, since new information or new interpretation of existing information may result in changes in the Company's expectations. Forward looking information is based on several assumptions that may prove to be incorrect including but not limited to assumptions about:

- ability to obtain customer contracts and establish relationships;
- the impact of competition;
- the ability to obtain and maintain existing financing on acceptable terms;
- the ability to retain skilled management and staff;

- the ability to acquire a significant market position within a target market;
- currency, exchange, and interest rates;
- pricing and volatility risks of Cryptocurrency;
- the availability of financing opportunities;
- economic conditions;
- the retention of management, and avoidance of conflicts of interest; and
- the progress and success of product marketing.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to the Company.

Readers should not place undue reliance on the Company's forward-looking information, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking information will materialize. The Company does not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking information in this MD&A, see "Bitcoin and Cybersecurity Risks" and "Other Risks and Uncertainties".

While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in sections titled "Bitcoin and Cybersecurity Risks" and "Other Risks and Uncertainties".

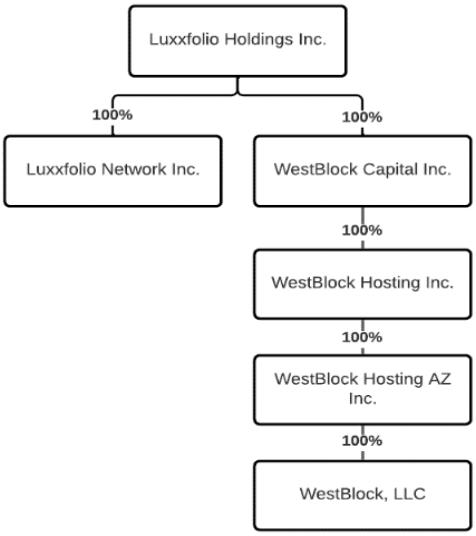
DESCRIPTION OF BUSINESS

The Company, based in Vancouver, was incorporated under the Business Corporations Act (British Columbia) on October 10, 2017. The Company's head and registered office is located at 119 6th Ave SW, Calgary, Alberta T2P 0P8. The Company's corporate website address is www.luxxfolio.com.

Luxxfolio is listed on the CSE under the trading symbol "LUXX" as well as on the OTCQB under "LUXFF", the Frankfurt Stock Exchange under the symbol "LUH", and on the Börse Berlin under the symbol "LUH".

The Company's business is that of its wholly owned subsidiaries, Luxxfolio Network Inc. ("LNI") and WestBlock Capital Inc. ("WestBlock"), which share the same head and registered office as the Company. Luxxfolio Network Inc. ("LNI") engaged in Bitcoin mining until June 15, 2022 when its remaining assets were disposed of through debt settlement arrangements (see "Overall Performance").

The intercorporate relationships are shown in the organizational chart below.



The Company owns and manages, through its WestBlock, LLC subsidiary an industrial scale Bitcoin mining operation in Shiprock, New Mexico, USA (the "New Mexico Facility") at which both Company owned Bitcoin miners as well as third party servers are operating. Power, consumed in the Bitcoin mining process until the suspension of mining operations, was approximately 60% renewable and is supplied by the Navajo Tribal Utility Authority ("NTUA").

The prolonged weakness in the Bitcoin mining industry continues as Bitcoin prices remain weak while network difficulty rates increase to all-time highs. Management does not have confidence that mining economics will recover in the foreseeable future and as announced on November 21, 2022, the Company suspended operations at its New Mexico Facility. Further, the power supply contract with NTUA, which expired on December 31, 2022, has not been renewed at the date of this MD&A, as newly quoted power rates currently make mining uneconomic at the New Mexico Facility. As hash rate, and consequently mining difficulty continue to escalate, older generation machines and inefficient operations will continue to get squeezed at the expense of more efficient businesses with newer generation mining machines.

Following this decision, the Company's principal lender CHP Agent Services Inc., issued a Notice of Default and demanded immediate repayment of the $1,155,000 CAD debt it was owed under its Senior Debt Facility, citing covenants for deteriorating industry economic conditions and collateral valuation deficiencies. Subsequently, the Company entered a debt settlement agreement with CHP for the settlement of all outstanding debts and other obligations (see "Overall Performance").

As a consequence of these actions, the Company settled all equipment related debt obligations but has lost key pieces of equipment necessary for operation of the mining facility. Accordingly, at the date of this MD&A, it is highly unlikely the Company will be able to return to mining at the New Mexico Facility

OVERALL PERFORMANCE

Operational performance was impacted by many negative pressures through most of 2022. Declining mining economics and Bitcoin valuation, late delivery of critical equipment for mine upgrading and expansion and limited capital opportunities contributed to poor economic results and ultimately, closure of the mining facility. Management has had to react quickly to reduce operational expenses to a subsistence level.

The Company achieved gross revenues of $8,224,083 or 231 BTC from its Bitcoin mining operation.

As the date of this MD&A, the Company has:

- Successfully raised in two equity funding offerings total proceeds of $11.5 million CAD for general working capital and capital equipment purposes;
- Reduced operating expenses to the minimum to conserve available cash resources;
- Sold 970 Bitcoin mining machines for proceeds of $3,500,000, of which $3,200,000 was committed to reducing debt obligations and the balance retained for operating purposes;
- Concluded debt settlement arrangements with both of the Company's equipment lenders to exchange mining equipment assets in full settlement of all related debts;
- Reduced staffing levels to the minimum necessary to maintain ongoing business operations; and
- Actively sought out opportunities to restructure and/or refinance the business.

Monthly Performance

	Operating level	**Rewards**			**Reserve at month-end**	
Month	PH/s at month end	BTC	ETH	Total revenues	BTC	ETH
Sep 2021	95	13.9	-	$634,000	34	-
Oct 2021	123	22.5	-	$1,320,000	42	-
Nov 2021	131	23.5	-	$1,420,000	50	52
Dec 2021	131	20.44	8.15	$ 1,042,000	67	60
Jan 2022	139	22.01	7.63	$922,000	78	64
Feb 2022	139	19.70	6.46	$825,000	83	31
Mar 2022	139	20.07	6.89	$863,000	65	21
Apr 2022	180	25.39	5.84	$1,069,000	61	27
May 2022	180	25.22	5.89	$815,000	52	1
Jun 2022	150	21.55	4.87	$540,000	45	4
Jul 2022	84	9.56	4.44	$208,000	47	9
Aug 2022	66	6.88	0.15	$150,000	54	9

Hosting revenues

During the year ended August 31, 2022, the Company earned $2,287,289 (2021 - $nil) in hosting revenues by providing hosting services to third parties. Of this amount, $1,583,955 is included in Bitcoin Revenues in the table above.

Bitcoin Miners

At the date of this MD&A, the Company has disposed of all its Bitcoin miners through sale or debt settlement arrangements as follows:

- June 24, 2022: Disposition of 970 miners for total proceeds of $3,500,000.
- August 9, 2022: Transferred 1,930 miners to NYDIG ABL, LLC for full and final debt settlement of $5,582,755.
- January 17, 2023: Transferred 655 miners to CHP Agent Services Inc., a related party, for debt settlement of $1,155,000 CAD.

Immersion Cooling System

One of the challenging factors of Bitcoin mining in New Mexico is the heat during the summer months. To optimize the efficiency of the Bitcoin miners, the Company purchased immersion technology from CES Intelliflex ("CES") in December 2021 and paid a deposit of $1,509,905 against total purchase price of $2,627,240. The immersion equipment was delivered to the New Mexico Facility in July 2022.

Private Placement

On June 9, 2022 the Company announced that it had closed a private placement unit offering in the amount of $2,000,000 CAD in exchange for the issuance of 12.5 million common shares at $0.16 CAD per share and 12.5 million warrants for the purchase of common shares with a term of two years and an exercise price of $0.21 CAD per share. The terms further provide for an acceleration of the warrant conversion should the Company's common shares closing price on the Canadian Securities Exchange be equal to or greater than $0.50 CAD per share for twenty consecutive days on a weighted average basis.

The Company's objectives over next twelve months are to restructure and refinance its business operations.

Debt Settlement

During the last quarter of the year ended August 31, 2022, the Company, facing the uncertainty and continuing negative effects of the Bitcoin and cryptocurrency market weakness, took decisive action to reduce the debt burden. This was accomplished through multiple transactions involving both the sale of mining equipment and agreements with lenders to settle outstanding liabilities.

On June 30, 2022, the company repaid $415,035 CAD to CHP Agent Services Inc., a related party controlled by a director of the Company (See "Transactions with Related Party").

On July 15, 2022, the Company announced the sale of 970 Bitmain miners and a related immersion mining hosting agreement with the purchaser. Proceeds from the sale amounted to $3.5 million, of which $3.2 million was committed to repaying debt obligations with NYDIG ABL, LLC ("NYDIG") related to the mining equipment sold.

A further debt settlement with NYDIG was announced on August 10, 2022, where the Company agreed to a debt settlement arrangement in which the Company transferred 1,930 S19j Pro miners to NYDIG in exchange for full and final settlement of all debt obligations outstanding between the two parties, subject to delivery and inspection by NYDIG. The Company received NYDIG's confirmation and closure of this transaction on October 28, 2022.

On October 28, 2022, the Company repaid, in advance, $1.1 million of the Senior Debt Facility with CHP Agent Services Inc., a related party controlled by a director of the Company, through liquidation the of Bitcoin held as collateral to the related debt.

A notice of default was received by the Company on December 8, 2022 from CHP Agent Services Inc., citing deterioration in WestBlock's business prospects as well as collateral valuation deficiencies, and demanded immediate repayment of the outstanding balance of the Senior Debt Facility amounting to $1,155,000 CAD. The Company settled, on behalf of WestBlock and certain of its subsidiaries, this debt on January 17, 2023 thought a payment of $99,546 and the transfer of WestBlock's rights, interest and title to the immersion cooling system, approximately 655 Bitcoin miners and certain related equipment. Upon payment and transfer, all remaining obligations under the loan facility, including guarantees and general security agreements, were terminated.

DISCUSSION OF OPERATIONS

Acquisition of WestBlock Capital Inc.

On June 14, 2021, the Company completed the acquisition of WestBlock Capital Inc., whereby WestBlock became a wholly owned subsidiary of the Company.

WestBlock operates a digital asset mining facility at its New Mexico location, at which it manages both Company owned Bitcoin miners as well as third party servers. Due to persistent weakness in the Bitcoin market, mining operations at this facility were suspended on November 23, 2022.

Expansion of the New Mexico Facility

In April 2022, the Company completed the expansion of its New Mexico facility raising total capacity to 15 megawatts ("MW") at a cost of $1,700,000. In July 2022, with the installation of immersion technology, effective capacity has been further increased through the ability to over-clock miner output by as much as 50% owing to consistently cooler operating temperatures.

Senior Debt Facility

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a Senior Debt facility with CHP Agent Services Inc., at that time related party controlled by Kelly Klatik, a director of the Company and Dean Linden, a director of LNI and WestBlock. The facility was primarily established to finance the cash portion of the Immersion Cooling System equipment purchase announced on November 25, 2021 and may also be used to acquire Bitcoin mining servers and equipment.

The facility carries the following terms:

- Available loan proceeds established at $3 million CAD, but may be expanded to $5 million CAD if agreed by both parties;
- The facility term is 24 months following the closing date;
- Security provided by WestBlock and its subsidiaries consisted of a general security agreement on certain WestBlock operations and a first charge on certain cryptocurrency mining equipment and cryptocurrency units; and
- A variable interest rate between 16% and 13% that decreases as the total collateral coverage increases in relation to the total debt outstanding.

Public Equity Issues

On December 7, 2021, the Company closed its previously announced and oversubscribed public offering of units of the Company. The underwriters exercised their option to purchase 600,000 units of the overallotment option, and as a result, the Company issued a total of 13.6 million units at a price of $0.70 CAD per unit and 350,000 additional common share purchase warrants for gross proceeds of $9.534 million CAD. Each unit consisted of one common share and one-half warrant. Each whole warrant is exercisable to acquire one common share at an exercise price of $1.00 CAD until December 7, 2023.

On June 9, 2022, Luxxfolio announced a $2.0 million CAD private placement for 12.5 million common shares at $0.16 CAD per share and 12.5 million warrants, exercisable into common shares at $0.21 for a period of two years.

Performance Warrants

On December 7, 2021, in connection with the closing of the public equity issue, the Financing Condition governing the exercise of the 2.5 million Performance Warrants issued at the date of the WestBlock Acquisition has been met and these warrants can now be exercised by the holders. The Performance Warrants are exercisable at $0.40 CAD

per common share during the first 12 months of the closing date, and $0.50 CAD per common share in the second 12 months of the closing date.

Acquisition of Bitcoin Miners

On December 16, 2021, the Company confirmed the order of 500 S19J Pro Bitcoin miners at a cost of $3.02 million to be satisfied by a combination of working capital and an asset backed facility ("ABL IV") provided by NYDIG ABL LLC. ABL IV carries an interest rate of 15% and a term of 26 months with interest only payments for the initial four months. Security for the ABL IV consists of a first priority charge on the related Bitcoin Miners and any Bitcoin and related assets generated from the use of the Bitcoin Miners (See Disposition of Miners).

Stock Option Issuance

On January 20, 2022, the Company granted 2,078,000 of stock options to directors, officers, employees, and consultants of the Company. The stock options are exercisable for a term of five years from the date of the grant at an exercise price of $0.45 CAD per common share. The stock options vest over a 24-month period, at a rate of 25% after each 6-month period. A total of 1,795,500 of the 2,078,000 stock options were granted to related parties.

Board and Executive Appointments

On June 15, 2022, the Company announced that as part of its corporate realignment and efforts to reduce overheads, Mr. Kelly Klatik would step down from his position as Executive Chairman and remain a Director of the Company.

The Company announced on October 28, 2022 that Bradley Farquhar had resigned his position as a director of the Corporation. Kelly Klatik and David Gens resigned on November 2, 2022 and Michael Byron resigned on December 2, 2022.

On December 7, 2022, the Company announced that Geoffrey McCord, Chief Financial Officer and Kien Tran, Chief Operating Officer, were appointed to the Board.

ANALYSIS OF FINANCIAL PERFORMANCE

(For the year ended)	August 31, 2022	August 31, 2021
Total revenues	$ 10,511,372	$ 607,330
Expenses		
Operational expenses	6,104,525	1,042,268
Depreciation	5,514,321	143,574
Interest expenses	1,599,348	318,915
Share-based payments	1,259,451	899,079
Financing fees	247,587	31,576
Realized loss on Digital assets	927,303	-
Realized loss on sale of equipment	6,282,875	-
Impairment of Goodwill	4,282,085	-
Unrealized loss on Digital assets	1,145,393	-
Total expenses	27,362,888	2,435,412
Net loss	**$ 16,851,516**	**$ $1,828,082**

For the year ended August 31, 2022

The Company had a net loss of $16,851,516 for the year ended August 31, 2022. The Company generated $8,224,083 of revenues from Bitcoin mining and $2,287,289 from hosting operations. The increase in net loss can be attributed to expansion of its Bitcoin operations, depreciation of mining equipment, electricity expenses, realized loss on sale mining equipment and the impairment of Goodwill.

The net loss for the year ended August 31, 2022 was primarily composed of operating expenses of $6,104,525, depreciation expenses of $5,514,321, interest expense of $1,599,348, share-based payments of $1,259,451, realized loss on sale of mining equipment of $6,282,875, and impairment of Goodwill of $4,282,085.

The loss on sale of mining equipment was realized from the transfer of Bitcoin miners to the Company's equipment lender in exchange for settlement of associated debts. On June 30, 2022, the Company repaid, in advance, the remaining related to the Canaan Avalon miners. On July 15, 2022, the Company transferred 970 Bitmain miners for proceeds of $3.5 million. $3.2 million of the total proceeds were used to repay related debt obligations. On August 10, 2022, a debt settlement arrangement between the Company and NYDIG ABL, LLC ("NYDIG") was announced that provided for the transfer of 1,930 Bitcoin miners to the lender in exchange for full and final settlement of associated debts.

The value of Goodwill, which arose on the acquisition of WestBlock, was written-off on August 31, 2022 due to the continuing uneconomic Bitcoin mining conditions and the outlook for power consumption rates quoted for a renewal of the NTUA power consumption contract. Accordingly, $4,282,085 was charged against income for the year.

For the year ended August 31, 2021

The Company had a net loss of $1,828,082 for the year ended August 31, 2021. The company did not start generating revenue from mining operations until July 2021. While the Company generated revenue of $607,330 during the fourth quarter of fiscal year 2021, the increase in net loss can be attributed to operating costs associated with the Bitcoin mining operations, depreciation and financing expenses, advertising and marketing expenses, consulting, and professional fees, as well as share-based payments for services rendered and stock options granted.

The net loss for the year ended August 31, 2021 was primarily composed of operating expenses of $1,042,268, share-based payments of $899,079, interest expenses of $318,915, depreciation expenses of $143,574, and financing fees of $31,576.

ANALYSIS OF CASH FLOWS

	For the year ended August 31, 2022	For the year ended August 31, 2021
Net cash provided by (used in)		
Operating activities	$ 2,162,073	$ (1,207,101)
Investing activities	(9,910,144)	(10,666,011)
Financing activities	7,766,361	12,091,377
Inflow of cash	$ 18,290	$ 218,265

Operating Activities

The total cash provided by (used in) operating activities for the year ended August 31, 2022 amounted to $2,162,073 (2021 - $1,207,101) attributed primarily to electricity expense of $2,126,220 (2021 - $182,765), interest expense of $1,599,348 (2021 - $318,915), general and administration expenses of $1,791,180 (2021 - $211,029), compensation and labour expense of $355,290 (2021 - $45,248), consulting expenses of $752,824 (2021 - $214,995), professional fees of $353,785 (2021 - $191,770), supplies and materials of $243,877 (2021 - $20,985), and management fees of $163,759 (2021 - $102,041).

Investing Activities

The total cash used in investing activities for the year ended August 31, 2022 amounted to $9,910,144 (2021 – ($10,666,011) primarily attributed to the purchase of mining equipment totaling $12,070,478 (2021 - $2,046,761) (see "Discussion of Operations"), proceeds from sale of mining equipment of $3,670,239 (2021 - $nil) and realized loss on the sale of mining equipment of $6,282,875 (2021 - $nil) (see "Overall Performance").

Financing Activities

The total cash provided by financing activities for the year ended August 31, 2022 amounted to $7,766,361 (2021 - $12,091,377) primarily attributed to the proceeds from long-term debt of $7,943,661 (2021 - $8,717,543), issuance of units of the Company of $8,445,037 (2021 - $126,655), and off-set by the repayment of long-term debt of $8,878,892 (2021 - $387,847).

SEGMENT ANALYSIS

The Company had, until it was suspended on November 2, 2022, a single operating line of business being Bitcoin mining which conducted its mining operations in New Mexico, USA. The Company's management, administration and development functions are carried out in Canada. The following table segments the relevant financial results by geographic territory:

As at August 31, 2022	**Canada**	**US**	**Consolidated**
Revenue	$nil	$10,511,372	$10,511,372
Expenses	7,720,087	19,642,801	27,362,888
Total net loss	**$7,720,087**	**$9,131,429**	**$16,851,516**
Current assets	387,654	1,186,510	1,574,164
Non-current assets	-	4,870,045	4,870,045
Total assets	**$387,654**	**$6,056,555**	**$6,444,209**
Current liabilities	322,374	2,413,165	2,735,540
Non-current liabilities	-	1,147,657	1,147,657
Total liabilities	**$322,374**	**$3,560,822**	**$3,883,197**

SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected financial data from the Company's audited financial statements for the year ended August 31, 2022, 2021 and 2020. It should be read in conjunction with the corresponding audited financial statements.

Item	For the year ended August 31, 2022	For the year ended August 31, 2021	For the year ended August 31, 2020
Revenues	$10,511,372	$607,330	$nil
Expenses	($13,055,865)	($1,504,757)	($76,820)
Other income	$nil	$nil	$nil
Other expenses	($14,307,023)	($930,655)	($23,970)
Net Loss	($16,851,516)	($1,828,082)	($100,790)
Current assets	$1,574,164	$1,908,362	$97,995
Non-current assets	$4,870,045	$16,620,130	$nil
Current liabilities	$2,735,540	$4,756,962	$22,110
Non-current liabilities	$1,147,657	$4,742,497	$nil
Working capital (deficiency)	($1,161,376)	($2,848,600)	$75,885
Shareholders' equity	$2,561,012	$9,029,033	$75,885
Dividend	$nil	$nil	$nil
Weighted average number of common shares outstanding	72,048,976	30,345,126	17,099,420
Basic and diluted loss per common share	$0.23	$0.06	$0.01

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company began generating revenue from operations in July 2021. The following is a breakdown of the material costs incurred for the year ended August 31, 2022 and 2021:

(a) General and administration expenses $1,254,538 (2021 – $211,089), comprising costs associated with regulatory filing, travels, insurance, investor relations, shipping fees, and administration of the Company;

(b) Consulting fees - $752,824 (2021 - $214,995), comprising monthly engagement fees, key management compensation and consulting fees paid to various of officers, directors, and consultants of the company relating to strategic planning, operations, and administration of the Company. (see "Transactions with Related Party").

(c) Depreciation expenses - $5,514,321 (2021 - $143,574), representing the amortization of the Bitcoin miners, the mining equipment, and the New Mexico mining facility;

(d) Electricity expenses - $2,126,220 (2021 - $182,765), representing the monthly electricity charges paid to the NTUA incurred in the production of Bitcoin;

(e) Interest expenses - $1,599,348 (2021 – $318,915), representing the monthly interest charges on the asset backed lending facilities provided by NYDIG ABL LLC and CHP Agent Services Inc., a related party;

(f) Compensation expenses - $355,290 (2021 – $45,248), comprising the monthly salaries paid to the management and employees of the Company and contract fees paid for the provision of part-time workers at the New Mexico facility for installation of new Bitcoin miners received and regular maintenance of the site;

(g) Management fees - $163,759 (2021 - $102,041), comprising fees paid to Cypress Hills Partners Inc., a related party, for accounting, operational, and administrative functions;

(h) Professional fees - $353,785 (2021 - $191,770), being costs associated with the annual financial audit, legal fees incurred relating to the public offering of units of the Company and legal expenses incurred relating to compliance and due diligence on existing and potential transactions;

(i) Rent - $60,219 (2021 - $15,759), representing the monthly head office rental and the monthly lease of the New Mexico mining site;

(j) Supplies and maintenance - $243,877 (2021 - $20,985), comprising expenses relating to the general maintenance of the New Mexico facilities including repair of faulty Bitcoin miners, optimizing space for cooling, and scheduled maintenance of mining equipment;

(k) Share-based payments - $1,259,451 (2021 - $899,079), being expenses relating to the grant of stock options recognized over a graded vesting schedule;

(l) Realized loss on digital assets - $927,303 (2021 - $nil), being the realized loss on disposition of digital assets for cash;

(m) Realized loss on sale of equipment - $6,282,875 (2021 - $nil), being the realized loss on the sale of mining equipment for cash and the transfer the mining equipment related to debt settlements (see "Overall Performance"); and

(n) Impairment of Goodwill - $4,282,085 (2021 - $nil), representing the write- off Goodwill related to the acquisition of WestBlock in 2021 (see "Fourth Quarter").

FOURTH QUARTER

Private Placement

On June 9, 2022, the Company announced the closing of a $2.0 million CAD private placement for 12,500,000 common shares and 12,500,000 warrants of the Company (the "Unit Offering") with a single strategic investor. The Unit Offering comprised one common share of the Company at $0.16 CAD per share and one whole warrant exercisable into one common share of the Company at $0.21 CAD for a period of twenty-four months. The warrants also provide for an accelerated exercise if the volume weighted average closing price is equal to or greater than $0.50 CAD for twenty consecutive trading days (the "Acceleration Event"). In such event, the Company may accelerate the exercise date to a date not later than twenty days following the Acceleration Event.

Sale of Miners

On July 15, 2022, the Company closed a transaction for the sale of 970 Bitcoin miners valued at $3,500,000. Under the terms of the agreement, the Company and the Purchaser have entered into a 24-month immersion hosting

agreement to manage the miner operation in return for a monthly fee plus bitcoin earned from overclocking using the immersion technology.

On July 20, 2022, the Company entered into a transaction for the sale of 590 Avalon miners for $450,000 and have received a $310,000 deposit as of August 31, 2022. The transfer of the miners to the purchaser is conditional upon receiving full payment of the balance of the sale price, which remains outstanding as at the date of this MD&A.

Debt Repayment and Settlement

In the fourth quarter of the fiscal year, the Company repaid, in advance, the debts related to the Canaan Avalon and Bitmain miners (. In addition, debt settlement arrangements were agreed with NYDIG for the full and final settlement of NYDIG debt obligations through the transfer of related collateralized mining equipment.

Goodwill Impairment

The value of Goodwill, which arose on the acquisition of WestBlock, was written-off on August 31, 2022 due to the continuing uneconomic Bitcoin mining conditions and the outlook for power consumption rates quoted for a renewal of the NTUA power contract. Accordingly, $4,282,085 was charged against income for the year.

SUMMARY OF QUARTERLY RESULTS

Quarterly Results:

	Quarter ended Nov 30, 2020	Quarter ended Feb 28, 2021	Quarter ended May 31, 2021	Quarter ended August 31, 2021
Total revenue	$nil	$nil	$nil	$607,330
Net Income (Loss) for the period	($10,548)	($46,761)	($486,536)	($1,284,234)
Basic and diluted (loss) per share	($0.00)	($0.00)	($0.01)	($0.03)

	Quarter ended Nov 30, 2021	Quarter ended Feb 28, 2022	Quarter ended May 31, 2022	Quarter ended August 31, 2022
Total revenue	$3,524,943	$2,947,961	$2,899,225	$1,139,243
Net income (loss) for the period	$951,617	($2,228,400)	($2,181,991)	($13,392,742)
Basic net income (loss) per share	$0.02	($0.03)	($0.03)	($0.17)
Diluted net income (loss) per share	$0.01	($0.03)	($0.03)	($0.17)

FY2022 Fourth Quarter – August 31, 2022

The Company had a net loss of $13,392,742 for the quarter ended August 31, 2022. The Company generated $894,451 in revenue from its Bitcoin and Ethereum mining operation and $244,792 from hosting operations.

During the quarter ended August 31, 2022, the Company realized total operating expenses of $3,406,693 primarily associated with depreciation expense of $1,502,570 relating to the amortization of the Bitcoin miners, loan interest of $233,332, electricity costs related to Bitcoin and Ethereum mining of $588,798, and compensation expenses of $248,891.

The Company realized total other expenses of $11,865,684 composed primarily of impairment of Goodwill of $4,282,085, share-based payments of $333,904, realized losses on digital assets of $6,282,875, and unrealized losses on digital.

FY2022 Third Quarter – May 31, 2022

The Company had a net loss of $2,181,991 for the quarter ended May 31, 2022. The Company generated $2,746,473 in revenue from its Bitcoin and Ethereum mining operation and $152,752 from hosting services.

During the quarter ended May 31, 2022, the Company realized total operating expenses of $3,640,195 primarily associated with depreciation expense of $1,869,693 relating to the amortization of the Bitcoin miners, loan interest of $495,824, electricity costs related to Bitcoin and Ethereum mining of $626,206 and compensation expenses of $269,487.

The Company realized total other expenses of $1,441,021 composed primarily of share-based payments of $249,789, realized losses on digital assets of $421,670, and unrealized losses on digital assets of $738,660.

FY2022 Second Quarter – February 28, 2022

The Company had a net loss of $2,288,400 for the quarter ended February 28, 2022. The Company generated $2,789,230 in revenue from its Bitcoin and Ethereum mining operation and $158,731 from hosting services.

During the quarter ended February 28, 2022, the Company realized total operating expenses of $3,756,372 primarily associated with depreciation expense of $1,370,659 relating to the amortization of the Bitcoin miners, loan interest of $506,936, electricity costs paid to the NTUA related to Bitcoin mining of $569,207, consulting fees of $440,531 and general and administration expenses of $447,107.

During the quarter ended February 28, 2022, the Company realized total other expenses of $1,479,989 composed primarily of share-based payments of $523,151, unrealized loss on digital assets of $571,130 and realized loss on digital assets of $354,938.

FY2022 First Quarter – November 30, 2021

The Company had a net income of $951,617 for the quarter ended November 30, 2021. The Company realized its first profitable fiscal quarter since inception. The Company generated $3,337,884 in revenue from its Bitcoin mining operation and $147,059 from hosting services.

During the quarter ended November 30, 2021, the Company realized a total expenses of $1,415,009 primarily associated with loan interest of $363,976, general and administration expenses of $307,917, electricity costs paid to the Navajo Tribal Utility Authority related to Bitcoin mining of $238,041, and consulting fees of $169,092.

The other non-operating expenses for the quarter ended November 30, 2021 was composed of share-based payments of $288,077, depreciation expenses of $843,417 relating to the amortization of the Bitcoin miners and, amortization of financing fees on long-term debts of $26,823.

FY2021 Fourth Quarter – August 31, 2021

During the quarter ended August 31, 2022, the Company generated $607,330 in revenue. The Company incurred a net loss of $1,284,234. The net loss was primarily composed of share-based payments, interest expenses, consulting fees, professional fees, electricity, and depreciating expense.

FY2021 Third Quarter – May 31, 2021

During the quarter ended May 31, 2021, the Company had no operating revenues. The Company had a net loss of $486,536. The net loss was primarily composed of share-based compensation expense relating to grant of share

purchase warrants and stock options, consulting fees of relating to OTCQB listing and social media growth and client outreach campaign with North Equities, and investor and public relations expenses relating to non-brokered private placements, initial launch of the marketing campaign with Stockhouse Publishing Ltd. to produce marketing contents and to disseminate news releases.

FY2021 Second Quarter – February 28, 2021

During the quarter ended February 28, 2021, the Company had no operating revenues. The Company had a net loss of $46,761. The net loss in the current period is primarily composed of professional fees relating to the year-end audit and the annual general meeting of the Company, shared-based compensation expense relating to the grant of stock options and interest expense relating to the interest payments on the ABL I financing.

FY2021 First Quarter – November 30, 2020

During the quarter ended November 30, 2020, the Company had no operating revenues. The Company had a net loss of $10,548. The net loss was primarily composed of consulting fees relating to corporate affairs and business planning, and general and administration expenses relating to regulatory filing and securities exchange maintenance fees.

SIGNIFICANT CONTRACTS

The Company has a power supply agreement (the "PSA") with the Navajo Tribal Utility Authority ("NTUA") which terminated on December 31, 2022. Although this agreement is renewable, it has not been renewed owing to the significant increase in the quoted power charges and current market conditions making Bitcoin mining uneconomic as at the date of this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital to maintain its ability to continue as a going concern, with a long-term view of providing returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash, cash equivalents, including Bitcoin, long-term debts, and equity comprised of issued common shares, special warrants, share purchase warrant reserves and deficit. The Company manages its capital structure and adjusts it considering economic conditions and financial needs. Upon approval from its Board, the Company will balance its overall capital structure through issuance of securities or by undertaking other activities as deemed appropriate under the specific circumstances.

Working Capital

On August 31, 2022, the Company had a working capital deficiency of $1,161,376 compared to the $2,848,600 deficiency that existed on August 31, 2021. The decrease in working capital deficiency during the year ended August 31, 2022 is primarily attributed to an increase in accounts receivable of $71,764 and decrease in the current portion of long-term debt of $3,276,284.

Asset backed lending structures

On May 27, 2021, the Company committed to purchase 2,400 S19J Pro Bitcoin miners at a total purchase price of $17.02 million. The purchase was satisfied through a combination of cash and asset backed lending structures ("ABL II" and "ABL III") provided by NYDIG. On December 16, 2021, the Company committed to purchase 500 S19J Pro Bitcoin miners at a cost of $3.02 million to be satisfied by a combination of working capital and an asset backed facility ("ABL IV") provided by NYDIG.

The terms and outstanding amounts of the asset backed lending facilities provided by NYDIG as at August 31, 2022 are as follows:

	ABL I	**ABL II**	**ABL III**	**ABL IV**
Total debt facility	$880,575	$11,065,470	$1,243,425	$1,750,000
Amounts outstanding	$nil	$nil	$nil	$nil
Interest rate	16%	15%	16%	15%
Duration	19 months	30 months	14 months	26 months
Payment frequency	Monthly	Monthly	Monthly	Monthly

Debt Repayments and Settlements

All of the debt facilities provided by NYDIG, ABL I, ABL II, ABL III, and ABL IV, were settled, or subject to settlement agreements as of August 31, 2022. On June 30, 2022, the Company repaid, in advance, the remaining debts under ABL I and III related to the Canaan Avalon miners. These repayments amounted to $415,000 CAD, and were paid to CHP Agent Services Inc., a related company at the direction of NYDIG. Debt repayments were also announced by the Company on July 15, 2022 in connection with the sale of miners and accompanying two year mining hosting agreement. The Company transferred 970 Bitmain miners for proceeds of $3.5 million. $3.2 million of the total proceeds were used to repay related debt obligations under ABL II and IV.

On August 10, 2022, a debt settlement arrangement between the Company and NYDIG was announced that provided for the transfer of 1,930 Bitcoin miners to the lender in exchange for full and final settlement of associated debts under ABL II and IV. This transaction closed on October 28, 2022

Requirement of Additional Debt and Equity Financing

There is no certainty that debt or equity financings will be available at the times and in the amounts required to fund the Company's activities. The audited financial statements do not include any adjustments that might result from these uncertainties.

No dividends have been paid by the Company to date. The Company anticipates that it will not be in a position to pay dividends for the foreseeable future, as it will retain cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after considering many factors, including the Company's financial condition and current and anticipated cash needs. The Company is not subject to any externally imposed capital requirement as at the date of this MD&A.

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common shares without par value.

As of August 31, 2022 and the date of this MD&A, there were 86,717,944 common shares, 31,193,255 share purchase warrants, 796,050 Compensation Options, and 5,263,000 stock options issued and outstanding.

Each stock option expires five years from the date of grant, vest over a 24-month period, at a rate of 25% after each six-month period and have an average exercise price of $0.294 CAD per share as at the date of this MD&A. A total of 2,437,000 of the 5,263,000 stock options are exercisable as at August 31, 2022. A total of 3,730,500 of the 5,263,000 stock options were granted to related parties.

OFF-BALANCE SHEET ARRANGEMENTS

There are no material off-balance sheet arrangements being pursued or negotiated by the Company as at the date of this MD&A.

TRANSACTIONS WITH RELATED PARTY

During the year ended August 31, 2022, the Company entered into the following transactions with related parties:

a) paid management fees of $153,259 (2021 - $101,979) and rental fees of $24,219 (2021 - $15,750) to a company controlled by Kelly Klatik, a director of the Company, and Dean Linden, a director of LNI and WestBlock, for accounting and administrative functions, operational management of the Company, and the Company's head office lease;

b) paid compensation and consulting expenses of $557,655 (2021 - $58,461) for contracts with certain officers and directors of the Company and its subsidiaries, representing monthly consulting fees and compensation for key management functions. As at August 31, 2022, a total of $129,662 was included in accounts payable and accrued liabilities

c) The following transactions are associated with the Company's borrowings with related parties:

Related party	Controlled by
CHP Agent Services Inc.	Kelly Klatik, Director of the Company; Dean Linden, Director of LNI and WestBlock
CHP Capital Inc.	Kelly Klatik, Director of the Company; Dean Linden, Director of LNI and WestBlock
InHand Financial Inc.	Kelly Klatik, Director of the Company; Dean Linden, Director of LNI and WestBlock

- On December 24, 2020, the Company placed an order for 590 Avalon miners at a total purchase price of $1,174,100. The purchase price was satisfied through a combination of cash and an asset backed lending structure (the "ABL I") provided by NYDIG. Subsequent to the structuring of the ABL transaction, CHP Agent Services Inc. entered into an agreement to acquire a 100% participation interest in ABL I amounting to $880,575. During the year ended August 31, 2022, the company paid $53,092 (2021 - $74,369) in interest expenses relating to ABL I;

- On May 27, 2021, the Company placed an order for 2,400 Bitmain miners at a total purchase price of $17,023,800. The purchase price will be satisfied through a combination of cash and asset backed lending structures ("ABL II" and "ABL III") provided by NYDIG. Subsequent to the structuring of asset backed lending transactions, CHP Agent Services Inc. entered into an agreement to acquire a 100% participation interest in ABL III. During the year ended August 31, 2022, the company paid $81,827 (2021 - $49,114) in interest expenses relating to ABL III;

- On June 14, 2021, the Company has assumed debt amounting to $869,000 as a result of the acquisition of WestBlock. 50% of the $869,000 loan ("CAS – Facility I") was provided by CHP Agent Services Inc. On July 29, 2021, the Company placed an order for 100 S19j Pro Bitcoin miners at a total purchase price of $755,000. The purchase price will be satisfied through a combination of cash and asset backed loan of $377,500 ("CAS – Facility II") provided by CHP Agent Services Inc. On November 25, 2021, WestBlock finalized the order with CES Corporation on the Immersion-Cooling System at a purchase price of $2,353,240 of which $1,942,200 will be paid in cash and $410,040 will be paid by the issuance of 612,000 common shares of the Company at a deemed price of $0.83 CAD per share. The cash portion will be satisfied through an asset backed loan facility ("CAS – Facility III") provided by CHP Agent Services Inc.

- On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility (the "Senior Debt Facility") with CHP Agent Services Inc. The Senior Debt Facility replaced the existing CAS – Facility I, CAS – Facility II, and CAS – Facility III. Total interest paid to the Senior Debt Facility amounted to $285,071 (2021 - $nil) during the year ended August 31, 2022. This amount includes the interests paid to CAS – Facility I, CAS – Facility II, and CAS – Facility III prior to the restructuring of the debt facilities. The facility may also be used to acquire additional Bitcoin mining servers and equipment;

- During the year ended August 31, 2022, the Company had drawn $500,000 CAD from a line of credit facility provided by CHP Capital Inc. The Company paid interest amounting to $13,104 (2021 - $nil) and repaid, in full, all amounts owed under the line of credit;

- During the year ended August 31, 2022, the Company financed its property insurance of $59,546 through InHand Financial Inc. and paid $3,099 (2021 - $nil) for interest during the period; and

- On November 2, 2022, CHP Agent Services Inc. and InHand Financial Inc. ceased to be related parties following the resignation of Kelly Klatik from the Company's Board of Directors.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers and are included in the amounts described above. All related party transactions are in the normal course of operations and have been recorded at the fair values on the date they occur.

PROPOSED TRANSACTIONS

The company does not have any proposed transactions as at the date of this MD&A.

CONTROLS AND PRODCEDURES

In connection with National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the annual financial statements and the accompanying MD&A for the year ended August 31, 2022 and 2021.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION AND FINANCIAL INSTRUMENTS

Useful Life of Mining Equipment

Cryptocurrency mining equipment is depreciated on a straight-line basis based on the estimated useful life of the classes of equipment as follows:

Transformers, containers, and related equipment	5 years
Mining Servers and related equipment	2 years
Infrastructures	10 years

Mining equipment used in the production of Bitcoin, has historically been subject to rapid obsolescence as each succeeding generation of equipment has proven to have significant enhanced economic benefits through faster processing power and lower operating costs. Management believes this will continue and accordingly believe the straight-line method of depreciation best reflects the useful life of the economic benefits provided by the equipment.

Revenue Recognition

The Company earns revenue from the provision of transaction verification services within the digital currency networks, more commonly known as crypto currency mining. In recognition of the provision of these mining services, the Company earns Bitcoin from the mining cryptocurrency pool in which it participates. Only when Bitcoin rewards are validated and earned are they recognized as revenue for accounting purposes.

The Company also earns revenue from hosting third party miners in the form of fixed monthly charges as well as variable charges based on power consumed. In addition, where such hosting involves the use of immersion equipment, additional Bitcoin revenue may be earned from over-clocking of machines in immersion.

There is currently no specific guidance in IFRS or alternative accounting frameworks for the accounting of the production of Bitcoin and management has exercised significant judgement in determining the appropriate accounting treatment for the recognition of Bitcoin revenue. In the event that more authoritative guidance is enacted by IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

Digital assets, which currently consist of Bitcoin, meet the definition of intangible assets under IAS 38. Bitcoin is initially recorded at the value attributed to the Bitcoin at point of mining authentication and the revaluation method is used to measure subsequent changes in value. Accordingly, increases in fair value are recorded in Other Comprehensive Income, while decreases are recorded in Profit and Loss. The Company revalues its digital assets on at each reporting date. There is no recycling of gains from Other Comprehensive Income to Profit and Loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in Profit and Loss, that increase is recorded in Profit and Loss. Decreases in fair value that reverse gains previously recorded in Other Comprehensive Income are recorded in Other Comprehensive Income.

CRYPTOCURRENCY AND CYBERSECURITY RISKS

Digital Asset Pricing Risk

Bitcoin pricing is affected by numerous factors including international supply and demand, interest rates, inflation or deflation, and global political and economic conditions. The profitability of the Company is directly related to the current and future pricing of Bitcoin. A decline in the market price of Bitcoin could have a negative impact on the Company`s future operations and financial results. In addition, a lack of market liquidity could limit the Company`s ability to sell Bitcoin on a timely basis and at acceptable pricing levels.

Risk of Security Breaches

Breaches in network security, computer malfeasance and hacking are continuing concerns in the Bitcoin Exchange markets. Typically, security breaches result in unauthorized access, from internal or external sources, to information, systems and control, to cause intentional damage and disruption of data transactions, hardware and related technologies which could result in unquantifiable loss to the Company's business operations and loss of assets.

Technology Security
Constantly changing technology used in the Bitcoin Network, Bitcoin mining and Blockchain Networks continually introduces opportunities for malicious actors to breach security protocols and potentially damage, steal or control Company assets.

Bitcoin Halving Risk
Bitcoin halving, which occurs every four years, is an event that triggers a 50% reduction in the Bitcoin revenue earned by the Bitcoin miners for every transaction verified by the miner. The reward, currently 6.25 Bitcoin per block, will halve again in 2024. Each halving event has historically resulted in a reduction in network difficulty rates that have corresponded to the reduction in the reward. This, however, cannot be assured or even forecast, and as such, represents a risk to the profitability of Bitcoin mining and the Company's ability to continue as a going concern.

Bitcoin Pricing Volatility Risk
The wide fluctuation of Bitcoin pricing creates a risk to the earnings capability and Bitcoin asset valuations that could be material to the results of operations and financial position of the Company.

Bitcoin Market Adoption
Currently, there is relatively small use of Bitcoin in the retail and commercial marketplace in comparison to the relatively larger use by speculators and investors. This uneven growth will contribute to volatility in pricing and could adversely affect an investment in the Company's shares. Further, if fees increase for recording transactions on the Bitcoin Blockchain, demand for Bitcoin may be reduced and contribute to slowing growth of the Bitcoin Network to retail and commercial enterprises resulting in market limitations and associated Bitcoin demand and valuation challenges.

Continuity of Power Supply
Bitcoin mining consumes large amounts of electrical power and as such, the Company is dependent on NTUA for the continual supply of power at rates that make Bitcoin mining operations efficient and profitable. Disruption in the power supply will have immediate financial consequences to the Company, and if prolonged, result in material losses in Bitcoin earnings, and additional expenses that may be incurred to replace or rectify the power supply.

Bitcoin Miner Obsolescence and Replacement
Technical advances in the efficiency of Bitcoin miners are being made on a continual basis and periodic introductions of new advanced miners can quickly obsolete the Company's existing miners in terms of efficiency and performance, relative to other industry Bitcoin miners. This could result in a reduction in Bitcoin rewards earned and ultimate profitability. Replacement of obsolete miners, or replacement of defective machines, cannot be assured due to competitive market conditions and uncertain pricing.

OTHER RISKS AND UNCERTAINTIES

Credit risk
Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk, in respect of its cash and funds held in trust by placing its cash balances at a recognized major Canadian and US financial institutions.

Digital assets are held only in the custody vaults of Anchorage Digital Bank NA, a US federally chartered digital asset bank and registered custodian. The Company does not self-custody its Digital Assets.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk on an ongoing basis in accordance with policies and procedures in place. Budgeting and Cash flow projections are completed and reviewed on a regular basis to ensure the Company has sufficient cash resources available to meet its financial obligations. The Company is exposed to liquidity risk in respect of its accounts payable and accrued liabilities, and long-term debt.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company's exposure to interest rate risk is limited and relates only to its ability to earn interest income on cash balances held from time to time at variable rates. Changes in short term rates will not have a significant effect on the fair value of the Company's cash positions.

Limited Operating History
The Company was recently commenced full operations at its Bitcoin mining facility and has no previous operating history. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as Bitcoin mining and blockchain technology. There is no certainty that the Company will attain its business objectives or operate profitably.

No Profits to Date
The Company has not made any profits since its incorporation. The Company's future profitability depends upon its ability to refinance and/or restructure it's business operations.

Additional Requirements for Capital
Substantial additional financing may be required if the Company is to successfully develop its business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Regulatory Risks
Changes in or more aggressive enforcement of laws and regulations could adversely impact the Company's business. Failure or delays in obtaining necessary approvals could have a materially adverse effect on the Company's financial condition and results of operations. Furthermore, changes in government, regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. Regulatory agencies could shut down or restrict the use of Bitcoin and the mining of Bitcoin. This could lead to a loss of any investment made in the Company and may trigger regulatory action by the authorities.

Litigation
The Company may become involved in litigation that may materially adversely affect either company or both companies. From time to time in the ordinary course of the Company's business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results, or financial condition.

Conflicts of interest
The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his or her

interest and abstain from voting on such matter. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

To the best of the Company's knowledge, and other than disclosed herein and in the Company`s annual audited financial statements, there are no known existing or potential conflicts of interest between the Company and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Currency risk

Currency risk relates to the risk that the fair values and future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Bitcoin mined by the Company and most major expenditures and loans related to mining equipment, infrastructure and ongoing operating costs are denominated in USD, the functional currency of the Company's mining operations segment. Exchange rate fluctuations will affect those parts of the Company's operations managed in CDN dollars and consequently may impact the Company's financial results.

Other Information

Additional information regarding the Company is available on SEDAR at www.sedar.com.