



Luxxfolio Holdings Inc.

Annual Information Form
For the fiscal year ended August 31, 2020

Dated: July 12, 2021

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GLOSSARY OF DEFINED TERMS

In this Annual Information Form, the following capitalized words and terms shall have the following meanings:

\$	Canadian dollars.
ABL	Asset backed lending facilities that are secured by the Company's Bitcoin miners and related equipment.
AIF	Annual Information Form of the Company for the fiscal year ended August 31, 2020.
Amalgamation	The amalgamation involving WestBlock Capital and 1297718 B.C. Ltd.
ASIC	An application specific integrated circuit designed for Bitcoin mining.
BCBCA	The Business Corporations Act (British Columbia), including regulations made thereunder, in each case as now in effect and as may be amended or replaced from time to time.
BCSC	The British Columbia Securities Commission.
Bitcoin or BTC	The peer to peer payment system and digital currency of the same name which uses open source cryptography to control the creation and transfer of such digital currency.
Bitcoin Network	The network of computers running the software protocol underlying Bitcoin and the network maintains the database of Bitcoin ownership and facilitates the transfer of Bitcoin among parties.
Blockchain	A digital ledger in which Bitcoin or other cryptocurrency transactions are recorded chronologically and publicly.
CHP	Cypress Hills Partners Inc., a related company and insider.
CHP Agent Services Company	A subsidiary of Cypress Hills Partners Inc., and a related company
Company	Luxxfolio Holdings Inc.
CSE	The Canadian Securities Exchange.

Financial Statements	Audited financial statements for the year ended August 31, 2020 and 2019.
Fiscal 2018	The fiscal year ended August 31, 2018.
Fiscal 2019	The fiscal year ended August 31, 2019.
Fiscal 2020	The fiscal year ended August 31, 2020.
Hash	The output of a hash function or fundamental mathematical computation of a particular cryptocurrency's computer code executed by miners.
Hashrate	The measure of cryptocurrency mining power in hashes per second whereby the revenue expected from is directly proportional to a miners hashrate normalized by the total Hashrate of the network.
Insider	If used in relation to an issuer, means: <ul style="list-style-type: none">(a) A director or senior officer of the issuer;(b) A director or senior officer of the corporation that is an insider or subsidiary of the issuer;(c) A person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer: or(d) The issuer itself if it holds any of its own securities.
IFRS	The International Financial Reporting Standards.
LNI	Luxxfolio Network Inc., 100% owned subsidiary of the Company.
LOC	The line of credit granted to LNI by CHP Capital Inc. under a Line of Credit Agreement entered into between the LNI and CHP Capital Inc.
MD&A	The Management's Discussion and Analysis for the year ended August 31, 2020 and 2019.
Mining	Mining is the provision of computing capacity to secure a distributed network by creating, verifying, publishing and propagating blocks in

	the Blockchain in exchange for rewards and fees in the native token of that network (Bitcoin).
NI 52-110	National Instrument 52-110 – Audit Committees
NYDIG	New York Digital Investment Group LLC. and its affiliates
Person	Any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other similar entity, whether or not having legal status.
PH/s	Petahash per second.
Promoter	<p>(a) a person or company that, acting alone or in conjunction with one or more other persons, companies or a combination of them, directly or indirectly, takes the initiative founding, organizing or substantially reorganizing the business of an issuer; or</p> <p>(b) a person or company that, in connection with the founding organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property or both services and property, 10% or more of the issued securities of a class of securities of the issuer or 10% or more of the proceeds from the sale of securities of a particular issue, but a person or company who receives the securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be considered a Promoter within the meaning of this definition where that person or company does not otherwise take part in founding, organizing or substantially reorganizing the business.</p>
Proof of Work or POW	Under proof of work, the miners perform computational work on the network to update the ledger and are incentivized to protect the network and put forth valid transactions because they must invest in hardware and electricity for the opportunity to mine coins on the network. The success of a miner's business relies on the value of the currency remaining above the cost to create the coin.
Sedar	The System for Electronic Document Analysis and Retrieval.

WestBlock WestBlock Capital Inc., the resulting company of the Amalgamation.

WestBlock Capital WestBlock Capital Inc, the Alberta incorporated company that amalgamated with 1297718 B.C. Ltd.

The information provided herein in respect of the Company includes information in respect of its wholly owned subsidiaries: LNI and WestBlock. Unless stated otherwise, the information provided in this Annual Information Form (the “AIF”) is dated July 12, 2021. This AIF has been prepared by the management of the Company in accordance with the requirements of National Instrument 51-102.

FORWARD-LOOKING STATEMENTS

This AIF 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 reflects management’s expectations regarding the 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 AIF 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 AIF 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 AIF 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 AIF include: (a) execution of the Company’s existing business plans and growth strategy which may change due to changes in the marketplace, 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;
- 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 AIF, see "Risk Factors".

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 "Risk Factors".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed on the Canadian Securities Administrator's System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and are incorporated by reference herein:

1. Consolidated Financial Statements for the years ended August 31, 2020 and 2019 (the “Annual Financial Statements”);
2. Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended February 28, 2021 and 2020;
3. Management’s Discussion & Analysis for the year ended August 31, 2020 (the “Annual MD&A”); and
4. Interim MD&A - Quarterly Highlights, for the three and six months ended February 28, 2021 and 2020.

CURRENCY

All dollar amounts are expressed in Canadian dollars (“CAD”) unless otherwise stated.

CORPORATE STRUCTURE

Name, Address & Incorporation

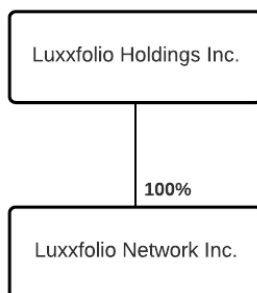
The Company was incorporated and registered in British Columbia, Canada under the Business Corporations Act (British Columbia) (“BCA”) with the name AX1 Capital Inc. on October 10, 2017. On March 26, 2019, the Company changed its name from AX1 Capital Corp. to Luxxfolio Holdings Inc. On April 11, 2019, the Company acquired all of the issued and outstanding shares of LNI through a reverse takeover.

The Company’s head and registered office is located at 212-1080 Mainland Street, Vancouver, BC, Canada, V6B 2T4. The Company’s corporate website address is www.luxxfolio.com.

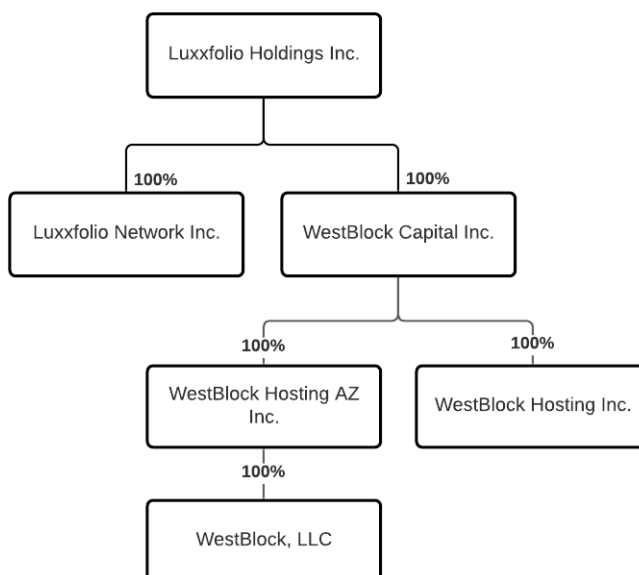
Intercorporate Relationships

The Company has two wholly owned subsidiaries being LNI and WestBlock. LNI was incorporated under the BCA on December 4, 2017 and 1297718 B.C. LTD. and WestBlock Capital amalgamated on June 14, 2021 to form WestBlock. Both LNI and WestBlock share the same head and registered office as the Company at 212-1080 Mainland Street, Vancouver, BC, Canada, V6B2T4. The following charts depict the intercorporate relationships among the Company and its subsidiaries.

As at August 31, 2020:



As at the date of this AIF:



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Fiscal 2018

LNI, incorporated on December 4, 2017, is a development stage financial technology company focused on providing a platform (the “Platform”) that enables an organization or individual to authenticate, secure, and capitalize their luxury or collector goods (“Collectibles”). The Platform aims to solve two challenges that exist within the Collectibles market; the lack of secure and reliable places to authenticate and track the value of Collectibles, and the inability to easily capitalize one’s Collectibles as assets. To this end, LNI raised \$1,670,231 through the issue of 12,958,655 special warrants.

Fiscal 2019

On December 17, 2018, LNI released the initial iteration of the Platform, considered a minimum viable product release to solicit user feedback for future product development.

On April 11, 2019, the Company completed a reverse takeover (the “RTO”) with LNI; and LNI became a wholly owned subsidiary of the Company. This transaction is considered an RTO by the Company since the legal acquiree is the accounting acquirer, as the former shareholders of LNI obtained a controlling interest of the resulting entity after the completion of the RTO.

On May 6, 2019, the Company’s shares began trading on the CSE under the symbol LUXX.

On July 29, 2019, LNI entered into a letter of credit and general security agreement with CHP Capital Inc, a related party under which the CHP Capital Inc. provided the LOC. The LOC provided for a revolving line of credit to a maximum of \$500,000 and bearing interest rate of 9% for a 24 month term.

Fiscal 2020

The Company initiated a review of its strategic alternatives to enhance shareholder value on November 30, 2019. Alternatives considered were changes to the capital structure, sale or merger of the Company, disposition of the business or assets, or further development and expansion of the Company Platform to broaden market opportunities.

The Company announced on March 2, 2020 that it had entered into a non-binding letter of intent (the “LOI”) with Cypress Hills Partners Inc. (“CHP”) and its intention to undertake a non-brokered private placement in connection with the LOI. Under the terms of the LOI, the parties agreed to work towards a definitive agreement whereby the Company would provide CHP with the services of its Platform to enable CHP to verify and to authenticate its digital assets. There was no assurance that the process would result in the approval of any strategic alternative or transaction in the future. On July 16, 2020, the Company announced an extension to the termination date of the LOI to December 31, 2020 from its previously expiry date of July 5, 2020. The LOI terminated on December 31, 2020.

Subsequent to August 31, 2020

On December 2, 2020, the Company completed the final closing of a 5,000,000 special warrant financing. Each special warrant was priced at \$0.05 per special warrant, is non-transferrable, and entitles the holder to automatically receive, without payment of additional consideration one common share in the capital under certain conditions. As of the date of this AIF, all of these specific special warrants have been converted into common shares.

On December 17, the Company announced a non-brokered private placement of 4,000,000 common shares at \$0.075 per common share, proceeds of which would be used for strategic review opportunities. This issue, including the over-allotment option of 1,200,000 common shares was closed on December 30, 2020. The common share issue totaled 5,200,000 million shares for gross proceeds of \$390,000.

On December 24, 2020, the Company announced that it had placed a confirmed order for 590 Bitcoin miners having an aggregate operating hash power of 53.1 Petahash (PH) per second. This purchase amounted to approximately USD \$1,174,100. With the purchase price to be satisfied by 25% cash from the Company and 75% financed through an asset backed lending facility (ABL) carrying an interest rate of 16% and a term of 19 months. This facility was arranged through Arctos Credit, LLC. Subsequent to the structuring of the ABL, CHP entered into a participation agreement with Arctos for 100% of the amount financed.

The Company announced on February 10, 2021, a non-brokered private placement of up to 10 million common shares at \$0.35 per common share. On March 22, 2021, the Company announced the closing of the final tranche of this issue with the total of 4,572,061 common shares issued for total proceeds of \$1,600,221.

On April 7, 2021, the Company entered into a definitive agreement to acquire all the issued and outstanding shares of privately held WestBlock Capital, to be affected by way of an amalgamation between WestBlock Capital and 1297718 B.C. Ltd., a special purpose corporation and wholly owned subsidiary of the Company. The consideration payable to the WestBlock Capital shareholders consists of 16 million common shares, and 2.5 million share purchase warrants, which have a term of 24 months with an exercise price of \$0.40 per warrant if exercised in the first 12 months and \$0.50 if exercised in the second 12-month period from the date of issue.

In connection to this transaction, the Company also reserved 2.5 million performance warrants (the "Performance Warrants") to be issued to selective WestBlock Capital management and advisors on closing of the transaction. The conditions that apply to these Performance Warrants are summarized in the section below, Significant Acquisitions.

On May 3, 2021, the Company announced the purchase of 2400 Bitmain S19j Pro Bitcoin miners at a total cost of USD \$17.02 million. This purchase price is satisfied through a combination of cash from the Company, refinancing of the equipment loan announced on December 24, 2020 relating to the 590 miners purchased at that time and a new asset backed lending facility (the "new ABL"), both financing tranches provided by Arctos Capital, a subsidiary of NYDIG.

The Company paid USD \$1,980,479 on May 25, 2020, representing its initial cash payment of USD \$1,759,170 and closing costs of USD \$221,309. Included in this initial payment was USD \$1,243,425 provided by the refinancing ABL for the 590 miners acquired in December 2020. The refinancing ABL carries interest of 16% and is paid monthly over a term of 14 months.

The NYDIG ABL of USD \$11,065,470 for the 2400 Bitmain miners carries interest at 15 % and is to be paid over a thirty-month period commencing June 25, 2021.

CHP Agent Services Inc. has entered into a participation agreement with NYDIG for 100% of the amount refinanced for the 590 miners. As a result, CHP's total participation in the Company's miner financing amounts to CDN \$2,613,937.53, representing the initial and refinanced amounts combined for the purchase of the 590 miners.

On June 14, 2021, the Company closed the acquisition of WestBlock Capital previously announced on February 10, 2021 and April 7, 2021. Please refer to the section below, Significant Acquisitions, for further details.

On July 6, 2021, the Company announced the closing of a non-brokered private placement of 8,118,912 Special Warrants and 470,000 Units at \$0.35 per unit. Each Special Warrant will automatically convert, at no additional cost to the holder, into one Unit of the Company. In addition, 117,032 finders' warrants were issued on closing of the transaction. Each Unit will comprise one common share and one share purchase warrant (a "Warrant") of the Company. The Special Warrants will automatically convert on the earlier of 4 months and one day from the date of issue or the date the Company receives a receipt for its final prospectus qualifying the distribution of the Units.

Each Warrant will be exercisable for a 24-month period into one common share of the Company (the "Warrant Share") at a price of \$0.45 per Warrant Share. If over a period of 20 consecutive trading days, occurring at any time after the date that is 12 months from the Date the subscriber's subscription closes, the volume weighted average market closing price for the Company's shares on the Canadian Securities Exchange (or such other Canadian exchange as applicable at the time) is above the Exercise Price (the end of such 20 day period being the "Acceleration Event"), then the expiry date of the Warrants may be accelerated by the Company to a date not less than the 20th day that immediately follows the Acceleration Event.

Significant Acquisitions

WestBlock Capital

The Company announced on June 15, 2021 it had closed the previously announced acquisition of WestBlock Capital, a private company incorporated in 2017 under the Alberta Business Corporations Act.

WestBlock Capital operated an industrial scale cryptocurrency mining and hosting platform through its wholly owned subsidiary WestBlock Hosting AZ Inc. located in New Mexico. The mining platform was developed in partnership with the Navajo Tribal Utility Authority and resides on Navajo Tribal lands. The facilities have a total capacity of 15MW and a current installed capacity of 8MW, of which approximately 4.5MW is currently utilized. The initial delivery of an additional 590 miners will increase the utilization to 6.5MW. As additional miners are added during the fall of 2021 as scheduled, facility upgrades will be undertaken to access additional capacity. Bitcoin miners, currently on order for delivery in 2021 and 2022, will increase capacity utilization to approximately 9MW, leaving 6 MW of available capacity for additional miners.

Consideration paid to WestBlock Capital shareholders consisted of 16 million common shares at a deemed price of \$0.385 per share and 2.5 million share purchase warrants. On closing the Company will issue 2.5 million Performance Warrants to the WestBlock Capital management team and certain other persons who have assisted WestBlock Capital with its business. The share purchase warrants and the Performance Warrants both have a term of 24 months and are exercisable at \$0.40 per share for the first 12 months from the closing date, and \$0.50 per share if exercised in the second 12-month period. The Performance Warrants are subject to a financing condition such that they will not be exercisable unless an aggregate of \$2 million is raised via an equity financing or series of equity financings undertaken by and for the Company (the "Financing Condition"). If the Financing Condition is not satisfied by the date that is 12 months from the date of issue of the Performance Warrants, then the Performance Warrants will expire.

The Warrants and the Performance Warrants will be subject to an acceleration provision such that if over a period of 20 consecutive trading days the volume weighted average market closing price for the Company's common shares on the Canadian Securities Exchange is above the exercise price, then the expiry date of the Warrants may be accelerated by the Company. The acceleration provision will only apply to the Performance Warrants after the Financing Condition has been satisfied.

As a result of the acquisition and concurrent amalgamation, the Company has assumed a debt facility amounting to \$572,072 at 12% interest for a term of 3 months, maturing on August 31, 2021, with payments of interest monthly and the principal amount paid at maturity. This debt was provided to WestBlock Capital by CHP Agent Services Inc., to facilitate the acquisition by WestBlock Capital of the 51% partnership interest in the hosting operation owned by the Navajo Tribal Utility Authority. At the acquisition closing, WestBlock owned 100% of the hosting operation. Security for the promissory note consists of a general security agreement on WestBlock and its subsidiaries.

BUSINESS DESCRIPTION

General

The Company's goal is to become a vertically integrated Blockchain and cryptocurrency company that participates in the decentralized financial system. The Company's business is segmented into three main verticals: asset integrity, asset management, and data center and custodian operations.

- The Company's asset integrity products allow the Company, an organization or individual to authenticate, secure, and track via a highly secure verifiable ledger of their digital based assets, contracts and documents or physical assets ("Uniquely Identified Assets" or "UIA's"). The Platform aims to provide a secure and reliable place to authenticate and track Uniquely Identified Assets and provide the ability to monetize or securitize these assets.
- The asset management division's goal is to earn revenues from our UIA's, from block rewards and transaction fees by mining primarily Bitcoin. As well, earning margin from staking, lending, UIA securitizations, and financial engineering utilizing Bitcoin, Ethereum, stable coins and other crypto assets.
- Currently the Company looks to work with third party data centers and custodians to maintain the integrity of Company owned UIA's. Most recently, the Company acquired WestBlock Capital, an industrial scale crypto mining and hosting operation. WestBlock will act as custodian and operator for the Company owned and third-party crypto miners. By vertically integrating, greater margins may be achieved for asset management activities.

Asset Integrity

LNI developed the platform and is building partnerships that provide a secure and reliable place to register the ownership of their assets on the blockchain and to derive additional benefits (the “Platform”). Registering physical goods such as industrial assets, collectibles, memorabilia, vintage automobiles, or artwork and having the asset stored by a Company approved or owned & professionally managed custodian, it allows the user, or the Company to create a non-fungible token that may be traded on a marketplace. The physical asset Platform consists of the following services:

1. *Authenticate*

Physical goods that the Company or users want to have registered will be authenticated in person. Manufacturers will verify an asset when they produce it.

2. *Proof of authentication*

Once a physical asset is authenticated by the Platform’s services, a Company approved Verification Tag will be secured to the item. Each Verification Tag will have a view changing Company logo and a unique static Quick Response Code (QR code). A QR Code is a barcode that is a machine-readable optical label that contains information about the item to which it is attached. Each QR code will be printed in high resolution and be associated with a unique randomly generated data code composed of an alphanumeric string of up to 125 characters.

3. *Secure authentication*

Once a Verification Tag is secured to an authenticated physical item and the required identifying information for the item is entered via the App, the QR code on the Verification Tag can be scanned using the App. A successful scan will associate the QR code’s unique Data Code with the authenticated item and its identifying information. The associated information will then be recorded to LNI’s private blockchain. The physical asset will then be added to the user’s Personal Luxxfolio as a secured asset.

Asset Management

The asset management division’s goal is to earn revenues from our UIA’s from block rewards and transaction fees by mining primarily Bitcoin. As well, the Company will also earn margin from staking, lending, UIA securitizations, and financial engineering utilizing Bitcoin, Ethereum, stable coins and other crypto assets.

By registering the asset provenance of a unique piece of equipment such as a crypto miner onto the platform, and having the asset stored by a Company owned and professionally managed

custodian such as WestBlock, it allows our asset management division to run a POW algorithm to create fungible tokens such as Bitcoin. Once the rewards are earned, numerous crypto exchanges have developed products to allow the Company to lend the Bitcoin via counterparties in order to earn a yield off of that asset. POW is the original consensus algorithm in blockchain technology that Bitcoin runs on and is used to confirm transactions and add new blocks to the chain.

Another area of growing importance in the crypto ecosystem is Proof of Stake (“POS”). POS concept is one where a company or person can validate block transactions according to how many coins they hold. POS seeks to reduce the computing power needed to validate a block and process a transaction as compared to POW.

Given a POS node requires the staker to lock a certain amount of coins into the network they stake, the capital investment is weighted more towards the coins rather than the equipment required to set up a node. In exchange for the staked coins, the user can earn yields on contributing as a node to the protocol. This activity is one that the Company is reviewing to determine the appropriate strategy.

Data Center/Custodian

Currently, the Company looks to work with third party custodians to maintain the integrity of Company owned UIA’s. Most recently, the Company’s acquisition of WestBlock Capital (see “Significant Acquisitions”), an industrial scale crypto mining and hosting operation, will see WestBlock act as custodian and operator for Company owned and third-party crypto miners. By vertically integrating, greater margins may be achieved for asset management activities.

Subsequent to August 31, 2020

During the 2020 fiscal year, the Company undertook a strategic review of its alternatives for developing the business of the Company. One of the alternatives involved creating a Cryptocurrency and Bitcoin mining operations. To that end, the Company has accomplished significant progress as disclosed in this AIF. The following will provide readers with background information relating to the Bitcoin and Cryptocurrency industry.

SUMMARY OF BITCOIN AND CRYPTOCURRENCIES

Bitcoin is a decentralized digital currency that was developed in 2009 which uses the SHA256 algorithm. Cryptocurrencies were created as a means to transact globally in an efficient and secure manner. Cryptocurrencies’ use cases include; conversion to fiat currencies via a cryptocurrency exchange, purchase and sale of goods, a store of value, and many more. At a high level, BTCs are tracked on a decentralized ledger system (known as the blockchain) such that the information and transactions are input, confirmed, and recorded on the public ledger that is validated by the network. The blockchain is privacy-protected and secure through using the

SHA256 algorithm which is a function that converts information into a hash - a 256 alphanumeric code. Each hash is unique and cannot be reverse engineered. For example, data that is converted into a hash will always have that exact hash. If any element of that data is changed, even a minute change such as removing a period, a different hash will be produced. Hashes can be created on single elements of data or information, or compiled information - such as compiling transactions into blocks.

Being decentralized with no single governing authority, the network is governed peer-to-peer through protocols developed through the blockchain at the outset. Each participant in the network has a copy of the ledger which includes every historical transaction as well as account balances. There must be a consensus on the status of the ledger by the majority of the network ledger participants. Although the ledger is public, one of the benefits of the blockchain is that it is privacy-protected, and no personal information is stored on the blockchain. Each cryptocurrency wallet, the system used to store cryptocurrency and access the blockchain, has a public and private key. The private key is associated with your personal wallet and the public key is the connection to the blockchain that facilitates the transaction when combined with your private key.

Mining

Different blockchains have different methods of validating transactions for recording the transaction onto the blockchain, however for the Bitcoin network it is done through a process called mining. In order for a transaction to be validated (for example, transferring BTCs from one party to another), the majority of the network (or the “miners”) need to be in agreement. Various transactions are compiled into blocks, are issued a hash, then are sent to the network to be verified and recorded to the chain. Verifying and recording is done by the BTC miners, running specialized software on high-powered computers, solving complex computational mathematical equations. Once the block is added to the chain, a new hash is issued for the existing block with the previous block as a fail-safe for the chain’s validity. The mining process ensures that the miners ledger matches with those of the other miners, so by implication prevents alterations made by a miner as there would be a discrepancy on their ledger should any historical transaction or block not match the remaining network’s ledgers.

The reward for participating in the validation (otherwise known as “mining a new block”) of transactions is newly minted BTC and transaction fees to the first miner to solve the equation correctly and record the block. The number of equations performed to solve the equations is defined as a hash rate. The more hash rates in a blockchain network, the more secure it is; however, the equation becomes increasingly more difficult to solve (known as Difficulty).

Difficulty

Blockchain.com defines difficulty as a measure of how difficult it is to mine a Bitcoin block, or in more technical terms, to find a hash below a given target. A high difficulty means that it will take more computing power to mine the same number of blocks, making the network more secure against attacks. The difficulty adjustment is directly related to the total estimated mining power. The difficulty is adjusted every 2016 blocks (every 2 weeks approximately) so that the average time between each block remains 10 minutes. The difficulty comes directly from the confirmed blocks data in the Bitcoin network. Difficulty is a particularly important input to the equation as the higher the difficulty, the less likely it is to receive a reward (thereby less rewards earned) which

reduces the margin of the miners. When the difficulty reaches a certain level, some miners will turn off their mining equipment as their cost of power would exceed daily revenue. If a sufficient number of miners exit the network, the difficulty will become lower as there is less competition to solve the blocks.

Halving

Halving is when the reward for mining BTCs is decreased by 50%. A halving event occurs once 210,000 blocks have been mined, approximately every 4 years, to ensure the longevity of the protocol. The maximum number of BTCs that can be issued is 21 million. Currently the reward for mining BTC is 6.25BTC, after the last halving event occurred in May 2020. The next halving event is projected to be 2024.

Cryptocurrency

As discussed in earlier paragraphs, cryptocurrencies were created as a means to transact globally in an efficient and secure manner. As it currently stands, traditional banking infrastructure has transaction barriers, including cost, time, exchange rates across jurisdictions, among other factors. Since 2009, hundreds of cryptocurrencies have been developed, all with varying protocols and distinguishing features. Bitcoin is the most widely recognized and established of the many cryptocurrencies. It is constantly becoming more accepted as payments for goods and services by retailers and institutions, as well as becoming an institutionalized investment.

RISK FACTORS

The risk factors summarized in the following sections relate to those that existed as at the latest fiscal year end, August 31, 2020. Also included are risks that are relevant to the significant changes in the business of the Company since that reporting date including Bitcoin and Bitcoin mining operations.

General Risk Factors

Limited Operating History

The Company closed its acquisition of WestBlock Capital on June 14, 2021. WestBlock manages a hosting platform for independent and proprietary Bitcoin miners. There can be no assurance that the Company will be successful in maintaining and expanding its existing hosting platform and successfully expanding it with its own proprietary miners to the facilities. Further, the Company's blockchain technology and business model are still under development and there is no assurance this can be transitioned to a commercially viable and profitable business venture. The Company and its business prospects must be viewed against the background of 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, financial technology, product authentication and blockchain markets.

Changes in government, regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings from operations and financial condition. Regulatory agencies could shut down or restrict the Company's Bitcoin and Blockchain markets and technologies. This could lead to a loss of any investment in the Company and may trigger regulatory action by the authorities, such as securities regulators.

Additional Requirements for Capital

Substantial additional financing will be required if the Company is to be successful developing its business strategies. Such additional capital may be dilutive to investors and debt financing, if available, may involve restrictions on further financing and operating activities. There can be no assurance that additional financings will be available at terms acceptable to the Company, if at all. Should the Company be unable to obtain the additional financing needed, it may be required to reduce the scope of its operations and any anticipated expansion.

No Profits to Date

The Company has not earned any profits since incorporation. Although WestBlock has earned profits prior to its acquisition from its Bitcoin mining and hosting operations, there can be no assurance this will continue in the near future. The Company's future profitability depends on the future development of its blockchain business and its success in mining of Bitcoin in commercially viable volumes and valuations.

Cryptocurrency and Blockchain Specific Security Risks

The Company recently announced that it was entering the Cryptocurrency market with the purchase of Bitcoin miners. There are a number of security risks that are specific to the Cryptocurrency market and by extension, the Blockchain technology on which the Cryptocurrency transactions rely upon. These risks are outlined in a section below and readers are encouraged to review these as part of their review of the company and its securities.

Cryptocurrency Specific Valuation, Regulation, Acceptance and Use Risks

The Cryptocurrency market, which includes Bitcoin and Bitcoin mining, is relatively new transaction and investment opportunity that is characterized by relatively new business concepts, lack of governing regulations of transactions and the institutions participating in this space, high growth and related changes to valuations, and a lack of broad market transactional acceptance. These factors present a number of risks that should be considered in accessing the current and

future business of the Company, the markets it will be participating in and the effect it may have on the Company's financial position and results from operations. These risks are outlined in the section below entitled Cryptocurrency and Blockchain Network Specific Risks.

Liquidity Risk for the Company and Security Holders

Liquidity risk is the risk 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 its policies and procedures, but nonetheless is exposed to potential liquidity risk in respect of its obligations related to its equipment financing facilities.

The Company may raise additional capital through equity offerings resulting in an increase in the number of shareholders and shares outstanding in the public market. There can be no assurance that an active market for the shares will be maintained. Lack of an active market may impair the valuation of the Company's shares and may impact an investor's ability to sell shares at the time and at a price acceptable to the investor.

Global Financial Risks

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be difficult to predict or to defend against. Financial developments seemingly unrelated to Company or to its industry may adversely affect the Company over the course of time. For example, stress in the domestic or global banking system may affect a broad number of companies and industries which could have a material adverse effect on the Company's business, its markets, operating results and overall financial condition.

Market Acceptance

If the Platform being developed by the Company does not gain market acceptance, its operating results will be negatively affected. Should the Company develop a market for the Platform and its services that fails to develop or fails to develop sufficiently, or at a slower pace than expected, and with increased competition, its business will suffer, and perhaps materially so.

Should the Bitcoin market, as an investment or transaction medium, not expand as anticipated, or at rates below which it is commercially profitable, operating results will be negatively affected, and possibly materially affected.

Public Company Regulations

The Company is a reporting issuer and, as such, operates in the public markets with all related reporting requirements of the jurisdictions in which it is a reporting issuer, listing requirements of the CSE and any future exchanges it is listed on, and other securities regulations. Compliance with governing rules and regulations increase the legal and operating costs of doing business far

beyond that which a private company would be subjected to and place increased demands on the Company's systems and resources.

Reliance on Management

The Company's success is highly dependent on its senior management team for their abilities, skill and experience, judgement and integrity in executing their duties of their respective offices. Further, the Company relies on attracting and retaining a strong management team and seeks to provide the culture, environment and compensation plans consistent with this objective. The loss of one or more of these individuals could have a material adverse effect on the Company's business, financial condition and operating results.

Debt Facilities

The LOC is secured against all the assets of LNI, with the exception of the Bitcoin miners that secure the equipment debt facilities. If LNI defaults on its payment obligations under the LOC Agreement, then it could lose all its intellectual property and other assets that underlie its business such as the Platform. If the Company defaults on its payment obligations under its ABL, then it could lose possession of its Bitcoin miners. If either one or both of these defaults occurs, then the business of the Company would be severely damaged or may even cease to exist.

Dependence on the Internet Infrastructure

The success of the Company as a developer of blockchain platforms will depend upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products to provide reliable access to the internet and the Company's business services. There is no assurance that such access will always be available or grow to meet increased demand.

Risks Associated with the IBM Hyperledger Blockchain

The secure recording and storage of UIA on the Platform is based upon IBM's Hyperledger blockchain. As such, any malfunction, unintended function, or unexpected functioning of the IBM's Hyperledger may cause the Platform to malfunction or function in an unexpected or unintended manner.

Intellectual Property Rights

Although the Company is not aware it has violated any commercial and other proprietary rights of third parties, there can be no assurance that its products do not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Although no issues in this respect have arisen to date, any such claims and disputes arising may result in

liability for substantial damages which in turn could harm the Company's business, results of operations and financial condition.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations, and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate and manage its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Litigation

The Company or any of its subsidiaries, singularly or collectively may become involved in litigation that may materially and adversely affect either the 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 matters. 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 other related public filings of the Company, 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

To the extent that the Company expands its business into foreign jurisdictions as anticipated with the WestBlock hosting operations, it will be exposed to foreign currency fluctuation risks. Such currency fluctuations may adversely affect the financial position and operations of the Company.

COVID-19

The outbreak of COVID-19 has spread globally causing companies and various jurisdictions, including Canada and the United States of America, to impose restrictions, such as quarantines, closures, cancellations, and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions domestically and internationally and related financial impact cannot be reasonably estimated at this time. At this point, the extent to which COVID-19 may impact our results and business is uncertain, however, it is possible that our consolidated results in 2021 may be negatively impacted by this event. The impacts of the outbreak are unknown and rapidly evolving and the extent of any impact, their timing and duration will depend on future developments, and actions taken to contain COVID-19.

Cryptocurrency and Blockchain Specific Security Risks

Manipulation of the Blockchain

Were malicious actors or botnets (volunteer or hacked collection of computers by networked software coordination controlling the actions of the computers) to be able to obtain control a significant percentage of the processing power dedicated to mining on the Bitcoin Network, they may be able to alter or manipulate the Blockchain on which the Bitcoin Network and Bitcoin transactions rely by constructing fraudulent blocks or preventing certain transaction from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new Bitcoins or transactions using such control. The malicious actor could “double spend” its own Bitcoins and prevent the confirmation of other users’ transactions for so long as it maintained control. To the extent that such malicious actors or botnets did not yield its control of the processing power of the Bitcoin Network or the Blockchain community did not reject the fraudulent blocks as malicious, reversing any changes made to the Blockchain may not be possible.

It is also possible that mining pools may have been close to or exceeded a control threshold which raised the risk that a single mining pool could exert authority over the validation of the Bitcoin transactions. To the extent that the Bitcoin ecosystem, including the core developers and the

administrators of mining pools, do not act to ensure greater decentralization of Bitcoin mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the Bitcoin Network will increase.

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.

Cyber Security

Cyber incidents whether deliberate attacks or unintentional actions arise from both internal (employees, contractors, suppliers and operational risks) and external sources (nation-states, terrorists, hackers, competitors or acts of nature). Cyber incidents include, but are not limited to, unauthorized access to information systems and data for the purpose of misappropriating or corrupting data, and may cause disruptions and adversely affect the Company's business operations. Further, these attacks can result in violations of law or regulations, and potentially result in financial losses, regulatory fines and penalties. Additional costs incurred to investigate, quantify, remediate and create new security protocols may also be incurred.

Cryptocurrency and Blockchain Network Specific Risks

Loss or Theft of Private Keys

Private keys are a critical security feature of Bitcoin and must be safeguarded in order to prevent a third party from accessing Bitcoin held in digital wallets. Such private keys are susceptible to loss, misplacement and theft, which if no back-up of the private key is available, the Company will be unable to access any Bitcoin held in its digital wallet.

Irrevocability of Bitcoin Transactions

Bitcoin transactions that result from misdirection, theft or error may be irretrievable or not reversible without the consent and participation of the transaction recipient. As a result the Company could incur unrecoverable losses arising from the transactional errors that cannot be reversed or revoked.

Bitcoin Network Risk

The Bitcoin Network operates on an open-source protocol maintained by the core developers of the Bitcoin Network. The network protocol is not sold or licensed for use and as such does not provide compensation to the developers. This represents a disincentive for developers to address problematic issues or make continuing improvements to the Network. There also can be no assurance that the Bitcoin Network core developers will continue to support the network. This may adversely affect the transactions in Bitcoin and present risks to the realizable value any Bitcoin the Company may hold.

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 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 Luxxfolio 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 Prominence Risk

Bitcoin has emerged as the most prominent of the cryptocurrency coins and is currently the preferred transactional cryptocurrency. This prominence may not be enduring into the future and other cryptocurrency offerings may supersede Bitcoin, both in terms of market adoption and transactional relevance. A change in the prominence of Bitcoin may lead to a reduction in demand, pricing volatility and have a direct impact on the Company's profitability.

Power Availability

Bitcoin mining consumes large amounts of electrical power and as such, the Company will be dependent on its suppliers 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.

Insurance Risk

The Company intends to insure its operations in accordance with technology industry practice. Because Bitcoin mining and the cryptocurrency business is relatively new, such insurance may not be available, may be uneconomical or may be insufficient to provide adequate insurance coverage. Any uninsured losses could have a material adverse effect on the Company.

DIVIDENDS AND DISTRIBUTIONS

The Company has never paid dividends or distributions for any class of securities in each of the three most recently completed financial years and as at the date of this AIF. Payment of any future dividends or distributions, if any, will be at the discretion of the Company's Board after considering many factors, including operating results, financial condition, and current and projected cash requirement.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares without par value. As at August 31, 2020, there were 17,647,415 Common Shares, 3,300,000 special warrants, and 554,000 share purchase warrants issued and outstanding.

The holders of the Common Shares are entitled to receive dividends, on a pro rata basis, if, as and when declared by the Board at its discretion, to receive notice of any meetings of shareholders of the Company, and to attend and to cast one vote per Common Share at such meetings. Holders of the Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Upon the liquidation, dissolution or winding up of the Company, the common shareholders are entitled to receive on a

pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption, surrender, or conversion rights, nor do they contain any sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital.

Each special warrant entitled subscribers thereof to automatically receive, without payment of additional consideration and without further action on the part of the subscriber, and subject to adjustment, one common share in the capital of the Company upon the earlier of (i) five business days after the subscriber elects to convert all of their special warrants pursuant to the terms of the special warrant certificate; or (ii) the day that the Company has cumulatively raised \$500,000 through equity financings after closing the sale of the special warrants; and (iii) the day that is three years after the issuance of the special warrants. All of these 3,300,000 special warrants issued and outstanding as at August 31, 2020 have been converted into common shares of the Company as at the date of this AIF.

Each share purchase warrant may be exercised into one common share of the Company at an exercise price of \$0.20 per share purchase warrant, without payment of additional consideration and subject to adjustment, for a period of 24 months from the date of issuance.

Subsequent to August 31, 2020

As at the date of this AIF, there are 49,415,475 common shares, 8,118,912 special warrants, 5,000,000 warrants, and 937,032 share purchase warrants issued and outstanding. In addition, 2,175,000 stock options have been granted.

Each special warrant entitled subscribers thereof to automatically receive, without payment of additional consideration, and without further action on the part of the subscriber, and subject to adjustment, one Unit of the Company (a "Unit") upon the earlier of (i) four months plus one day after the issuance of the special warrants and (ii) the day that is one business day after the Company receives a final receipt for its short form prospectus qualifying the distribution of the Units upon conversion of the special warrants. Each Unit will comprise of one common share and one non-transferable share purchase warrant (a "Warrant") of the Company. Each Warrant will be exercisable for a period of 24 months from the date of issue of such Warrant for one common share of the Company.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the CSE under the trading symbol "LUXX" and on OTCQB under the trading symbol "LUXFF". The following table sets forth the high

and low market prices and the trading volumes of the Common Shares on the CSE for each month during the periods indicated:

Date	Price Range (CDN\$)		Volume (no. of Common Shares)
	High	Low	
Jun 2021	0.500	0.300	2,515,056
May 2021	0.550	0.170	5,481,085
Apr 2021	0.580	0.240	1,950,986
Mar 2021	0.500	0.350	1,088,880
Feb 2021	0.660	0.220	2,525,389
Jan 2021	0.800	0.235	3,714,029
Dec 2020	0.590	0.050	5,055,227
Nov 2020	0.075	0.030	218,100
Oct 2020	0.060	0.040	160,150
Sep 2020	0.060	0.050	52,500
Aug 2020	0.050	0.050	3,000
Jul 2020	0.035	0.035	2,000
Jun 2020	0.030	0.030	100,000
May 2020	0.020	0.020	50,071
Apr 2020	0.010	0.010	10,000
Mar 2020	0.030	0.030	8,285
Feb 2020	No activity.		
Jan 2020	0.070	0.040	36,285
Dec 2019	0.030	0.030	9,000
Nov 2019	0.050	0.035	61,187
Oct 2019	0.015	0.010	269,500
Sep 2019	0.020	0.015	110,000
Aug 2019	0.040	0.050	205,062
Jul 2019	0.110	0.070	75,800
Jun 2019	0.100	0.100	220,000
May 2019	0.200	0.080	745,500

Prior Sales

The following table summarizes the issuances of securities issued or granted by the Company during the most recently completed financial year and the period from the most recent financial year ended to the date of this AIF that are not traded or quoted on a marketplace.

Security	Date of Issuance	Number of Securities	Exercise Price per Security (CDN\$)	Expiry Date
Special Warrants (\$0.05 per unit)	August 28, 2020	1,300,000	Nil ⁽¹⁾	N/A ⁽¹⁾
Special Warrants (\$0.05 per unit)	September 10, 2020	2,000,000	Nil ⁽¹⁾	N/A ⁽¹⁾
Special Warrants (\$0.05 per unit)	October 26, 2020	650,000	Nil ⁽¹⁾	N/A ⁽¹⁾
Special Warrants (\$0.05 per unit)	October 31, 2020	200,000	Nil ⁽¹⁾	N/A ⁽¹⁾
Special Warrants (\$0.05 per unit)	November 17, 2020	200,000	Nil ⁽¹⁾	N/A ⁽¹⁾
Special Warrants (\$0.05 per unit)	December 2, 2020	650,000	Nil ⁽¹⁾	N/A ⁽¹⁾
Stock Options	December 16, 2020	1,300,000	0.075	December 16, 2025
Stock Options	March 11, 2021	875,000	0.450	March 10, 2026
Share Purchase Warrants	May 27, 2021	350,000	0.250	May 26, 2022
Share Purchase Warrants	Jun 15, 2021	5,000,000	0.400	Jun 14, 2023
Special Warrants (\$0.35 per unit)	Jun 30, 2021	8,118,912	Nil ⁽²⁾	N/A ⁽²⁾
Share Purchase Warrants	Jun 23, 2021	470,000	0.450	Jun 22, 2023
Share Purchase Warrants	Jun 30, 2021	117,032	0.450	Jun 29, 2023

Note:

⁽¹⁾ Pursuant to the terms and conditions of the Special Warrants, the holders were entitled to automatically receive, without payment of additional consideration, one Common Share of the Company (the “Conversion of Special Warrants”) on the day that is three years after the date of the Offering Close, unless any other terms and conditions are met that would result in the Conversion of Special Warrants prior to that date.

⁽²⁾ Pursuant to the terms and conditions of the Special Warrants, the holders were entitled to automatically receive, without payment of additional consideration, and without further action on the part of the subscriber, and subject to adjustment, one Unit of the Company (a “Unit”) upon the earlier of (i) four months plus one day after the issuance of the special warrants and (ii) the day that is one business day after the Company receives a final receipt for its short form prospectus qualifying the distribution of the Units upon conversion of the special warrants. Each Unit will comprise of one common share and one non-transferable share purchase warrant (a “Warrant”) of the Company. Each Warrant will be exercisable for a period of 24 months from the date of issue of such Warrant for one common share of the Company.

ESCROWED SECURITIES

As at August 31, 2020, the Company had the following securities subject to contractual restrictions on transfer or other escrow arrangements:

Security	Number of securities held in escrow or that are subject to a contractual restriction on transfer	% of Class
Common Shares – Escrow ⁽¹⁾	1,497,348	8.48%

Note:

⁽¹⁾ In connection with the Qualifying Transaction, the Company signed an Escrow Agreement dated February 26, 2019, with Computershare Investor Services Inc. (“**Computershare**”), whereby shares held by related parties were to be held in escrow by Computershare. In accordance with the Escrow Agreement, 10% of the shares were to be released on the shares being listed on the CSE, and 15% to be released pro rata every 6 months thereafter over a 36-month period.

At the date of this AIF, 748,674 Common Shares remain in escrow.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out the names, province or state and country of residence, positions with or offices held with the Company, and principal occupation for the past five years of each of the Company’s directors and executive officers, as well as the period during which each has been a director or executive officer of the Company.

Name, Position and Province/State and Country of Residence ⁽¹⁾	Principal Occupation During the Past Five Years	Date Served as Director or Executive Officer Since
Dean Linden CEO <i>Washington, USA</i>	Managing Partner & Director, Cypress Hills Partners Inc.	Since December 4, 2018
Geoffrey McCord CFO <i>Ontario, Canada</i>	President, Thorn Tree Capital Corporation	Since January 14, 2019
Kelly Klatik ⁽¹⁾ Director <i>British Columbia, Canada</i>	Managing Partner & Director, Cypress Hills Partners Inc.	Since December 3, 2018
Michael Byron ⁽¹⁾ Director <i>Ontario, Canada</i>	President & CEO, Nighthawk Gold Corp.	Since December 3, 2018

Anthony Wong Director <i>Ontario, Canada</i>	VP Operations & Corporate Affairs, Cypress Hills Partners Inc.	Since December 4, 2018
Brad Farquhar⁽¹⁾ Director <i>Saskatchewan, Canada</i>	Executive Vice- President, Chief Financial Officer and Member of the Board of Directors, Input Capital Corp.	Since November 24, 2020

Note:

(1) Member of the Audit Committee.

Shareholdings of Directors and Senior Management

As at the date of this AIF, to the best of the Company's knowledge, the Company's directors and executive officers as a group, beneficially owned, directly and indirectly, or exercised control or direction over, a total of 5,999,739 Common Shares, being approximately 12.14% of the Company's issued and outstanding Common Shares on an undiluted basis before giving effect to the exercise of rights, options, or warrants to purchase or otherwise receive Common Shares held by such directors and executive officers.

Committees of the Board

There is only one committee of the Board, the Audit Committee, and its members are Michael Byron, Brad Farquhar, and Kelly Klatik (Chair).

Biographies of Directors and Officers

Dean Linden, CEO

Dean Linden has had a professional career spanning over 20 years of experience as a financier and business development professional, including Director of Corporate Development of CRH Medical Inc. from 2005 to 2011; Senior Vice President, Business Development of Falco Resources Ltd. from 2013 to 2015; and Managing Partner and Director of Cypress Hills Partners Inc. from 2015 to present.

Geoffrey McCord, CFO

Geoffrey McCord, B.Comm., CPA C.A., has over 33 years as a senior financial and operations level executive for several financial service organizations, including Connor, Clark and Co., a Toronto based investment dealer where Geoff served as Chief Financial Officer and Director of Operations; IPC Financial Network Inc. from 1996 to 2006, serving as Executive Vice President and Chief Operating Officer and also President of IPC Securities Corporation: and President of Thorn Tree Capital Corporation from 2006 to the present.

Kelly Klatik, Director

Kelly Klatik, MBA, ICD.D, has over 27 years of experience in the investment banking/management and alternative asset sectors, including Vice President of Equity Capital Markets for IPC Securities

Corporation from 2002 to 2008 based in Toronto and Vancouver; Vice President, Investment Banking for M Partners Inc. from 2008 to 2012; President, CEO, and Director of Falco Resources Ltd. from 2010 to 2014; and Managing Partner and Director of Cypress Hills Partners Inc. from 2015 to present.

Dr. Michael J. Byron, Director

Dr. Michael J. Byron, Ph.D, currently sits on the board of three publicly-traded companies, and has had executive roles in several others. He has more than 35 years of experience including Vice President of Exploration for Aurora Platinum from 2000 to 2005; Vice President of Exploration for Lakeshore Gold from 2003 to 2006; President and CEO of Ginguro Exploration Inc. from 2006 to 2009; Vice President of Exploration and Director for Falco Resources Ltd. from 2010 to 2015; Chief Geologist and Director of Nighthawk Gold Corp. from 2010 to 2015; and President and Director of Nighthawk Gold Corp. from 2008 to 2010 and 2015 to 2020.

Anthony Wong, Director

Anthony Wong is currently the Vice President, Operations and Corporate Affairs for Cypress Hills Partners Inc. He has over 25 years of experience in the corporate finance and communications industry including 9 years with the British Columbia Securities Commission and 6 years in private practice. His diverse skill set uniquely positions him to understand and work with a variety of businesses and ventures from law to technology to digital media. He obtained his Law degree in 1992 from the University of British Columbia, Anthony specialized in junior public and private company financings, due diligence reviews, regulatory compliance, legislative and regulatory exemptions, policy, and investor and industry education.

Brad Farquhar, Director

Brad Farquhar has over 25 years of experience, including his current role as Co-Founder, Executive Vice President and Chief Financial Officer of Input Capital Corp., which is publicly traded on the TSX Venture Exchange. Prior to that, Brad was a founding partner at Assiniboia Capital Corp. and co-founded Assiniboia Farmland Limited Partnership, the oldest and largest farmland investment fund in Canada, which was sold to the Canada Pension Plan Investment Board in 2014 for \$128 million. Brad also brings with him 15 years as a senior political advisor at the federal and provincial level in Canada. Additionally, Mr. Farquhar is currently Executive in Residence in Agribusiness at the University of Regina and a member of the board of directors or the advisory board of Input Capital Corp. (INP.V), AgFunder, Mongolia Growth Group Ltd. (YAK.V), and Prairie Collage.

Cease Trade Orders, Bankruptcies

No directors or executive officers of the Company or a shareholder holding a sufficient number of securities to affect materially the control of the Company, as at the date of the AIF, or within 10 years before the date of the AIF, while that person was acting in that capacity:

- was the subject of a cease trade or an order similar to a cease trade order, or an order that denied the other issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days; and

- became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No directors or executive officers of the Company or a shareholder holding a sufficient number of securities to affect materially the control of the Company, as at the date of the AIF, or within 10 years before the date of the AIF, while that person was acting in that capacity, has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to securities legislation or has entered into a settlement agreement with a securities regulatory authority that would likely be considered important to a reasonable security holder making an investment decision about the Company.

Conflicts of Interest

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest between the Company and any director, officer or shareholder of the Company that have not been disclosed in this AIF and in other publicly available communications as reported on Sedar. Conflicts and potential conflicts of interest that may arise from time to time between the Company and any director, officer, shareholder or promoter of the Company will be subject to and resolved in accordance with the procedures and remedies provided for under the BCBCA.

The Company and CHP are party to certain debt facilities and administration agreements relating to the operation of the Company.

PROMOTERS

No person or company has acted as a Promoter of the Company as at the date of this AIF.

LEGAL PROCEEDINGS

To the knowledge of the Company, it is neither a party to, nor is any of its assets the subject matter of, any legal proceedings or regulatory actions material to the Company, nor are any such proceedings or actions known to the Company to be contemplated by any party.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in the Financial Statements, MD&A and news releases, none of the Company's current directors or executive, or any associate or affiliate of the foregoing, has any interest, direct or indirect, in any material transactions in which the Company has participated in within the three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Smythe LLP, at its offices located at 1700 - 475 Howe Street, Vancouver B.C. V6C 2B3

The registrar and transfer agent for the Company is Computershare Trust Company of Canada, located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

The Company has not entered into any material contracts outside of the ordinary course of business in the last financial year or before the last financial year which are still in effect. Since the last completed year end, August 31, 2021, the Company has entered into the following significant contracts:

1. Arctos Capital Inc. - Asset Backed Lending facility # 1
2. Arctos Capital Inc. - Asset Backed Lending facility # 2
3. CHP Agent Services Inc. - Promissory Note
4. Navajo Tribal Utility Authority - Electrical Service Agreement.

INTERESTS OF EXPERTS

Names of Experts

The following is name of each person or company who is named as having prepared or certified a report, valuation, statement or opinion described or included a filing, or referred to in a filing, made under National Instrument 51-102 by the Company during, or relating to, the Company's most recent fiscal year ended August 31, 2020, and whose profession or business gives authority to such report, valuation, statement or opinion.

Smythe LLP - in relation to the independent auditor's report of the consolidated financial statements for the year ended August 31, 2020 and 2019.

Interests of Experts

There is no registered or beneficial interest, direct or indirect, in any securities or property of the Company, or of an associate or affiliate of the Company, received or to be received by an expert.

ADDITIONAL INFORMATION

Additional information regarding the Company is available on SEDAR at www.sedar.com. Additional financial information is provided in the Company's audited consolidated financial statements and MD&A for the year ended August 31, 2020.

APPENDIX

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

Luxxfolio Holding Inc.

The purpose of the Audit Committee of the Board of Directors (the "Board") of Luxxfolio Holding Inc. (the "Company") is to assist the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, and reporting practices of the Company, and such other duties as directed by the Board. The Audit Committee's role includes a particular focus on the qualitative aspects of the financial reporting to shareholders, on the Company's processes to manage business and financial risk, and on compliance with significant applicable legal, ethical, and regulatory requirements.

1. Members of the Audit Committee

The number of members of the Committee will be at least three, the majority of whom are not officers or employees of the Company or any of its affiliates or subsidiaries and all of whom are, in the view of the Board, free of any relationship that would interfere with the exercise of independent judgement. Qualification for committee membership shall, in addition, comply with applicable securities regulatory requirements including:

- Each member of the audit committee must be financially literate, that is having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- At least one member must have accounting or related financial management expertise to analyze and interpret a full set of financial statements, including the related notes.

2. Communication and Reporting

The Audit Committee is expected to maintain free and open communications with the external auditors and the Company's management. This communication shall include meetings, at least annually, with the external auditors. The Committee shall meet at least quarterly with management to discuss the accounts, records and financial position of the Company. The Audit Committee chairperson shall report on Audit Committee activities to the Board.

3. Authority

The Audit Committee has the authority to investigate any matter brought to its attention, with full power to retain outside counsel or other advisors and experts for this purpose and shall be empowered to set and approve the compensation for any such advisors employed in this way. In performing its functions and duties the members of the Committee may inspect all the books and records of the Company.

4. Responsibilities

The Audit Committee shall:

- recommend annually to the Board the independent auditors to be appointed by the shareholders of the Company and the compensation of the independent auditors;
- review with the independent auditors the annual audit plan including, but not limited to, the scope of the work to be carried out by the independent auditors, any significant problems that the auditors are able to foresee, the impact on the financial statements and the Company of any new or proposed changes in accounting principles;
- review the annual financial statements, including notes, with the independent auditors and recommend them to the Board for approval prior to release to the public or filing with securities regulatory authorities;
- review all Management Discussion and Analysis and earnings press releases before the Company publicly discloses this information;
- report immediately to the Board any instances of fraud or misappropriation of assets that come to the attention of the Committee;
- receive from the independent auditors a formal written statement delineating all relationships between the auditors and the Company, consistent with applicable accounting standards, and actively engage in a dialogue with the auditors with respect to any disclosed relationships or services that may have an impact on their objectivity and independence;
- take, or recommend that the full Board take, appropriate action to oversee the independence of the auditors;
- as to management of the Company generally: (i) ensure that an adequate internal control structure and procedures for financial reporting are established and maintained; (ii) periodically assess the effectiveness of such structures and procedures, as well as secure appropriate reports or attestations from the independent auditors in respect thereof; and (iii) review budgets and periodically assess actual spending compared with budgeted amounts;

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- be directly responsible for overseeing the work of the independent auditors, including the resolution of disagreements between management and the independent auditors regarding financial reporting;
 - pre-approve all non-audit services to be provided to the Company or its subsidiaries by the independent auditors;
 - establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
 - undertake and perform such other duties as may be required of the Committee by applicable law or regulation.

The Committee is responsible for the duties set forth in this charter but is not responsible for the preparation of the financial statements. Management has the responsibility for preparing the financial statements. Management is also responsible for establishing, documenting, maintaining, and reviewing systems of internal control and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulation.