# LINK GLOBAL TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION & ANALYSIS

## FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2021

## (EXPRESSED IN US DOLLARS)

## GENERAL

The following Management's Discussion and Analysis ("MD&A") is presented as at November 1, 2021 and provides an analysis of the financial results of Link Global Technologies Inc. ("Link" or the "Company") for the three and nine months ended August 31, 2021. It should be read in conjunction with the Company's condensed interim consolidated financial statements for the three- and nine-month period ended August 31, 2021 and the audited consolidated financial statements at November 30, 2020 and accompanying MD&A dated April 7, 2021. The Company's condensed interim consolidated financial statements and the financial information contained in this MD&A were prepared in accordance with IFRS. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

The MD&A, particularly under the heading "Capital Resources", contains forward-looking statements that involve numerous risks and uncertainties. Forward-looking statements are not historical fact, but rather are based on the Company's current plans, objectives, goals, strategies, estimates, assumptions, and projections about the Company's industry, business and future financial results. The Company's actual results could differ materially from those discussed in such forward-looking statements.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may be forward-looking within the meaning of applicable securities laws. Forward-looking information and statements (collectively, "**forward-looking statements**") are based on the best estimates available to the Company at that time and involve known and unknown risks, uncertainties or other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements relate to possible events, conditions or financial performance of the Company based on future economic conditions and courses of action. All statements other than statements of historical fact are forward-looking statements. The use of any words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "will likely result", "are expected to", "will continue", "is anticipated", "believes", "estimated", "intends", "plans", "projection", "outlook" and similar expressions are intended to identify forward-looking statements. The Company believes there is a reasonable basis for the expectations reflected in the forward-looking statements, however no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this MD&A should not be unduly relied upon by the reader. The forward-looking statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

## COMPANY OVERVIEW

Link Global Technologies Inc. was incorporated in British Columbia, Canada, on January 22, 2018. The Company has been engaged in locating and securing, for lease and option to purchase, properties with access to low-cost reliable power, and deploying the low-cost power to conduct digital mining and supply energy for other data hosting services (provided by the Company and/or other service providers in the industry) in North America. The Company generates revenues from building and managing semi-portable, self-contained power solutions (containers) that can be rapidly deployed in virtually any environment; providing cost-effective power and infrastructure solutions to third party digital currency miners, and also recognizes revenue from the provision of transaction verification services, known as “crypto-currency mining”, for which the Company receives digital currencies and records them as inventory.

The registered and records office is 1430 – 800 West Pender Street, Vancouver, British Columbia, V6C 2V6.

## GOING CONCERN

This MD&A and the Consolidated Financial Statements have been prepared on the basis that the Company will remain a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the Company’s next fiscal year. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

During the nine months ended August 31, 2021, the Company has generated revenue from operations of $2,262,282. During the nine months ended August 31, 2021, the Company incurred an operating loss of $4,808,279, and as at August 31, 2021, the Company had a deficit of $12,855,142. The Company had a working capital deficiency of $5,798,446 as at August 31, 2021 and expects to incur further operating losses for the foreseeable future in the development of its business and expects that it will require additional financing.

The Company’s ability to continue as a going concern is dependent upon the ability to find, acquire and develop various businesses with growth potential, its ability to obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Therefore, this indicates a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

As a result of the above, realization values may be substantially different from the carrying values shown and the Company’s financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of the assets and liabilities should the Company be unable to continue as a going concern.

## 2021 Q3 HIGHLIGHTS

- As at August 31, 2021, the Company has total assets of $12,595,799, including $3,563,097 Property & Equipment and $6,909,757 Right-of-Use Assets, representing 143% growth in total assets compared to the prior year ended November 30, 2020. The increase in assets is reflective of the significant investments in capital infrastructure for the various power-generating sites, housing the Company's clients' Bitcoin mining operations.

- For the nine months ended August 31, 2021, the Company recognized revenues of $2,262,282, with respective cost of sales of $1,341,070 and realized gross profit of $921,212 (or 41% gross margin). The nine months revenues for the third quarter of fiscal 2021 represents a 200% increase compared to the same period in the prior year. The increase in revenues is a result of commencement of hosting operations. The Company believes its gross margin will improve as additional clients come online.

- For the nine months ended August 31, 2021, operating expenses were $4,220,920 compared to $987,114 incurred during the same period in the prior year. The increased expenditures reflect the increased business activity to commission the various power-generating sites, including the hiring of third-party contractors and supplies. In addition, the Company continued to invest in marketing and investor relations to enhance the profile and presence of the Company in the capital markets. This investment resulted in the successful completion of several rounds of financing, totalling $3,222,413. These proceeds were re-invested in capital infrastructure and commissioning the various power generating sites.

- As at August 31, 2021, the Company has $2,122,945 in current assets, including $2,238 in cash, $52,762 in digital currencies, and an overall working capital deficiency of $5,798,446 as a result of timing of collecting receivables and build-up of payables.

- For the three and nine months ended August 31, 2021, the Company realized net loss of $1,385,802 and $4,808,279, respectively.

## RECENT DEVELOPMENTS

- On June 28, 2021, the Company signed an agreement with Atlas Mining Investments Ltd. ("Atlas") for a 40 MW turnkey solution hosting 12,000 of Atlas' latest generation of Bitcoin miners. The first 40 MW is set to be commissioned in the late third quarter through the fourth quarter of 2021, with an option to expand an additional 40 MW or 12,000 miners in the first quarter/second quarter of 2022. Latest-generation miners planned for installation; this adds 1.3 exahashes per second for 2021 with an optional 1.3 exahashes per second for a total of 2.6 exahashes per second for early 2022. The Atlas agreement provides for a profit-sharing model and the supply of power and infrastructure services.

### Successful Completion of a Series of Equity Financings $3,675,546

- In August 2021, the Company issued 1,388,888 units with a price of CAD$0.36 per unit for gross proceeds of $394,259 (CAD$500,000). Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at cAD$0.5625 per share for 36 months following issuance date. The financing proceeds are being put toward operations of the Company.

- In May 2021, the Company issued 2,185,000 units at a price of CAD$0.80 per unit for gross proceeds of $1,445,106 (CAD$1,748,000). Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at CAD$1.25 per share for 24 months following the closing of the financing. The financing proceeds are being put toward commission of the power-producing assets in Alberta, Canada.

- In February 2021, the Company issued 2,191,329 units at a price of CAD$0.60 per unit for gross proceeds of $1,034,296 (CAD$1,314,797). Each unit consists of one common share and one-half warrant. Each warrant entitles the holder to purchase one common share at CAD$0.90 per share for 19 months following issuance date. The financing proceeds are being put toward commission of the power-producing assets in Alberta, Canada.

- In January 2021, the Company issued 2,911,300 units with a price of CAD$0.35 per unit for gross proceeds of $801,885 (CAD$1,018,955). Each unit consists of one common share and one-half warrant. Each warrant entitles the holder to purchase one common share at CAD$0.50 per share for 18 months following issuance date. The financing proceeds are being put toward commission of the power-producing assets in Alberta, Canada.

- On September 9, 2020, the Company closed the second and final tranche of a non-brokered private placement issuing 3,274,060 units at a price of CAD$0.33 per unit for gross proceeds of CAD$1,080,440. Each unit consists of one common share and one-half of one common share purchase warrant. The financing proceeds are being put toward commission of the power-producing assets in Alberta, Canada.

- On July 24, 2020, the Company closed the first tranche of a non-brokered private placement issuing 630,000 units at a price of CAD$0.33 per unit for gross proceeds of up to CAD$207,900. Each unit consists of one common share and one-half of one common share purchase warrant. In connection with the private placement, the Company issued 23,840 broker warrants. Each warrant entitled the holder to purchase one common share of the Company at a price of CAD$0.66 per Share for a period of two years following the closing of the first tranche of the offering. The financing proceeds are being put toward commission of the power-producing assets in Alberta, Canada.

- On March 4, 2020, the Company closed a non-brokered private placement by issuing 2.5 million units at a price of CAD$0.32 per unit for gross proceeds of CAD$800,000. The Company also extinguished $500,000 in debt owed to an existing shareholder, in exchange for 1,562,500 units at CAD$0.32. Each unit consists of one common share of the company and one-half of one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of CAD$0.64 per share for a period of two years from the closing of the financing. A large part of the use of proceeds was put towards the acquisition of the power-producing assets in Alberta, Canada.

## SELECTED FINANCIAL INFORMATION

The following sets out selected financial information from the Company's most recently completed financial period, being the years ended November 30, 2020, 2019 and the period from January 22, 2018 (Date of Incorporation) to November 30, 2018, and are derived from, and should be read together with, the Company's annual financial statements.

| Summary of Components of Consolidated Statements of Operations and Comprehensive Loss | | Year ended November 30, 2020 | | Year ended November 30, 2019 | | For the period from January 22, 2018 to November 30, 2018 |
|---|---|---|---|---|---|---|
| Revenue | $ | 1,266,876 | $ | 661,374 | $ | 324,158 |
| Cost of sales | $ | (2,379,891) | $ | (590,721) | $ | (238,237) |
| Expenses | $ | (2,310,690) | $ | (922,766) | $ | (1,117,619) |
| Net loss and comprehensive loss | $ | (4,610,918) | $ | (1,025,921) | $ | (2,352,710) |
| Basic and diluted loss per share | $ | (0.16) | $ | (0.04) | $ | (0.17) |

| | | November 30, 2020 | | November 30, 2019 | | November 30, 2018 |
|---|---|---|---|---|---|---|
| Total assets | $ | 5,174,618 | $ | 876,550 | $ | 610,508 |
| Total liabilities | $ | 7,214,095 | $ | 1,733,649 | $ | 1,730,301 |
| Working capital | $ | (4,915,303) | $ | (655,742) | $ | (876,053) |
| Accumulated deficit | $ | (8,046,863) | $ | (3,378,631) | $ | (2,352,710) |

## OVERALL PERFORMANCE

The following discussion of the Company's financial performance is based on the condensed interim consolidated financial statements for the three and nine months ended August 31, 2021.

The condensed interim consolidated statement of financial position as of August 31, 2021, indicates a cash position of $2,238, and total current assets of $2,122,945. Total current assets comprise primarily of cash in bank accounts, trade and other receivables, digital currencies, loans receivable and prepaid expenses and deposits for lease of equipment and facility.

Link Global Technologies Inc. completed four private placement offerings for cash proceeds during the nine months ended August 31, 2021, 8,67,517 common shares and 6,135,701 share purchase warrants were issued for total gross proceeds of $3,675,546 (CAD$4,581,752).

Link Global Technologies Inc. completed three non-brokered private placement offerings for cash proceeds during the year ended November 30, 2019, 5,540,000 common shares were issued for total gross proceeds of $1,232,684 (CAD $1,635,000). In addition, the Company completed two brokered private placement offerings for cash proceeds during the year ended November 30, 2020, 6,404,060 common shares and 3,202,029 share purchase warrants were issued for total gross proceeds of $1,572,826 (CAD $2,088,340).

Current liabilities at August 31, 2021 totaled $7,921,391, which comprised mainly of accounts payable, accrued liabilities, customer deposits, short-term loans, current portion of lease liabilities and derivative liability. Long-term liabilities at August 31, 2021 totaled $2,188,526, which consisted of loans payable and non-current portion of lease liabilities. During the nine months ended August 31, 2021, the Company issued 4,685,222 common shares of $1,450,159 (CAD$1,819,225) to settle accounts payables and loans. As at August 31, 2021, shareholders' equity is comprised of capital stock of $12,498,140, reserves for options and warrants of $3,090,146, accumulated deficit of $12,855,142 and reserve for foreign exchange of $(247,262), for a net shareholders' equity of $2,485,882. As at August 31, 2021, working capital, which is current assets less current liabilities, is a deficiency of $5,815,884. Management believes that there is not sufficient working capital to maintain the Company's day-to-day operations, and the Company will need to raise funds through issuance of debt or equity instruments.

## RESULTS OF OPERATIONS

### Results for the Three Months ended August 31, 2021

During the three months ended August 31, 2021, the Company reported revenue of $736,550 (August 31, 2020 - $563,874). Total cost of sales was $550,233 (August 31, 2020 - $153,978) included computer-related expenses and utilities. During the three months, management recorded a loss of $243,528 (August 31, 2020 – $371) due to the fluctuation in the Bitcoin prices, and a gain of $90,634 (August 31, 2020 – loss of $1,381) due to the revaluation of derivative liabilities. The Company reported a net loss of $1,385,802 (August 31, 2020 – $579,953) and basic and diluted loss per share of $0.03 (August 31, 2020 – $0.02).

The operating expenses of $788,594 (August 31, 2020 – $493,175) were comprised primarily of share-based compensation expense $9,083 (August 31, 2020 - $32,156), consulting fees $101,358 (August 31, 2020 - $48,930), marketing and investor relations expenses $69,313 (August 31, 2020 - $9,390), depreciation expense $149,934 (August 31, 2020 - $290,496), and repairs and maintenance $206,703 (August 31, 2020 - $44,072).

### Results for the Nine Months ended August 31, 2021

During the nine months ended August 31, 2021, the Company reported revenue of $2,262,282 (August 31, 2020 - $754,918). Total cost of sales was $1,341,070 (August 31, 2020 - $383,307) included computer-related expenses and utilities. During the nine months, management recorded a loss of $477,393 (August 31, 2020 – gain of $2,450) due to the fluctuation in the Bitcoin prices, and a gain of $30,833 (August 31, 2020 – loss of $433,467) due to the revaluation of derivative liabilities. The Company reported a net loss of $4,808,279 (August 31, 2020 - $1,678,723) and basic and diluted loss of $0.10 (August 31, 2020 – $0.06).

The operating expenses of $4,220,920 (August 31, 2020 - $987,114) were comprised primarily of share-based compensation expense $1,539,545 (August 31, 2020 - $73,210), consulting fees $606,232 (August 31, 2020 - $142,138), marketing and investor relations expenses $661,078 (August 31, 2020 - $9,390), depreciation expense $444,249 (August 31, 2020 - $392,805), repairs and maintenance $362,130 (August 31, 2020 - $44,072). The increase in expenditures reflect the increased business activity to commission the various power-generating sites in 2021, including the hiring of third-party contractors and supplies.

## OUTLOOK

The Company's long-term plans are to continue to secure low-cost power-generating assets and supply its partners with smart infrastructure and cost-efficient power solutions for data hosting and digital mining operations. The Company has 18.75 megawatts of power generation made operational. The Company's goal is to move closer to 100 megawatts of power by the end of 2021.

Most recently in May 2021, China banned financial institutions and payment companies from providing services related to cryptocurrency transactions, and warned investors against speculative crypto trading. It was China's latest attempt to clamp down on what was a burgeoning digital trading market. Under the ban, such institutions, including banks and online payments channels, must not offer clients any service involving cryptocurrency, such as registration, trading, clearing and settlement. China has banned crypto exchanges and initial coin offerings but has not barred individuals from holding cryptocurrencies. The ban from China serves as a positive indicator for cryptocurrency mining operations in Canada.

The Company intends to raise funds through various rounds of financing in order to continue developing its current operations and to build semi-portable, energy efficient data warehousing centers (or containers) for use on its own properties, as well as for sale to third parties. Ultimately, the Company anticipates that, by securing properties with low-cost power sources, as well as providing infrastructure that can move to locations of lower cost power, it is providing a hedge against the risk of future adverse price fluctuation in power.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2021, the Company's cash and cash equivalents balance was recorded as $2,238 and the Company had working capital deficiency of $5,815,884 including a non-cash liability for its derivative liability of $167,563.

Financing Activities

During the nine months ended August 31, 2021, the Company received CAD$800,000 of debt financing from one of its founding shareholder. The debt financing is repayable three months from the date of closing, is unsecured and non-interest bearing. As at the date of the MD&A, the debt was fully repaid.

In August 2021, the Company 1,388,888 units at a price of CAD$0.36 per unit for gross proceeds of $394,259 (CAD$500,000). Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at CAD$0.5625 per share for 36 months following the closing the issuance date.

In May 2021, the Company issued 2,185,000 units at a price of CAD$0.80 per unit for gross proceeds of $1,445,106 (CAD$1,748,000). Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at CAD$1.25 per share for 24 months following the closing of the financing.

In February 2021, the Company issued 2,191,329 units at a price of CAD$0.60 per unit for gross proceeds of $1,034,296 (CAD$1,314,797). Each unit consists of one common share and one-half warrant. Each warrant entitles the holder to purchase one common share at CAD$0.90 per share for 19 months following issuance date.

In January 2021, the Company issued 2,911,300 units with a price of CAD$0.35 per unit for gross proceeds of $801,885 (CAD$1,018,955). Each unit consists of one common share and one-half warrant. Each warrant entitles the holder to purchase one common share at CAD$0.50 per share for 18 months following issuance date.

On September 9, 2020, the Company closed the second and final tranche of a non-brokered private placement issuing 3,274,060 units at a price of CAD$0.33 per unit for gross proceeds of up to CAD$1,080,440. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitled the holder to purchase one common share of the Company at a price of CAD$0.66 per Share for a period of two years following the closing of the offering.

On July 24, 2020, the Company closed the first tranche of a non-brokered private placement issuing 630,000 units at a price of CAD$0.33 per unit for gross proceeds of up to CAD$207,900. Each unit consists of one common share and one-half of one common share purchase warrant. In connection with the private placement, the Company issued 23,840 broker warrants. Each warrant entitled the holder to purchase one common share of the Company at a price of CAD$0.66 per Share for a period of two years following the closing of the first tranche of the offering.

On March 4, 2020, the Company issued 2,500,000 common shares and 1,250,000 share purchase warrants for gross proceeds of $597,728 (CAD $800,000).

In May 2018, the Company issued two partially convertible debentures with a principal balance of $77,785 (CAD $100,000) and $388,682 (CAD$500,000) respectively. The original terms of the notes provided that among other things: the notes were unsecured and bore an interest rate at 5% per annum; the principal balances and accrued interest matured on the date of the earlier of: (i) 10 business days following the closing of the Company's IPO, or (ii) 9 months after the date of issuance of the notes; and, at the discretion of the holders, 25% of these notes were convertible into common shares of the Company at a price that was the greater of CAD$0.12 per share, or an amount that represents a 20% discount to the issue price of shares sold in connection of an IPO or a transaction pursuant to which the Company would become listed on any stock exchange. On October 4, 2018, the notes were amended pursuant to two conversion notice and note amendment agreements. Pursuant to the amendment agreements, the Company issued 1,416,666 common shares at a deemed price of $0.18 per common share in connection with the partial conversion of the notes. As of October 4, 2018, one replacement note remains outstanding, representing a principal amount of CAD$375,000 which bears no interest, is not convertible into securities of the Company and is payable by the Company to the holder on or before February 7, 2020. On June 6, 2019, the maturity date of the note was extended to on or before February 7, 2022.

<u>Investing Activities</u>

For the nine months ended August 31, 2021, the Company continued to develop its power-producing assets to maximize their power output. Investments in capital infrastructure – Property & Equipment and Right-to-Use Assets total $6,909,757 during the nine months ended August 31, 2021 compared to $1,547,977 during the same period in the prior year.

For the year ended November 30, 2020, the Company purchased related equipment to set up the power-producing assets. In addition, the Company entered into an agreement to acquire 25% interests in certain assets consisting of leases and lands, facilities, wells and pipelines.

## CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard our ability to continue as a going concern in order to support the Company's operations and growth strategies for the benefit of the Company's stakeholders. As the Company is in its development stage, our principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of equity as well as cash and restricted cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments.

The Company is not subject to externally imposed capital requirements and our overall strategy with respect to capital risk management remains unchanged during the period presented.

## CAPITAL STRUCTURE

As of the date of the MD&A, the Company currently has 57,905,107 common shares issued and outstanding. In addition, there are outstanding incentive share options for a further 2,348,083 common shares and total outstanding share purchase warrants of 10,338,319.

## COMMON SHARES

As at August 31, 2021, the following common shares were issued and outstanding:

| | Common Shares |
|---|---|
| Balance at November 30, 2020 | 36,684,017 |
| Issuance of shares for settlement of debt | 4,685,222 |
| Issuance of shares for cash | 8,676,517 |
| Exercise of options | 2,200,000 |
| Exercise of agent's options | 317,295 |
| Exercise of warrants | 5,142,056 |
| Balance at August 31, 2021 | 57,705,107 |

There was a warrant exercise of 200,000 shares subsequent to August 31, 2021.

## WARRANTS

The following warrants were outstanding as of the date of this MD&A:

| Grant Date | Expiry Date | Number of warrants issued | Weighted Average Exercise Price |
|---|---|---|---|
| May 15, 2018 | May 15, 2023 | 590,000 | $0.10 |
| February 20, 2020 | February 20, 2022 | 781,250 | $0.64 |
| March 4, 2020 | March 4, 2022 | 1,250,000 | $0.64 |
| July 24, 2020 | July 24, 2022 | 234,360 | $0.66 |
| September 9, 2020 | September 9, 2022 | 879,453 | $0.66 |
| January 7, 2021 | July 7, 2022 | 1,595,468 | $0.50 |
| February 17, 2021 | September 17, 2022 | 1,177,423 | $0.90 |
| May 12, 2021 | May 12, 2023 | 2,441,477 | $1.25 |
| August 23, 2021 | August 23, 2024 | 1,388,888 | $0.5625 |
| | | 10,338,319 | $0.75 |

## STOCK OPTIONS

The details of stock options outstanding as of the date of this MD&A are as follows:

| Grant Date | Expiry Date | Number of Shares Issuable on Exercise | Weighted Average Exercise Price |
|---|---|---|---|
| October 12, 2018 | October 12, 2021 | 950,000 | $0.10 |
| November 13, 2019 | November 13, 2021 | 68,355 | $0.30 |
| May 25, 2020 | May 25, 2022 | 184,459 | $0.37 |
| May 25, 2020 | May 25, 2025 | 395,269 | $0.37 |
| September 9, 2020 | September 9, 2025 | 750,000 | $0.42 |
| | | 2,348,083 | $0.27 |

On May 25, 2020, the Company granted 579,728 stock options to an officer and three consultants. 184,459 options vested immediately on grant date and may be exercised within 2 years from the date of grant at a price of CAD $0.37 per share. The rest of the options may be exercised within 5 years from the date of grant at a price of $0.37 per share and are vested 12.5% every 3 months for a period of 2 years.

On September 9 2020, the Company granted 1,500,000 stock options to two new directors. These options vested immediately and may be exercised within 5 years from the date of grant at a price of CAD$0.42 per share.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## FINANCIAL INSTRUMENTS

### Financial Assets and Liabilities

Information regarding the Company's financial assets and liabilities as at August 31, 2021 and November 30, 2020 is summarized as follows:

| | | August 31, 2021 | | November 30, 2020 |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| At amortized cost | | | | |
| Cash | $ | 2,238 | $ | 10,255 |
| Trade receivables | | 1,129,314 | | 95,125 |
| Loans receivable | | 445,833 | | 420,683 |
| | $ | 1,577,385 | $ | 526,063 |

| | | August 31, 2021 | | November 30, 2020 |
|---|---|---|---|---|
| **Financial Liabilities** | | | | |
| At amortized cost | | | | |
| Trade payable | $ | 3,100,505 | $ | 1,331,117 |
| Customer deposits | | 1,112,775 | | 1,000,000 |
| Short-term loans payable | | 391,084 | | 82,926 |
| Lease liabilities | | 5,292,112 | | 2,030,029 |
| Long-term loans payable | | 45,878 | | 221,865 |
| | $ | 9,942,354 | $ | 4,665,937 |
| Fair value through profit or loss | | | | |
| Derivative liabilities | | 167,563 | | 1,591,925 |
| Total financial liabilities | $ | 10,109,917 | $ | 6,257,862 |

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

### Financial Instrument Risk Exposure

The Company's financial instruments expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support those operations. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance, in the context of its general capital management objectives.

***Concentration of Credit Risk***
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash accounts and accounts receivable.

The Company's maximum exposure to credit risk at the date of the statement of financial position from its financial instruments is summarized as follows:

| | | August 31, 2021 | | November 30, 2020 |
|---|---|---|---|---|
| Cash | $ | 2,238 | $ | 10,255 |
| Trade receivables | | 1,129,314 | | 95,125 |
| Loans receivable | | 445,833 | | 420,683 |
| | $ | 1,577,385 | $ | 526,063 |

The Company manages credit risk on cash by placing its cash in a high-quality financial institution. The Company has concentrations of credit risk with respect to trade receivables and loans receivable as its trade receivables and loans receivable are from one customer. The Company performs credit evaluation of its customers and does not require collateral to support trade receivables and loans receivable.

***Liquidity Risk***

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company's ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flows, as well as future equity and debt financing.

The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 17 of the accompanying financial statements. The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, the contractual maturities of which at August 31, 2021 and November 30, 2020 are summarized as follows:

| | | August 31, 2021 | | November 30, 2020 |
|---|---|---|---|---|
| Trade payable, accrued liabilities with contractual maturities: | | | | |
| Within 90 days or less | $ | 3,100,505 | $ | 1,698,527 |
| Later than 90 days, not later than one year | | - | | - |
| | $ | 3,100,505 | $ | 1,698,527 |

***Interest Rate Risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk of cash balances. The Company invests excess cash in investment-grade short term deposits issued by its banking institutions. The Company periodically monitors the investment and is of the opinion that it has no significant exposure at August 31, 2021 to interest rate risk through its other financial instruments.

***Currency Risk***

Currency risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, prepayments, and accrued liabilities that are denominated in US and Canadian dollars.

The Company has net financial liability of approximately $137,000 that is denominated in US dollars. Based on the above net exposure at August 31, 2021, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in approximately $13,700 increase or decrease in profit or loss. The Company has not employed any currency hedging programs during the current period.

**DIGITAL CURRENCY RISK**

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital currencies; in addition, the Company may not be able to liquidate its inventory of digital currency at its desired price if required. A decline in the market prices for digital currencies could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital currency sales.

Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. The Company's digital currencies currently consist of bitcoins only.

## RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiary, key management personnel, and companies related by way of directors or shareholders in common. Transactions with related parties for goods and services are made on normal commercial terms.

Key Management Personnel Compensation

Key management personnel include the Company's Board of Directors and members of senior management.

| | Three Months ended | | Nine Months ended | |
|---|---|---|---|---|
| | **August 31, 2021** | **August 31, 2020** | **August 31, 2021** | **August 31, 2020** |
| Consulting and professional fees: | | | | |
| CEO | $ 34,954 | $ 65,001 | $ 104,159 | $ 98,253 |
| CFO | 19,299 | 22,585 | 61,458 | 40,631 |
| | $ 54,253 | $ 87,586 | $ 165,617 | $ 138,884 |

During the three and nine months ended August 31, 2021, the Company had shared based compensation made to consultants and management of $9,083 and $1,539,545 (August 31, 2020 - $6,431 and $6,861) respectively.

Hosting Revenue

During the three and nine months ended August 31, 2021, the Company earned $nil and $550,040 (August 31, 2020 - $nil and $nil) respectively, from providing hosting services to a company formerly with two common directors. During the same period, the Company wrote off $550,040 as it deemed the amount to be uncollectible.

## SUBSEQUENT EVENTS

*Alberta Utilities Commission*

In January 2021 one of the Company's Alberta facilities (Campbell) was the subject of a noise complaint. On March 19, 2021 the Company became the subject of enforcement proceedings before the Alberta Utilities Commission (the "Commission" or the "AUC") and was required to cease nighttime operations at the Campbell facility. On August 19, 2021 the Commission released a decision in which the Company was ordered to shut down two Alberta facilities (Campbell and Kirkwall) until proper approvals or authorizations were secured from the AUC and Alberta Environment and Parks ("AEP"). The Campbell facility will not be re-started but instead be relocated to another location. The Company is currently working with AEP to allow operation of Kirkwall to recommence.

In its August 19, 2021 Decision the AUC also accepted an agreement between the Company and AUC Enforcement staff that the Company would pay an administrative penalty of between $50,000 to $75,000 subject to a reduction of up to 50% for the Company's cooperation. However, the Commission directed that a "Phase 2" proceeding would ensue to determine whether the Company should also have to pay an additional penalty based on disgorgement of economic benefits allegedly obtained from the two facilities.

On October 15, 2021 AUC Enforcement staff commenced investigation of a third Alberta facility operated by the Company, Westlock Hazel Bluffs ("Westlock"), for commencing operations without having secured proper approvals and authorizations from the AUC and AEP. The Company has voluntarily disclosed to the Commission this investigation and asked the Commission to combine in a single proceeding all outstanding enforcement matters. The Company expects that the agreed-to administrative penalty of $50,000 - $75,000 will be re-visited by the Commission. The Company is currently preparing comprehensive submissions to the Commission on all outstanding enforcement matters.

*Clean Carbon Equity*

In October 2021, the Company acquired Clean Carbon Equity ("CCE"), an arm's length private company. The Company acquired CCE for CAD$1,200,000 through the issuance to the shareholders of CCE of common shares of the Company valued at CAD$0.80 per share for a total of 1,750,000 shares and 875,000 warrants to purchase common shares of Link, with each warrant exercisable at CAD$1.12 per share for 24 months following the date of issuance. No finder's fee was paid in connection with this acquisition.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recoverability and measurement of deferred tax assets and liabilities, inventory valuation and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

*Going Concern*

The assessment of the Company's ability to continue as a going concern involves critical judgment based on historical experience. Significant judgments are used in the Company's assessment of its ability to continue as a going concern which is described in Note 1 to the accompanying financial statements.

*Classification of Revenue*

Whether the cryptocurrency received by the Company resulting from its mining activity constitutes revenue and should be presented as such in these consolidated financial statements. The Company's position is that it is providing a service to the digital currency networks based on the known terms and therefore the presentation as revenue is appropriate.