LUXXFOLIO HOLDINGS INC.

Management's Discussion & Analysis
For the years ended August 31, 2024 and 2023

Dated: February 3, 2025

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, 2024 and 2023. This MD&A is dated February 5, 2025 and should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes for the years ended August 31, 2024 and 2023, 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 Canadian dollars ("CAD") 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, 2024 and 2023, 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 British Columbia was incorporated under the Business Corporations Act (British Columbia) on October 10, 2017. The Company's head and registered office is located at 417-1080 Mainland St., Vancouver, British Columbia, Canada. The Company's corporate website address is www.luxxfolio.com.

The Company is listed on the CSE under the trading symbol "LUXX", on the Frankfurt Stock Exchange under the trading symbol "LUH", and on the Börse Berlin under the trading symbol "LUH".

The Company operates within the digital asset industry, most recently mining Bitcoin through it's wholly owned subsidiaries, Luxxfolio Network Inc. ("LNI") and WestBlock Capital Inc. ("WestBlock"), which share the same head and registered office as the Company. Both LNI and WestBlock became non-operating subsidiaries on November 30, 2022, following the closure of WestBlock's Bitcoin mining facility in Shiprock, New Mexico (the "New Mexico Mining Facility"). Further, the Company lost control of its Westblock subsidiaries and related assets following the notification by the Navajo Tribal Utility Authority ("NTUA") that it had seized the Company's property and restricted access to the mining facility (See "Overall Performance").

The Company has eliminated all secured debt obligations but has lost access to key pieces of equipment necessary for operation of the mining facility (see "Debt Settlements"). Accordingly, the Company will not be returning to Bitcoin mining at the New Mexico Facility.

Since the closure of it's mining facilities, the Company has been focused on exploring its strategic alternatives. The Company announced on November 28, 2024, that it intended to adopt a digital asset staking strategy and announced a related financing to provide the capital to support this new strategy. Details of the financing, announced on December 4, 2024, provided that up to \$1.3 million would be raised through the issuance of up to 43,333,333 million units at a price of \$0.03 per unit. Each unit in the offering will consist of one common share of the Company and one warrant to acquire one additional common share at an exercise price of \$0.07 per share for a period of eighteen months from the closing date of the issue.

The Company's most significant asset as of August 31, 2024 are it's consolidated non-capital tax loss carry-forward amounts totalling $14,682,045 (2023 - $14,537,204), expiring between 2037 and 2044. These tax losses may be available to reduce future years' Canadian taxable income

The Company's continued existence is dependent upon its ability to raise additional capital, obtain financing and realize revenue and positive cash flows from future operations. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern.

Luxxfolio announced on December 18, 2024, that it had filed an application to the British Columbia Securities Corporation ("BCSC") for a Management Cease Trade Order ("MCTO") to be issued against the Company in connection with the anticipated delay in filing the Company's annual audited consolidated financial statements for the year ended August 31, 2024 and the companion Management Discussion and Analysis. These documents were due to be filed on December 30, 2024, and the filing delay was due to conflicts in aligning audit dates with the Company's auditors and the Company securing the necessary resources to complete the audit. The MCTO was issued by the BCSC on January 2, 2025.

OVERALL PERFORMANCE

Operational performance was impacted by many negative pressures throughout 2022 and 2023. 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

During the fiscal year ended August 31, 2024, the Company earned no revenue, since all operating activity had been previously shut down.

The Company earned gross revenues of $1,069,285 during the year ended August 31, 2023 from its Bitcoin mining and hosting operation owing to the suspension of operations at the New Mexico Facility.

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

- Ceased all operations at the New Mexico Mining Facility effective November 2, 2022;
- Concluded debt settlement arrangements with both of the Company's equipment lenders to exchange mining equipment assets in full settlement of all related debts;
- Actively sought opportunities to restructure and/or refinance the Luxxfolio business which is ongoing;
- Reduced operating expenses to a minimum to conserve available cash resources; and
- Reduced staffing levels to the minimum necessary to maintain ongoing business operations.

New Mexico Mining Facility

The Company lost control of WestBlock and its subsidiaries as well as WestBlock's mining facility assets on November 30, 2022 due to access restrictions imposed by the NTUA for non-payment of the unsecured note due May 2024 and the accumulated power supply charges incurred by WestBlock, LLC, the operator of the facility. Accordingly, the Company has written down its investment in the WestBlock operating subsidiaries and derecognised these in the consolidated financial statements for the year ended August 31, 2023, incurring a loss on deconsolidation of $2,877,530. Any value realized on the disposition of the remaining assets will be recognised at the time of disposition.

Debt Settlements

During the year ended August 31, 2023, 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 October 28, 2022, the Company also repaid $1,100,000 on the Senior Debt Facility with CHP, at the time a related party controlled by Kelly Klatik, a former director of the Company and Dean Linden, a former director of LNI and WestBlock, through liquidation of Bitcoin held as collateral. CHP ceased to be a related party on November 2, 2022.

A notice of default was received by the Company on December 8, 2022 from CHP 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 (see "Discussion of Operations"). The Company settled this debt, on behalf of WestBlock and certain of its subsidiaries, on January 17, 2023 thought a payment of $99,546 USD and the transfer of WestBlock's rights, interest and title to the immersion cooling system, Bitcoin miners and certain related mining equipment. Upon payment and transfer, all remaining obligations under the loan facility, including guarantees and general security agreements, were terminated.

The Company's focus and objectives over the next six months will prioritize the current refinancing initiative to facilitate the cryptocurrency staking strategy referred to above as well as exploring additional aligned business opportunities to expand and diversify the Company's operations.

DISCUSSION OF OPERATIONS

Non-brokered private placement

On November 28, 2024, the Company announced a cryptocurrency proof-of-stake ("POS") strategy to offer shareholders a diversified pure-play, rolling portfolio of top proof-of-stake cryptocurrencies by market capitalization. It is intended that staking revenue will be enhanced through participation in yield generating decentralized financial ("DiFi") opportunities. To facilitate the execution of this strategy, the Company announced on December 4, 2024, details of the accompanying financing. The non-brokered private placement comprises up to 43,333,333 units at $0.03 per unit for maximum gross proceeds of $1.3 million. Each unit will consist of one common share of the Company and one common share purchase warrant, exercisable at $0.07 per common share of the Company for a period of eighteen months.

Bridge Loan Facility

On January 13, 2025, Luxxfolio entered into a bridge loan facility with Cypress Hills Partners Inc. ("Cypress Hills") in the amount of $30,000, bearing an annual interest rate of 14% for a term of 90 days. The proceeds of the loan shall be used for expenses related to the completion and filing of the Company's audited Annual Consolidated Financial Statements and the accompanying Management Discussion and Analysis in the amount of $25,000, as well as other administrative expenses of $5,000, subject to the approval of Cypress Hills.

The loan is secured by a general security agreement on all present and after-acquired property of the Company. Repayment shall be due on the earliest of the following: 90 days from the date of the loan facility agreement, the date on which the Company completes a private placement with proceeds of at least $75,000, or the date on which Cypress Hills demands repayment following the occurrence of an event of default. Cypress Hills retains the sole discretion to extend the maturity date.

Director and Executive Movements

The Company announced on October 28, 2022 that Bradley Farquhar had resigned from 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 Geoffrey McCord, CPA, CA, Chief Financial Officer and Kien Tran, Chief Operating Officer, were appointed to the Board. Anthony Wong, resigned his position as Corporate Secretary on January 31, 2023

On June 7, 2023, Ken MacLean, director, and Chief Executive Officer and Kien Tran, director and Chief Operating Officer, resigned from their positions as directors and officers of the Company. On July 28, 2023, Geoffrey McCord CPA, CA was appointed interim Chief Executive Officer of the Company.

On August 4, 2023, the Company announced that Rodney Stevens and Jason Cihelka were appointed to the Board. Mr. Stevens was appointed as an independent director.

On October 3, 2024, The Company announced that Jason Cihelka had resigned his position as a director. Anthony Wong was appointed to the Board

ANALYSIS OF FINANCIAL PERFORMANCE

(For the years ended)		August 31, 2024		August 31, 2023
Total revenues	$	nil	$	1,069,285
Expenses				
Operational expenses		74,821		1,242,075
Depreciation		-		349,869
Interest expenses		-		64,652
Loss on deconsolidation		-		2,877,530
Share-based payments		49,835		440,366
Realized/unrealized loss on Digital assets		-		39,266
Realized loss (gain) on sale of equipment		-		(10,453)
Total expenses		124,656		5,003,305
Net loss	**$**	**124,656**	**$**	**3,934,020**

For the year ended August 31, 2024

The Company had no revenues and had a net loss of $124,656 during the year ended August 31, 2024. The net loss was composed of general and administrative expenses of $32,796, legal and professional expenses of $42,025, and share-based payments of $49,835.

For the year ended August 31, 2023

The Company incurred net loss of $3,934,020 during the year ended August 31, 2023. The Company generated revenues of $1,069,285 from Bitcoin mining, and hosting and installation services provided to third parties.

During the year ended August 31, 2023, the Company realized operating expenses of $1,242,075 primarily associated with electricity fees of $449,150, labour and payroll expenses of $354,530, consulting fees of $165,779, general and administration fees of $113,638 and professional fees of $77,725. The Company also realized shared-based payments of $440,366 and a loss on deconsolidation of $2,877,530 relating to the loss of control of WestBlock and its subsidiaries as well as WestBlock's mining facility assets on November 30, 2022 due to access restrictions imposed by the NTUA (see "Description of Business").

ANALYSIS OF CASH FLOWS

	For the year ended August 31, 2024	For the year ended August 31, 2023
Net cash provided by (used in)		
Operating activities	$ (54,127)	$ 868,831
Investing activities	-	-
Financing activities	-	(1,234,258)
Inflow (outflow) of cash	$ (54,127)	$ (365,427)

Operating Activities

The net loss was $124,656 during the year ended August 31, 2024. The total cash used in operating activities during the year ended August 31, 2024 amounted to $54,127 primarily relating to legal and professional fees of $42,025, general and administration expenses of $32,796, and an increase in accounts receivable of $1,188.

The total cash provided by operating activities for the year ended August 31, 2023 amounted to $868,831, attributed primarily to proceeds from sale of digital assets of $1,594,976 and decrease in accounts receivable of $169,173. The cash used for operating activities include electricity expenses of $449,150, interest expense of $64,652, general and administration expenses of $113,638, labour and payroll expense of $354,530, consulting expenses of $165,779, professional fees of $77,725, and management fees of $45,000.

Investing Activities

There were no cash used in or provided by investing activities during the years ended August 31, 2024 and 2023.

Financing Activities

There were no cash used in or provided by financing activities during the years ended August 31, 2024.

The total cash used in financing activities for the year ended August 31, 2023 amounted to $1,234,258 relating to the repayment of long-term debt.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected financial data from the Company's audited financial statements for the year ended August 31, 2024, 2023 and 2022. It should be read in conjunction with the corresponding audited financial statements.

Item	For the year ended August 31, 2024	For the year ended August 31, 2023	For the year ended August 31, 2022
Revenues	$nil	$1,069,285	$13,369,397
Expenses	$74,821	$1,656,596	$16,605,733
Other income	$nil	$nil	$nil
Other expenses	$49,835	$3,346,709	$18,171,680
Net Loss	$124,656	$3,934,020	$21,408,017
Current assets	$26,273	$79,212	$2,063,886
Non-current assets	$nil	$nil	$6,385,116
Current liabilities	$237,006	$215,124	$3,586,566
Non-current liabilities	$nil	$nil	$1,504,693
Working capital (deficiency)	($210,733)	($135,912)	($1,522,680)
Shareholders' equity (deficit)	($210,733)	($135,912)	$3,357,743
Dividends	$nil	$nil	$nil
Weighted average number of common shares outstanding	86,717,944	86,717,944	72,048,976
Basic and diluted loss per common share	$0.00	$0.06	$0.30

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company began generating revenue from operations in July 2021 and suspended operations at the New Mexico mining facility in November 2022. The following is a breakdown of the material costs incurred for the year ended August 31, 2024 and 2023:

(a) General and administration expenses $32,796 (2023 – $113,638), comprising costs associated with regulatory filings and administration of the Company;

(b) Legal and Professional fees - $42,025 (2023 - $77,725), being costs associated with the annual financial audit, legal fees incurred relating to compliance and due diligence on existing and potential transactions; and

(c) Share-based payments - $49,835 (2023 - $440,366), being expenses relating to the grant of stock options recognized over a graded vesting schedule.

FOURTH QUARTER

During the quarter ended August 31, 2024, the Company realized net loss of $40,362 composed of general and administrative expenses of $9,246 relating to regulatory filings and administration of the Company, legal and professional fees of $27,025 relating to annual financial audit and share-based payments of $4,091 relating to stock option grant expenses recognized over a graded vesting schedule.

The Company continues to explore all options for strategic alternatives with respect to the Company's business and other more broadly defined options, including changes to the capital structure, mergers and acquisitions, sales, and divestitures.

SUMMARY OF QUARTERLY RESULTS

Quarterly Results:

	Quarter ended Nov 30, 2023	Quarter ended Feb 29, 2024	Quarter ended May 31, 2024	Quarter ended August 31, 2024
Total revenue	$nil	$nil	$nil	$nil
Net loss for the period	$40,442	$32,965	$10,887	$40,362
Basic and diluted loss per share	$0.00	$0.00	$0.00	$0.00

	Quarter ended Nov 30, 2022	Quarter ended Feb 28, 2023	Quarter ended May 31, 2023	Quarter ended August 31, 2023
Total revenue	$1,069,285	$nil	$nil	$nil
Net Loss for the period	$3,352,417	$340,764	$163,182	$77,657
Basic and diluted loss per share	$0.04	$0.00	$0.00	$0.00

FY2024 Fourth Quarter – August 31, 2024

See "Fourth Quarter".

FY2024 Third Quarter – May 31, 2024

The Company had no revenues during the three months ended May 31, 2024. The Company had a net loss of $10,887 for the three months ended May 31, 2024 composed of general and administrative expenses of $6,362 relating to regulatory filings and share-based payments of $4,525.

FY2024 Second Quarter – February 29, 2024

The Company had no revenues during the three months ended February 29, 2024. The Company had a net loss of $32,965 for the three months ended February 29, 2024 composed of general and administrative expenses of $14,163 relating to regulatory filings and share-based payments of $18,802.

FY2024 First Quarter – November 30, 2023

The Company had no revenues during the three months ended November 30, 2023. The Company had a net loss of $40,442 for the three months ended November 30, 2023 composed of operating expenses of $21,344 and share-based payments of $22,417. The operating expenses included legal and professional fees of $15,000 relating to annual audit fees, and general and administration expenses of $6,344.

FY2023 Fourth Quarter – August 31, 2023

The Company did not generate any revenue during the quarter ended August 31, 2023. During the quarter ended August 31, 2023, the Company realized net loss of $77,657 primarily due to share based payments of $72,692 relating to stock option grant expenses recognized over a graded vesting schedule.

FY2023 Third Quarter – May 31, 2023

The Company did not generate any revenue during the quarter ended May 31, 2023 due to closure of the mining facility. The Company had a net loss of $163,182 for the quarter ended May 31, 2023 primarily due to consulting expenses of $30,000, regulatory expenses of $21,058, general and administrative expenses of $16,976 and share-based payments of $76,662.

FY2023 Second Quarter – February 28, 2023

The Company did not generate any revenue during the quarter months ended February 28, 2023 due to closure of the mining facility. The Company had a net loss of $340,764 for the quarter ended February 28, 2023 primarily due consulting fees of $94,929, legal and professional fees of $60,856, payroll expenses of $43,192 and share-based payments of $129,854.

FY2023 First Quarter – November 30, 2022

The Company had a net loss of $3,352,417 for the quarter ended November 30, 2022. Revenues generated amounted to $1,069,285, $176,478 from Bitcoin mining, $404,640 from installation fees, and $488,167 from hosting operations.

The net loss for the quarter ended November 30, 2022 was primarily due to loss on deconsolidation of $2,877,530 relating to the loss of control of WestBlock and its subsidiaries as well as the WestBlock's mining facility assets on November 30, 2022 due to access restrictions imposed by the NTUA (see "Overall Performance"), operating expenses of $1,105,155 and depreciation expenses of $349,869.

SIGNIFICANT CONTRACTS

The Company does not have any significant contracts 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

For the year ended August 31, 2024, the Company realized a net loss of $124,656 (2023 - $3,934,020) and has a working capital deficiency of $210,733 (2023 - $135,912) and an accumulated deficit of $25,455,297 (2023 - $25,667,345). In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

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 at August 31, 2024, there were 86,717,944 common shares, and 8,670,000 stock options issued and outstanding.

Subsequent to the year ended August 31, 2024, 600,000 common share options were exercised at a price of $0.015 per common share for total proceeds of $9,000. The common shares issued and outstanding increased to 87,317,944 and the number of stock options outstanding decreased to 8,070,000.

A total of 8,070,000 stock options are exercisable as at the date of this MD&A and a total of 5,830,000 of the 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

There were no related party transactions during the year ended August 31, 2024.

During the year ended August 31, 2023, the Company entered into the following transactions with related parties:

a) paid management fees of $45,000 to a company controlled by Kelly Klatik, a former director of the Company, and Dean Linden, a former director of LNI and WestBlock, for accounting, administrative, and operational management of the Company;

b) The following transactions are associated with the Company's consulting expenses with related party:

Related party	Relationship	Direct or indirect payment	For the year ended August 31, 2023	Functions
Geoffrey McCord	Director and Officer	Direct	$87,917	Key management compensation
Kien Tran	Former Officer	Indirect	$43,381	Key management compensation
Ken MacLean	Former Director and Officer	Indirect	$43,381	Key management compensation

c) On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility to refinance its three existing loan facilities with CHP, a former related party (see "Overall

Performance"). During the year ended August 31, 2023, the company paid a total of $64,652 in interest expenses relating to the Senior Debt Facility. On October 28, 2022, the Company repaid $1,100,000 on the Senior Debt Facility.

On November 2, 2022, CHP Agent Services Inc. ("CHP") ceased to be a related party following the resignation of Kelly Klatik, a director of CHP, 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, 2024 and 2023.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION AND FINANCIAL INSTRUMENTS

The Company did not have any changes in accounting policies including initial adoption and financial instruments for the year ended August 31, 2024.

CRYPTOCURRENCY AND CYBERSECURITY RISKS

The Company is not actively engaged in the Cryptocurrency and Bitcoin mining business at the date of this MD&A. The following risks will be relevant should return to operating in this industry which is a part of the ongoing review of future options.

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.

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 financial institution.

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 its business operations.

Additional Requirements for Capital

Substantial additional financing is 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's continued existence will likely cease.

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. Exchange rate fluctuations will affect those parts of the Company's operations managed in USD 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.