

**No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.**

*This Prospectus Supplement (as defined below), together with the accompanying short form base shelf prospectus dated November 26, 2021 to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference herein and therein, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws. Accordingly, these securities may not be offered or sold to, or for the account or benefit of, persons in the "United States" (as such term is defined in Regulation S under the U.S. Securities Act) except pursuant to transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This Prospectus Supplement, together with the Shelf Prospectus, does not constitute an offer to sell or a solicitation of an offer to buy any of these securities to, or for the account or benefit of, persons in the United States.*

**Information has been incorporated by reference in this Prospectus Supplement and the Shelf Prospectus from documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada, other than Quebec.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the LUXXFOLIO Holdings Inc. at 212, 1080 Mainland Street., Vancouver, British Columbia V6B 2T4, Email: [info@luxxfolio.com](mailto:info@luxxfolio.com) and are also available electronically at [www.sedar.com](http://www.sedar.com).

**PROSPECTUS SUPPLEMENT  
To the Short Form Base Shelf Prospectus dated November 26, 2021**

New Issue

December 1, 2021

LUXXFOLIO HOLDINGS INC.



**\$9,100,000 (13,000,000 Units)**

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**Price: \$0.70 per Unit**

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This prospectus supplement ("**Prospectus Supplement**") and the accompanying short form base shelf prospectus dated November 26, 2021 (the "**Shelf Prospectus**" and, together with the Prospectus Supplement, the "**Prospectus**") is hereby qualifying for distribution an aggregate of 13,000,000 units (the "**Units**") of LUXXFOLIO Holdings Inc. (the "**Company**") at a price of \$0.70 per Unit (the "**Offering Price**") for aggregate gross proceeds of \$9,100,000 (the "**Offering**"). Each Unit consists of one common share of the Company (a "**Unit Share**") and one-half of one non-transferable common share purchase warrant of the Company (each whole warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to purchase one additional common share of the Company (a "**Warrant Share**") at an exercise price of \$1.00 per Warrant Share, subject to adjustment in accordance with the Warrant Indenture (as defined below), at any time until 5:00 p.m. (Pacific Time) on the date that is 24 months after the Closing Date (as defined below). The Warrants will be governed by a warrant indenture to be entered into on or before the Closing Date between Computershare Trust Company of Canada (the "**Warrant Agent**") and the Company (the "**Warrant Indenture**"). The Company will use the net proceeds of the Offering as described in this Prospectus Supplement. See "**Use of Proceeds**".

The Offering is being made pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated December 1, 2021 among the Company and PI Financial Corp., as lead underwriter and sole bookrunner (the "**Lead Underwriter**"), Canaccord Genuity Corp. and M Partners Inc. (together with the Lead Underwriter, the "**Underwriters**"). The Units will be offered in each of the Provinces and Territories of Canada, other than Quebec, through the Underwriters either directly or through its Canadian broker-dealer affiliates or agents, as applicable. Subject to applicable law, the Underwriters may offer the Units in such other jurisdictions outside of Canada as agreed between the Company and the Underwriters. See "**Plan of Distribution**".

**There is currently no market through which the Units or the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "*Plan of Distribution*" and "*Risk Factors*".**

The Company undertook to raise minimum gross proceeds of \$4,500,000 in connection with this Prospectus Supplement and to ensure such proceeds, determined at the time of filing this Prospectus Supplement, will be sufficient to satisfy its liquidity requirements in the short term. A copy of the undertaking is available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Company, however, maintains broad discretion concerning the use of the net proceeds from any offering, as well as the timing of its expenditures in ways that it deems most efficient, and there can be no assurance as to how the funds will be allocated, especially if the Company determines to revise its business plan and growth strategy. See "*Risk Factors*".

The Units will immediately separate into Unit Shares and Warrants, as applicable, immediately upon completion of the Offering and the Unit Shares and the Warrants will be issued separately. See "*Description of Offered Securities*".

	Price to the Public <sup>(1)</sup>	Underwriter's Fee <sup>(2)</sup>	Net Proceeds to the Company <sup>(3)</sup>
Per Unit	\$0.70	\$0.042	\$0.658
Totals <sup>(4)</sup>	\$9,100,000	\$546,000	\$8,554,000

**Notes:**

- (1) The Offering Price was determined by arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the Common Shares on the CSE (as defined below).
- (2) Pursuant to the Underwriting Agreement, the Company has agreed to (i) pay the Underwriters a cash commission (the "**Underwriter's Fee**") equal to 6% of the aggregate gross proceeds of the Offering, and (ii) issue to the Underwriters a number of compensation options ("**Compensation Options**") that is equal to 6% of the number of Units issued pursuant to the Offering. Each Compensation Option will entitle the holder to acquire one Unit (a "**Compensation Option Unit**") at an exercise price per Compensation Option Unit equal to \$0.70, subject to adjustment, at any time until 5:00 p.m. (Pacific Time) on the date that is 18 months after the Closing Date (as defined below). Each Compensation Option Unit is comprised of one common share of the Company (a "**Compensation Option Share**") and one-half of one Warrant. This Prospectus Supplement also qualifies the distribution of the Compensation Options. See "*Plan of Distribution*". The Underwriter's Fee will be payable and the Compensation Options will be issuable on the total gross proceeds of the Offering and the total number of Units issued, respectively, including any Additional Securities (as defined below) issued upon the exercise of the Over-Allotment Option (as defined below), save and except for Units sold to purchasers on the Company's President's List (as defined below) on which the Underwriter's Fee will be calculated as 3% of the proceeds realized from such purchasers and the number of Compensation Options will be calculated as 3% of the number of Units issued to such purchasers. The Company has also agreed to reimburse the Underwriters' reasonable legal fees and other expenses incurred with respect to the Offering. See "*Plan of Distribution*".
- (3) After deducting the Underwriter's Fee, but before deducting expenses of the Offering (including listing fees) estimated to be approximately \$100,000, which will be paid from the proceeds of the Offering.
- (4) The Company has granted the Underwriters an over-allotment option (the "**Over-Allotment Option**"), exercisable in whole or in part, which may be exercised in the Underwriters' sole discretion and without obligation, to acquire from the Company up to an additional 1,950,000 Units at the Offering Price, or any combination of up to an additional 1,950,000 Unit Shares at a price of \$0.66 per Unit Share and up to an additional 975,000 Unit Warrants at a price of \$0.04 per Unit Warrant (collectively the "**Additional Securities**"), to cover over-allotments, if any, made by the Underwriters in connection with the Offering and for market stabilization purposes. Unless the context otherwise requires, references herein to "Offering" and "Units" assume the exercise of the Over-Allotment Option in full. The Over-Allotment Option may be exercised by the Underwriters to acquire Additional Securities. The Over-Allotment Option is exercisable by the Underwriters, in whole or in part, at any time and from time to time for a period of 30 days from and including the Closing Date. The grant of the Over-Allotment Option and the Additional Securities issuable upon exercise of the Over-Allotment Option are hereby qualified for distribution under this Prospectus Supplement. A purchaser who acquires Additional Securities forming part of the Underwriters' over-allocation position acquires those Additional Securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the "Total Price to the Public", "Underwriter's Fee" and "Net Proceeds to the Company" (before deducting the expenses relating to the Offering (see note 3, above)) will be \$10,465,000, \$627,900 and \$9,837,100, respectively. See "*Plan of Distribution*" and the table below.

The following table sets out the number of Additional Securities for which the Over-Allotment Option may be exercised and the number of Compensation Option Units that may be issued in respect of same:

Underwriter's Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Up to 1,950,000 Additional Securities <sup>(1)</sup>	Exercisable at any time until 30 days from and including the Closing Date	\$0.70 per Additional Securities <sup>(1)</sup>
Compensation Option Units	Up to 117,000 <sup>(1)</sup>	Exercisable at any time until 18 months after the Closing Date	\$0.70 per Compensation Option Unit

(1) Assumes the Over-Allotment Option has been exercised in full.

Unless the context otherwise requires, when used herein, all references to "Units", "Unit Shares", and "Warrants" include the Additional Securities and components thereof issuable upon exercise of the Over-Allotment Option, all references to "Compensation Options" include the Compensation Options issuable upon exercise of the Over-Allotment Option, and all references to "Compensation Option Shares" include the Compensation Option Shares issuable upon exercise of the Compensation Options issuable in connection with the exercise of the Over-Allotment Option. The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters, in accordance with the terms and conditions contained in the Underwriting Agreement described under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Owen Bird Law Corporation and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP.

Subscriptions for the Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. The closing of the Offering is expected to take place on or about December 7, 2021, or such other date as may be agreed upon by the Company and the Underwriters (the "**Closing Date**"). See "*Plan of Distribution*".

The outstanding common shares in the capital of the Company (the "**Common Shares**") are listed and posted for trading on the Canadian Securities Exchange (the "**CSE**") under the symbol "LUXX". On November 29, 2021, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the CSE was \$0.81. On November 30, 2021, the last trading day prior to the date of this Prospectus Supplement, the closing price of the Common Shares on the CSE was \$0.67.

The Company has applied to list the Unit Shares, Warrant Shares and Compensation Option Shares distributed under this Prospectus Supplement on the CSE. Listing on the CSE is subject to the Company fulfilling all the listing requirements of the CSE. See "*Plan of Distribution*". There is no established public trading market for the Warrants and we do not expect a market to develop, and purchasers may not be able to resell the Warrants purchased under this Prospectus. In addition, we do not intend to apply for listing of the Warrants on any securities exchange or other nationally recognized trading system. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See "*Risk Factors*".

**An investment in Units is speculative and involves a high degree of risk. The risk factors identified in this Prospectus Supplement, the accompanying Shelf Prospectus and the documents incorporated by reference herein and therein should be carefully reviewed and evaluated. See "*Risk Factors*" in this Prospectus Supplement, the accompanying Shelf Prospectus and the documents incorporated by reference herein and therein, as well as the information under the heading "*Forward-Looking Statements*" in this Prospectus Supplement.**

The Unit Shares and the Warrants (other than those offered or sold to persons in the United States or to persons who are acting for the account or benefit of such persons, which will be represented by individual definitive certificates bearing U.S. restrictive legends) may be delivered in book-entry form only through the facilities of CDS Clearing and Depository Services Inc. ("**CDS**") on the Closing Date. The Company expects that delivery of the Unit Shares and the Warrants will be made against payment therefor on or about the

Closing Date. See "Plan of Distribution".

You should rely only on the information contained or incorporated by reference in this Prospectus Supplement, the Prospectus, and the documents incorporated by reference herein and therein. The Company and the Underwriters have not authorized anyone to provide purchasers with information different from that contained or incorporated by reference in this Prospectus Supplement, the Prospectus and the documents incorporated herein and therein. The Company is offering to sell, and seeking offers to buy, the Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. The Company does not undertake to update information contained or incorporated by reference in this Prospectus Supplement, except as required by applicable securities laws.

**No Canadian or other securities regulator has approved or disapproved of the securities offered hereby, passed upon the accuracy or adequacy of this Prospectus Supplement and the accompanying Shelf Prospectus or determined if this Prospectus Supplement and the accompanying Shelf Prospectus are truthful or complete. Any representation to the contrary is a criminal offence.**

**Owning our securities may subject you to tax consequences both in Canada and in your jurisdiction of residence. This Prospectus Supplement and the accompanying Shelf Prospectus may not describe these tax consequences fully. You should read the tax discussion in this Prospectus Supplement and consult your own tax advisor with respect to your own particular circumstances.**

Subject to applicable laws, in connection with the Offering, the Underwriters may over-allot or effect transactions intended to stabilize or maintain the market price of the Common Shares and/or Warrants at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters propose to offer the Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the Offering Price, the offering price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the gross proceeds paid by the Underwriters to the Company.** See "Plan of Distribution".

The head office of the Company is located at 212-1080 Mainland Street, Vancouver, British Columbia, V6B 2T4. The registered and records office is located at 212-1080 Mainland Street, Vancouver, British Columbia, V6B 2T.

The Chief Executive Officer of the Company named below, whom resides outside of Canada, has appointed the following agent for service of process in Canada:

Names of Persons	Name and Address of Agent
Dean Linden	Owen Bird Law Corporation 595 Burrard Street, Vancouver British Columbia V7X 1J5

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

## TABLE OF CONTENTS

### Prospectus Supplement

<b>TABLE OF CONTENTS .....</b>	<b>5</b>
<b>IMPORTANT NOTICE ABOUT THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT .....</b>	<b>6</b>
<b>FORWARD-LOOKING STATEMENTS.....</b>	<b>6</b>
<b>DOCUMENTS INCORPORATED BY REFERENCE.....</b>	<b>11</b>
<b>MARKETING MATERIALS .....</b>	<b>13</b>
<b>DESCRIPTION OF THE BUSINESS OF THE COMPANY .....</b>	<b>13</b>
<b>PRIOR SALES .....</b>	<b>17</b>
<b>TRADING PRICE AND VOLUME.....</b>	<b>17</b>
<b>DESCRIPTION OF OFFERED SECURITIES.....</b>	<b>19</b>
<b>CONSOLIDATED CAPITALIZATION.....</b>	<b>20</b>
<b>USE OF PROCEEDS.....</b>	<b>21</b>
<b>PLAN OF DISTRIBUTION.....</b>	<b>22</b>
<b>ELIGIBILITY FOR INVESTMENT.....</b>	<b>24</b>
<b>RISK FACTORS .....</b>	<b>24</b>
<b>CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....</b>	<b>26</b>
<b>TRANSFER AGENT AND REGISTRAR .....</b>	<b>30</b>
<b>AUDITORS.....</b>	<b>30</b>
<b>LEGAL MATTERS.....</b>	<b>30</b>
<b>PURCHASERS' STATUTORY RIGHTS .....</b>	<b>31</b>
<b>CERTIFICATE OF LUXXFOLIO HOLDINGS INC.....</b>	<b>32</b>
<b>CERTIFICATE OF THE UNDERWRITER .....</b>	<b>33</b>

## IMPORTANT NOTICE ABOUT THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT

This document is comprised of two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Offering and certain other matters and also adds to and updates information contained in the Shelf Prospectus, and the documents incorporated by reference herein and therein. The second part, the Shelf Prospectus, gives more general information about securities we may offer from time to time, some of which may not apply to the Offering.

You should rely only on the information contained in or incorporated by reference in this Prospectus Supplement and the Shelf Prospectus. To the extent that there is a conflict between the information contained in this Prospectus Supplement and the Shelf Prospectus, you should rely on the information in this Prospectus Supplement. Neither we nor the Underwriters have authorized anyone to provide you with different or additional information. Neither we nor the Underwriters are offering the Units in any jurisdiction where the offer is not permitted by law. If anyone provides you with any different or inconsistent information, you should not rely on it. You should not assume that the information contained in or incorporated by reference in this Prospectus Supplement or the Shelf Prospectus is accurate as of any date other than the date on the front of this Prospectus Supplement with respect to information contained herein and, with respect to information incorporated by reference, the date of such document. The Company's business, financial condition, results of operations and prospects may have changed since those dates.

When used in this Prospectus Supplement, the terms "the Company", "LUXXFOLIO" or "we" refer to LUXXFOLIO Holdings Inc., unless otherwise specified or the context otherwise requires. The term "management" in this Prospectus Supplement means those persons acting, from time to time, in the capacities of Chief Executive Officer and Chief Financial Officer of the Company. Any statements in this Prospectus Supplement made by or on behalf of management are made in such persons' capacities as officers of the Company and not in their personal capacities.

Market data and certain industry forecasts used in this Prospectus Supplement and the documents incorporated by reference in the Shelf Prospectus and this Prospectus Supplement were obtained from market research, publicly available information and industry publications. The Company believes that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. The Company has not independently verified this information, and does not make any representation or warranty as to the accuracy of this information.

In this Prospectus Supplement, all dollar amounts are in Canadian dollars unless otherwise indicated.

## FORWARD-LOOKING STATEMENTS

Certain statements and other information contained or incorporated by reference in this Prospectus Supplement constitute forward-looking information under Canadian securities legislation (collectively "**forward-looking statements**") including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect", "predict", "project", "potential", "continue", "ongoing" or the negative or grammatical variations of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by the Company in light of the Company's experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Such forward-looking statements include, but are not limited to:

- the Company's intended use of the net proceeds from the Offering;
- the Company's business objectives over the next twelve months;
- the increasing demand for cryptocurrencies and professional-grade, scalable cryptocurrency infrastructure;
- the increasing demand for regulation of the cryptocurrency industry;
- the Company's need for additional low voltage infrastructure and power supply at the New Mexico

Facility (as defined below);

- the ability to participate in a suitable mining pool;
- the ability to maintain a listing of the Company's Common Shares on the CSE;
- the Company's strategy;
- potential sources of funding;
- the Company's expected expenditures and accumulated deficit level;
- the future price of cryptocurrencies, such as Bitcoin, and the other types of digital assets which the Company and its subsidiaries mine, hold or trade;
- the number of securities the Company intends to issue;
- the future pricing for services and solutions in the businesses of the Company and its subsidiaries;
- the liquidity and market price of the Common Shares;
- the Company's expectations regarding the sufficiency of its capital resources and requirements for additional capital;
- litigation risks;
- currency fluctuations;
- risks related to debt securities being secured;
- risks related to the decrease of the market price of the Common Shares if the Company's shareholders sell substantial amounts of Common Shares;
- risks related to future sales or issuances of equity securities diluting voting power and reducing future earnings per share;
- the absence of a market through which the Unlisted Securities may be sold;
- the Company's ability to hire and retain skilled staff;
- changes to governmental laws and regulations; and
- effects of the novel coronavirus ("COVID-19") pandemic.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Prospectus Supplement should not be unduly relied upon. These statements speak only as of the date of this Prospectus Supplement. The forward-looking statements in this document are based on what the Company currently believes are reasonable assumptions, including the material assumptions set out in the management discussion and analysis and press releases of the Company (such documents are available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com)). Other material factors or assumptions that were applied in formulating the forward-looking statements contained herein include or relate to the following:

- the business and economic conditions affecting the Company's operations in their current state, including, general levels of economic activity, regulations, taxes and interest rates;
- variable costs associated with power supply to the Company's operations at the New Mexico Facility will remain stable and apply to any expansion undertaken at such facility;
- the timing of delivery and installation of the Company's new cryptocurrency mining equipment will be as negotiated;
- the Company's ability to profitably generate cryptocurrencies;
- the Company's ability to achieve profitability;
- the Company's ability to successfully acquire and maintain required regulatory licences and qualifications;
- historical prices of cryptocurrencies;
- the emerging cryptocurrency and blockchain markets and sectors;

- the Company's ability to maintain good business relationships;
- the Company's ability to manage and integrate acquisitions;
- the Company's ability to identify, hire and retain key personnel;
- the Company's ability to raise sufficient debt or equity financing to support the Company's continued growth;
- the technology, proprietary and non-proprietary software, data and intellectual property of the Company and third parties in the cryptocurrencies and digital asset sector is able to be relied upon to conduct the Company's business;
- the Company does not suffer a material impact or disruption from a cybersecurity incident, cyber-attack or theft of digital assets;
- continued maintenance and development of its cryptocurrency miners and mining facility;
- continued growth in usage of the blockchain for various applications;
- continued development of a stable public infrastructure, with the necessary speed, data capacity and security required to operate blockchain networks;
- the absence of adverse regulations or laws;
- the absence of material changes in the legislative, regulatory or operating framework for the Company's existing and anticipated business;
- projections of future financial and operational performance;
- statements with respect to future events or future performance;
- anticipated operating costs and revenue;
- estimates of capital expenditures;
- future demand for and prices of digital currencies;
- the Company's ability to maintain the listing of its Common Shares on the CSE;
- the Company's intention with respect to updating any forward-looking statement after the date on which such statement is made or to reflect the occurrence of unanticipated events;
- the plan of distribution of the Units;
- the Company's intended use of proceeds of the Offering;
- the Company's intention with respect to not paying any cash dividends on Common Shares in the foreseeable future; and
- the Company's plans with respect to the listing of Common Shares.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Some of the factors that could cause outcomes and results to differ materially from those expressed in the forward-looking statements include:

- risks and uncertainties associated with the digital currency and blockchain industry;
- occurrence of a Bitcoin halving event;
- reduction in the number of Bitcoin miners and the processing power of the Bitcoin Network;
- the mining operations at the New Mexico Facility being the subject of equipment malfunctions or power outages;
- the potential that the blockchain could be manipulated a malicious actor increased competition that adversely affects business;
- the Company's cryptocurrency inventory may be exposed to cybersecurity threats and hacks;
- regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of cryptocurrencies in a manner that adversely affects the Company's operations;



- the value of cryptocurrencies may be subject to volatility and momentum pricing risk;
- cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure;
- possibility of less frequent or a cessation of monetization of cryptocurrencies;
- limited history of de-centralized financial system;
- cryptocurrency network difficulty and impact of increased global computing power;
- banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment;
- the impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain;
- economic dependence on regulated terms of service and electricity rate risks;
- political and regulatory risks;
- permits and licences;
- risks related interruption to operations due to floods, fires or other severe and adverse weather events;
- changes in local and global climatic conditions;
- server failures;
- global financial conditions;
- tax consequences;
- environmental regulations;
- environmental liability;
- the further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate;
- acceptance and/or widespread use of cryptocurrency is uncertain;
- the Company may be required to sell its inventory of cryptocurrency to pay suppliers or other third parties;
- facility developments;
- the Company's operations, investment strategies, and profitability may be adversely affected by competition from other methods of investing in cryptocurrencies;
- the Company's coins may be subject to loss, theft or restriction on access;
- incorrect or fraudulent coin transactions may be irreversible;
- if the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations;
- the price of coins may be affected by the sale of coins by others investing in coins or tracking cryptocurrency markets;
- risk related to technological obsolescence and difficulty in obtaining hardware;
- failure to adopt to technological change, new products and standards, which materially impact the cryptocurrency industry;
- risks related to insurance;
- limited operating history;

- management of growth and working capital;
- continued growth in key markets;
- additional funding requirements and dilution;
- loss of key employees and contractors;
- the ability to attract, retain and motivate qualified personnel;
- pandemics and COVID-19;
- conflicts of interest;
- liquid market or securities;
- dividends;
- interest rate risk;
- currency exchange risk;
- discretion over use of proceeds;
- absence of a public market for certain of the securities;
- unsecured debt securities;
- effect of changes in interest rates on debt securities;
- effect of fluctuations in foreign currency markets on debt securities;
- trading price of Common Shares and volatility;
- the Company's ability to manage operating expenses;
- the Company's ability to remain competitive as other better financed competitors develop and release competitive products;
- access to equipment and power;
- the Company's relationships with its customers, distributors and business partners;
- the Company's ability to successfully define, design and release new products in a timely manner that meet customers' needs;
- failure to develop new and innovative products;
- the ability to successfully maintain and enforce intellectual property rights and defend third party claims of infringement of their intellectual property rights;
- the impact of intellectual property litigation that could materially and adversely affect the business;
- the risk that the Company's software products and/or services may contain undetected errors or "bugs", vulnerabilities or defects;
- damage or failure of our information technology;
- risks associated with potential violations of applicable privacy laws;
- risks resulting from interruptions or delays from third party processors and service providers upon which the Company relies;
- the Company's ability to obtain additional financing;
- failure of counterparties to perform their contractual obligations;
- risks associated with litigation or dispute resolution;
- volatility of share price; and

- the other risks discussed under the heading “Risk Factors”.

Additional information on these and other factors is provided under the heading “Risk Factors” in this Prospectus Supplement and in the documents incorporated by reference herein including in the Shelf Prospectus under the heading “Risk Factors” and in the AIF (as defined herein) under the heading “Risk Factors”, as may be modified or superseded by other subsequently filed documents that are also incorporated or deemed to be incorporated by reference in this Prospectus Supplement.

Should one or more of these risks or uncertainties, or a risk that is not currently known to us, materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this Prospectus Supplement and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

***All of the forward-looking statements contained in this Prospectus Supplement and the accompanying Shelf Prospectus are expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus Supplement and the accompanying Shelf Prospectus and consult their own professional advisors to assess the income tax, legal, and other risk factors, and other aspects, of their investment.***

#### DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Shelf Prospectus solely for the purposes of the Offering. Information has been incorporated by reference in this Prospectus Supplement from documents filed with or delivered to securities commissions or similar authorities in the provinces of British Columbia, Alberta and Ontario. Copies of the documents incorporated herein by reference or a copy of the permanent information record may be obtained on request without charge from the Chief Financial Officer of the Company at 212-1080 Mainland Street, Vancouver, British Columbia, V6B 2T4, or by accessing the disclosure documents available through the Internet on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”), which can be accessed at [www.sedar.com](http://www.sedar.com).

As at the date hereof, the following documents of the Company, filed with or delivered to the securities commissions or similar authorities in each of the provinces of Canada, other than Quebec, are specifically incorporated by reference into and form an integral part of this Prospectus Supplement and the accompanying Shelf Prospectus:

- the Company’s annual information form (“**AIF**”) dated as at July 12, 2021, for the fiscal year ended August 31, 2020;
- the consolidated audited financial statements of the Company for the fiscal years ended August 31, 2020 and 2019, together with the auditor’s report thereon and notes thereto;
- the annual management’s discussion and analysis for the fiscal year ended August 31, 2020;
- the Company’s unaudited interim condensed consolidated financial statements for the three and nine-months periods ended May 31, 2021 and 2020, and related notes thereto;
- the management’s discussion and analysis for the three and nine-month periods ended May 31, 2021;
- the material change report dated September 11, 2020, relating to the execution of amendments to the subscription agreements for a tranche of a non-brokered private placement;
- the material change report dated November 3, 2020, relating to the announcement of the closing of the third and fourth tranches of a non-brokered private placement;
- the material change report dated November 24, 2020, relating to the announcement of a non-binding term sheet with Ocean Falls Blockchain Corp. and the closing of the fifth tranche of a non-brokered private placement;

- the material change report dated December 2, 2020, relating to the appointment of Brad Farquhar to the Company's Board of Directors;
- the material change report dated December 3, 2020, relating to the announcement of closing of the sixth and final tranche of a non-brokered private placement;
- the material change report dated December 30, 2020, relating to the announcement of the closing of a non-brokered private placement;
- the material change report dated January 29, 2021, relating to the disclosure regarding a related party's acquisition of a majority participation interest in an asset backed lending facility to which the Company's wholly owned subsidiary is a party;
- the material change report dated February 10, 2021, relating to the Company entering into a binding term sheet with WestBlock Capital Inc.;
- the material change report dated March 10, 2021, relating to the announcement of the closing of the first tranche of a non-brokered private placement, the extension of the expiry date of the binding term sheet with WestBlock Capital Inc, and the termination of the non-binding term sheet with Ocean Falls Blockchain Corp.;
- the material change report dated March 19, 2021, relating to the extension of the expiry date of the binding term sheet with WestBlock Capital Inc.;
- the material change report dated March 29, 2021, relating to the announcement of the closing of the second and final tranche a non-brokered private placement;
- the material change report dated April 8, 2021, relating to the entering into a definitive amalgamation agreement with WestBlock Capital Inc.;
- the material change report dated May 6, 2021, relating to the confirmation of an order for 2400 Bitcoin miners;
- the material change report dated May 28, 2021, relating to the closing of the acquisition of the 2400 Bitcoin miners;
- the material change report dated July 16 , 2021, relating to the acquisition of WestBlock Capital Inc.;
- the material change report dated July 16, 2021, relating to the closing of a non-brokered private placement;
- the material change report dated July 20, 2021, relating to the delivery and installation of bitcoin mining machines;
- the material change report dated August 10, 2021, relating to the purchase of additional bitcoin mining machines;
- the material change report dated August 16, 2021, relating to (i) the appointment of David Gens as a new director of the Company, (ii) the appointment of Kelly Klatik as Chairman, and (iii) the grant of 1,010,000 incentive stock options;
- the material change report dated September 3, 2021, relating to the delivery and installation of bitcoin mining machines;
- the material change report dated September 23, 2021, relating to the delivery of bitcoin mining machines;
- the material change report dated October 7, 2021, relating to the appointment of new auditors;
- the material change report dated October 21, 2021, relating to the delivery bitcoin mining machines and the exercise of share purchase warrants;
- the material change report dated October 27, 2021, relating to the order of additional bitcoin mining machines;

- the material change report dated November 30, 2021, relating to the purchase of Ethereum miners and coins from Blackcloud Crypto Investments Inc.;
- the material change report dated December 1, 2021, relating to the execution of a purchase order for an immersion cooling system for the Company's New Mexico mining facility; and
- the management information circular of the Company dated December 4, 2020 in connection with the annual general meeting of shareholders of the Company held on January 8, 2021.

Any document of the type referred to in the preceding paragraph (excluding confidential material change reports), and all other documents of the type required by National Instrument 44-101 - *Short Form Prospectus Distributions* of the Canadian Securities Administrators to be incorporated by reference in this Prospectus Supplement, filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this Prospectus Supplement and the accompanying Shelf Prospectus.

**Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus Supplement, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be considered in its unmodified or superseded form to constitute part of this Prospectus Supplement; rather only such statement as so modified or superseded shall be considered to constitute part of this Prospectus Supplement.**

## MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined in National Instrument 41-101 – General Prospectus Requirements) that are utilized in connection with the Offering are not part of this Prospectus Supplement or the Shelf Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus Supplement. Any template version of any marketing materials that has been, or will be, filed on SEDAR before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus Supplement.

## DESCRIPTION OF THE BUSINESS OF THE COMPANY

### General

*The following description of the Company is derived from selected information about the Company contained in the documents incorporated by reference and does not contain all of the information about the Company and its business that should be considered before investing in the securities. This Prospectus Supplement, the accompanying Shelf Prospectus and the documents incorporated by reference herein and therein should be reviewed and considered by prospective purchasers in connection with their investment in the securities.*

The Company was incorporated in the Province of British Columbia on October 10, 2017 under the *Business Corporations Act* (British Columbia) ("BCBCA") under the name "AX1 Capital Corp." The

Company entered into a Security Exchange Agreement dated August 24, 2018, whereby it acquired 100% of the issued and outstanding securities of LUXXFOLIO Network Inc., formerly Blockluxe Network Inc., (“LNI”) (the “Transaction”). Under the Transaction the Company exchanged, on a 1:1 basis, securities of its own issue for all the issued and outstanding securities of LNI. The Company’s final long form prospectus dated March 18, 2019, and receipted March 21, 2019, qualified the distribution of the Company’s Common Shares under the Transaction and as a result the Company became a reporting issuer in Alberta, British Columbia, Nova Scotia, and Ontario. On March 26, 2019, the Company changed its name to LUXXFOLIO Holdings Inc. On April 11, 2019, the Transaction closed and LNI became a wholly owned subsidiary of the Company. On May 2, 2019, the Company’s Common Shares were approved for listing on the CSE. On June 14, 2021, the Company completed the acquisition of WestBlock Capital Corp. by way of a three-cornered amalgamation. The resulting amalgamated company, WestBlock Capital Inc. (“WestBlock”), is a wholly owned subsidiary of the Company.

The Company’s head office and registered and records office is located at 212, 1080 Mainland St., Vancouver, BC V6B 2T4.

The Common Shares are listed for trading on the CSE under the trading symbol “LUXX” as well as on the OTCQB under “LUXFF” and on the Frankfurt Stock Exchange under the symbol “LUH”

### **Summary Description of the Business**

The Company’s business is that of its wholly owned subsidiaries, LNI and WestBlock. LNI is a development-stage financial technology company with a customized blockchain technology (the “Platform”) that it owns and has available for licensing. WestBlock manages a facility operation in New Mexico, USA that hosts third-party owned cryptocurrency miners, most of which mining equipment is owned by LNI.

LNI’s focus regarding the development of the Platform is to enable third parties to authenticate, secure, and track via a highly secure verifiable ledger their digital based assets, contracts and documents or physical based assets (“Uniquely Identified Assets”). The Platform aims to provide a secure and reliable place to track Uniquely Identified Assets and to monetize or securitize these assets.

The two primary use cases that LNI is focusing on with respect to its Platform are:

- Registering the asset provenance of a unique piece of equipment onto the Platform, and having the asset stored by an approved and professionally managed custodian such as a data center, thereby allowing LNI to run a proof of work algorithm to create fungible tokens such as Bitcoin; and
- Authenticating physical collectibles such as memorabilia, vintage cars, or artwork and registering them on the Platform, as well as having the asset stored by an approved and professionally managed custodian, thereby allowing LNI to produce a non-fungible token that can be traded on a marketplace.

While the development of the Platform is complete, LNI’s business pertaining to the use of the Platform has not attained significant levels of activity and remains subject to change. It continues to negotiate with various third parties for expanding its business, but there is no assurance any such negotiations will lead to new business opportunities. In particular, the Company’s proposed expanded use of its Platform with respect to non-fungible tokens remains in the discussion stage of development.

WestBlock manages an industrial scale cryptocurrency mining operation in Shiprock, New Mexico, USA (the “New Mexico Facility”) at which WestBlock manages and operates both LNI’s cryptocurrency miners as well as third party cryptocurrency servers. At present, the vast majority of the miners managed by WestBlock are owned by LNI.

The Company strategy is to become a vertically integrated digital asset blockchain company that manages, operates, and develops end to end digital solutions to monetize Uniquely Identified Assets and the blockchain ecosystem. As part of this strategic growth, the Company has undertaken the expansions discussed below under Recent Developments.

Further information regarding the Company and its business is set out in the AIF, the Shelf Prospectus, and other publicly filed documents incorporated by reference herein.

## *Recent Developments*

### WestBlock Capital Inc.

On June 14, 2021, the Company completed the acquisition of WestBlock Capital Inc. by way of a three-cornered amalgamation, whereby WestBlock became a wholly owned subsidiary of the Company. WestBlock was acquired for aggregate consideration of 16,000,000 common shares and 5,000,000 warrants of the Company, issued to the former shareholders and warrant holders of WestBlock.

WestBlock operates a cryptocurrency mining operation at its New Mexico Facility, at which WestBlock manages and operates both its own cryptocurrency miners as well as third party cryptocurrency servers. Presently, virtually all of the miners managed by WestBlock are owned by LNI. LNI intends to continue to acquire mining hardware, subject to cost and profitability constraints, to ensure that its mining fleet includes efficient hardware and to avoid the need to replace the entire fleet simultaneously in the future. WestBlock's operating and maintenance expenses are comprised of electricity to power its computing equipment as well as cooling and lighting and other aspects of operating computer equipment. Other site expenses include personnel salaries, internet access, equipment maintenance, software optimization, and facility security, maintenance, and management.

WestBlock was able to secure access to land and electricity at a reduced cost in the bottom decile of global power costs for their mining operations through their exclusive partnership with the Navajo Nation. The Company's vision for WestBlock is to scale its low-cost mining operation and develop other cryptocurrency related revenue streams by leveraging supplier relationships, growing its inventory of crypto assets, and by taking advantage of the Company's unique access to structured financial products.

LNI is currently using Slush Pool, a virtual currency mining pool that combines the computational resources of multiple currency miners to optimize returns. Slush Pool uses a unique hash rate proofing that allows their customers to verify the accuracy of their rewards.

LNI holds its cryptocurrencies with third party registered custodians. LNI only transfers its cryptocurrencies to hot storage for the purpose of selling or transferring the cryptocurrencies. Neither LNI nor WestBlock manages or holds cryptocurrencies on behalf of third-party clients that it hosts at the New Mexico Facility and any cryptocurrencies mined from the hosting services are connected directly to the third party client's cryptocurrency wallets.

On August 11, 2021, the Company announced expansion plans for the New Mexico Facility. Currently, the mining facility, which is currently only using 8MW of power, can draw up to 15 MW of capacity from the substation. This expansion will see the power usage increase to its full 15 MW potential. The construction will include additional transformers, buildings, and associated cabling.

In July of 2021, the Company took delivery of 590 Canaan AvalonMiner 1246 Pro 90TH/S Bitcoin miners that it had previously ordered (the "Canaan Miners"). By the end of August 2021, substantially all the Canaan Miners were installed and in operation at the New Mexico Facility which is operated and managed by WestBlock. On May 25, 2021, the Company entered into a financing agreement to purchase 2400 Bitmain Antminer S19J Pro (100 TH) Bitcoin miners (the "Bitmain Miners"). The Company received and installed 675 Bitmain Miners in September and October 2021. The Company expects the remaining 1,725 Bitmain Miners to be received between December 2021 and Q2 of 2022 and plans to install and operate them at the New Mexico Facility. On July 31, the Company ordered 100 additional Bitmain s19j Pro Bitcoin miners (the "Additional Bitmain Miners") which were received and installed in August 2021. On September 2, 2021, the Company signed a term sheet to acquire Isotechnics, a commercial technology services firm in exchange for 550,000 Shares of the Company, subject to a satisfactory due diligence and entering into a definitive agreement. The Company entered into an asset purchase agreement dated September 1, 2021, which was amended November 24, 2021, to acquire 88 Ethereum miners, 52 ETH coins in exchange for 500,003 Shares of the Company. The acquisition closed on November 25, 2021. On October 21, 2021, the Company confirmed an order for an additional 500 Bitmain Miners (the "Bitmain Miner Order") with an anticipated delivery date of May 2022. On November 25, 2021, the Company signed a purchase order in furtherance of the procured an immersion cooling system that is scheduled to be delivered in 2022.

Listing on OTCQB

On May 19, 2021, the Company's Common Shares commenced trading on the OTCQB under the symbol "LUXFF". It is anticipated that this will provide increased liquidity for shareholders and expanded access to capital for the Company.

#### Closing of Special Warrant and Unit Offering

On June 30, 2021, the Company closed a non-brokered private placement of special warrants (the "Special Warrants") and units (the "June Units") for total gross proceeds of \$3,006,119 (the "SWU Offering"). A total of 8,118,912 Special Warrants and 470,000 June Units were subscribed for and issued at a price of \$0.35 per Special Warrant or Unit under the SWU Offering.

Each June Unit was comprised of one Common Share and one non-transferable share purchase warrant of the Company (a "Unit Warrant"). Each Unit Warrant is exercisable for a period of 24 months from the date of issue to acquire one Common Share at an exercise price of \$0.45 per share (the "Exercise Price"). If over a period of 20 consecutive trading days, occurring at any time after the date that is 12 months after the issuance of a Unit Warrant, the volume weighted average at market closing price for the Company's Common Shares on the CSE (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 Unit Warrant may be accelerated by the Company, giving notice to the Unit Warrant holder, to a date not less than the 20th day that immediately follows the Acceleration Event.

Each Special Warrant automatically converted into one June Unit four months and a day from the issuance of the Special Warrant.

The Company's stated uses of the proceeds from the SWU Offering were to finance part of the cost of acquiring Bitcoin miners (as then previously announced), and for general working capital of the Company, LNI and WestBlock. Actual uses of the proceeds were (to the date of this Prospectus) approximately \$107,123 for financing costs, \$2,658,735 toward the cost of new Bitcoin miners, \$59,807 for general expenses of the Company and its subsidiaries, with the balance still in cash.

#### Appointment of New Director

On August 16, 2021 the Company announced the appointment of Mr. David Gens as new independent director of the Company. Mr. Gens is the founder, Chairman, President and CEO of Merchant Growth and Merchant Opportunities Fund, one of Canada's largest fintech lending platforms that provides an online financing for small businesses.

#### China's Restrictions on Cryptocurrencies

In September 2021 China's central bank declared all transactions involving cryptocurrencies such as bitcoin illegal and stepped up a crackdown on illegal mining of them in the country. China has historically been one of the world's largest producers of bitcoin. Two immediate trends noted by the Company were (i) a decrease in the Bitcoin network difficulty rate (as competition from Chinese based miners ceased), and (ii) an increase in the availability of bitcoin miners (as mining operators within China seek to move their operations out of China or simply sell their equipment).

#### *Business Objectives and Milestones*

##### Objectives

The Company's objectives over the next 12 months include (i) expanding its cryptocurrency mining operations at the New Mexico Facility, (ii) developing additional uses for its Platform, in conjunction with new business partners, and (iii) developing non-fungible tokens and related business opportunities with new business partners.

##### Milestones

Certain milestones to be achieved in order to meet the Company's business objectives include (i) expansion of the New Mexico Facility from using 8MW of power to 15MW of power, and (ii) negotiating and finalizing agreements for the further development and use of the Company's Platform.



## PRIOR SALES

The following summarizes the Common Shares or securities convertible into, or exercisable to acquire, Common Shares of the Company that have been issued by the Company during the 12 months prior to the date of this Prospectus Supplement:

Date of Issuance	Type of Securities	Number of Securities	Issue Price or Exercise Price per Security	Expiry Date (if applicable)	Reason for Issuance
Dec 2, 2020	Special Warrants	650,000	\$0.050	N/A	Equity raise
Dec 16, 2020	Stock Options	1,300,000	\$0.075	Dec 16, 2025	Compensation
Dec 30, 2020	Common	5,200,000	\$0.075	N/A	Equity raise
Jan 4, 2021	Common	426,000	N/A	N/A	Exercise
Mar 5, 2021	Common	5,000,000	N/A	N/A	Conversion
Mar 10, 2021	Common	100,000	N/A	N/A	Exercise
Mar 11, 2021	Stock Options	875,000	\$0.450	Mar 10, 2026	Compensation
Mar 19, 2021	Common	4,572,060	\$0.350	N/A	Equity raise
May 27, 2021	Share Purchase Warrants	350,000	\$0.250	May 26, 2022	Services
Jun 15, 2021	Common	16,000,000	\$0.385	N/A	Business acquisition
Jun 15, 2021	Share Purchase Warrants	5,000,000	\$0.400	Jun 14, 2023	Business acquisition
Jun 23, 2021	Common	470,000	\$0.350	N/A	Equity raise
Jun 23, 2021	Share Purchase Warrants	470,000	\$0.450	Jun 22, 2023	Equity raise
Jun 23, 2021	Share Purchase Warrants	117,032	\$0.450	Jun 29, 2023	Services
Jun 30, 2021	Special Warrants	8,118,912	\$0.350	N/A	Equity raise
Jul 12, 2021	Share Purchase Warrants	200,000	\$0.300	Jul 11, 2022	Services
Aug 14, 2021	Stock Options	1,010,000	\$0.420	Aug 13, 2026	Compensation
Oct 1, 2021	Common	2,172,840	\$0.400	N/A	Exercise
Oct 3, 2021	Stock Options	125,000	\$0.550	Oct 2, 2026	Compensation
Nov 1, 2021	Common	8,118,912	N/A	N/A	Conversion
Nov 1, 2021	Warrants	8,118,912	N/A	N/A	Conversion
Nov 15, 2021	Common	15,000	\$0.450	N/A	Exercise
Nov 25, 2021	Common	100,000	\$0.250	N/A	Exercise
Nov 25, 2021	Common	500,003	\$0.38	N/A	Business Acquisition

As of the date of this Prospectus Supplement, there were 3,310,000 stock options outstanding and 11,640,944 Common Share purchase warrants outstanding.

## TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the CSE under the trading symbol "LUXX". On November 30, 2021, being the last trading day prior to the date of this Prospectus Supplement, the closing price of the Common Shares on the CSE was \$0.67. 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 CommonShares)
	High	Low	
Nov 2021	1.050	0.670	11,826,652
Oct 2021	1.060	0.760	7,719,311
Sep 2021	1.210	0.485	12,564,382
Aug 2021	0.720	0.380	8,297,822
Jul 2021	0.495	0.325	3,676,284
Jun 2021	0.500	0.300	2,505,056
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

## DESCRIPTION OF OFFERED SECURITIES

The Offering consists of 13,000,000 Units, each Unit consisting of one Unit Share and one-half of one Warrant. Each Warrant entitles the holder to purchase one Warrant Share at a price of \$1.00, subject to adjustment in accordance with the Warrant Indenture, at any time following the Closing Date until 5:00 p.m. (Pacific Time) on the date that is 24 months after the Closing Date. The Units will immediately separate into Unit Shares and Warrants upon completion of the Offering, and the Unit Shares and the Warrants will be issued separately.

### Unit Shares

For a description of the terms of the Unit Shares and Warrant Shares, see "*Description of Securities Offered – Common Shares*" in the accompanying Shelf Prospectus.

### Warrants

The Warrants will be governed by the terms of the Warrant Indenture. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants, which will be filed by the Company under its corporate profile on SEDAR. A register of holders will be maintained at the principal offices of the Warrant Agent in Vancouver, British Columbia.

Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of \$1.00 until 5:00 p.m. (Pacific time) on the date that is 24 months following the Closing Date.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable or exercisable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of warrants or options of the Company);
- (ii) the subdivision, re-division or change of the Common Shares into a greater number of shares;
- (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable or exercisable for or convertible into Common Shares, at a price per Common Share to the holder (or at an exchange, exercise or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for the Common Shares on such record date; and
- (v) the issuance or distribution to all or substantially all of the holders of Common Shares of securities, including rights, options or warrants to acquire shares of any class or securities exchangeable, exercisable or convertible into any such shares or property or assets or any property or assets, including evidences of indebtedness.

The Warrant Indenture will also provide for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per Warrant Share in the event of the following additional events: (a) reclassifications of the Common Shares or exchange or change of the Common Shares into other shares or securities, or a capital reorganization of the Company (other than as described in clauses (ii) or (iii) above), (b) consolidations, amalgamations, arrangements, mergers of the Company with or into another entity (other than a consolidation, amalgamation, arrangement, merger or other business combination which does not result in any reclassification of the Company's outstanding Common Shares or any exchange or change of the Common Shares into other shares), or (c) any sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body

corporate, trust, partnership or other entity, in which case each holder of a Warrant which is thereafter exercised will receive, in lieu of Warrant Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Warrants prior to the event.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, not less than 14 days prior to such applicable record date or effective date, as the case may be, of such events.

No fractional Common Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Warrant Indenture provides that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on the opinion of legal counsel, the rights of the holders of Warrants, as a group, are not prejudiced thereby.

The Warrant Indenture contains provisions making binding upon all holders of Warrants resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by holders of Warrants holding a specified percentage of the Warrants. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, and certain other amendments or other actions, will be subject to approval by an “Extraordinary Resolution”, which is defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than two-thirds of the aggregate number of Warrants represented at the meeting in person or by proxy and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than two-thirds of the number of all of the then outstanding Warrants.

The principal transfer office of the Warrant Agent in Vancouver, British Columbia is the location at which Warrants may be surrendered for exercise or transfer. There will be no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased in the Offering.

### CONSOLIDATED CAPITALIZATION

The following summarizes the changes in the Company’s consolidated capitalization since May 31, 2021, the last day of the Company’s most recently completed interim period in respect of which financial statements have been filed, as well as after giving effect to the Offering. Since May 31, 2021, there have been no material changes to the Company’s share and loan capitalization on a consolidated basis, other than as described herein. The following table should be read in conjunction with the Interim Financial Statements and the Interim MD&A incorporated by reference in this Prospectus Supplement.

Description of Capital	Outstanding as at May 31, 2021	Outstanding as at the date of this Prospectus	Outstanding after giving effect to the Offering
Common Shares	32,945,475	60,322,230 <sup>1</sup>	73,322,230
Warrants	350,000	11,640,944 <sup>2</sup>	18,140,944
Options	2,175,000	3,310,000	3,310,000

**Notes:**

- Between May 31, 2021 and the date of this Prospectus Supplement, an aggregate of (i) 16,000,000 Common Shares were issued relating to the acquisition of WestBlock; (ii) 500,003 Common Shares were issued relating to a business acquisition; (iii) 2,287,840 Common Shares were issued upon exercise of warrants; (iv) 8,118,912 Common Shares were issued upon conversion of special warrants; and (v) 470,000 Common Shares were issued as part of Units sold by the Company.
- Between May 31, 2021 and the date of this Prospectus Supplement, an aggregate of (i) 5,000,000 Warrants were issued relating to the acquisition of WestBlock; (ii) 8,118,912 Warrants were issued upon conversion of special warrants; (iii) 317,032 Warrants were issued for services rendered; (iv) 470,000 Warrants were issued as part of Units sold by the Company, (v) 2,287,840 Warrants were exercised (see Note 1 above), and (vi) 327,160 Warrants expired unexercised.

**USE OF PROCEEDS**

The net proceeds of the Offering, after deducting the Underwriters' commission of \$546,000 (up to \$627,900 if the Over-Allotment Option is exercised in full) and the expenses of the Offering (estimated to be approximately \$100,000) are estimated to be approximately \$8,454,000. (\$9,737,100 if the Over-Allotment Option is exercised in full). The net proceeds of the Offering are currently intended to be used by the Company as set out in the table below:

<b>Principal Purposes</b>	<b>Estimated Amount to be Expended (\$)</b>
<u>Infrastructure</u>	
<ul style="list-style-type: none"> <li>• Immersion cooling</li> <li>• Additional racking and infrastructure</li> </ul>	<p style="text-align: right;">\$500,000</p> <p style="text-align: right;">\$500,000</p>
<u>Sub-total</u>	<u>\$1,000,000</u>
Working Capital Deficit	\$4,500,000
<u>General Working Capital</u>	\$2,974,000 (\$4,237,100 assuming full exercise of the Over-Allotment Option)
<b>TOTAL:</b>	<b>\$8,454,000</b> <b>(\$9,737,100 assuming full exercise of the Over-Allotment Option)</b>

The above-noted allocation represents the Company's intention with respect to its use of proceeds of the Offering based on current knowledge and planning by management of the Company (excluding potential contingencies and any deficiencies). Actual expenditures may differ from the estimates set forth above. There may be circumstances where, for sound business reasons, a reallocation may be deemed prudent or necessary. Pending actual expenditures, the Company may invest the funds in short-term, investment grade, interest-bearing securities, in government securities or in bank accounts at the discretion of management. The Company cannot predict whether the proceeds invested will yield a favourable return. Unallocated funds from the Offering will be added to the working capital of the Company and will be expended at the discretion of management. See "Risk Factors".

The Company generates limited cash flow from current operations. As at November 30, 2021, the Company had a working capital deficiency of approximately \$4,500,000. To the extent that the Company has negative operating cash flow in future periods, it will be necessary for the Company to raise additional equity or debt. There is no assurance that additional equity or debt will be available to the Company or on terms acceptable or favourable to the Company. There can be no assurances the above objectives will be completed prior to the stated deadline or at all. See "Risk Factors".

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have agreed to purchase, as principal, on the Closing Date, 13,000,000 Units at a price of \$0.70 per Unit, for aggregate gross consideration of \$9,100,000, payable in cash to the Company against delivery of the Units. The Offering Price has been determined by arm's length negotiation between the Company and the Underwriters with reference to the prevailing market price of the Common Shares. The obligations of the Underwriters under the Underwriting Agreement are subject to certain closing conditions and may be terminated at its discretion on the basis of "disaster out", "material change out", "regulatory out" and "breach out" provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any Units are purchased under the Underwriting Agreement.

The Underwriters has been granted the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters at any time and from time to time for a period of 30 days from and including the Closing Date (the "**Over-Allotment Option Deadline**"), to cover the Underwriter's over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised to acquire up to an additional 1,950,000 Units at the Offering Price, or any combination of up to an additional 1,950,000 Unit Shares at a price of \$0.66 per Unit Share and up to an additional 975,000 Unit Warrants at a price of \$0.04 per Unit Warrant. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Company prior to the Over-Allotment Deadline, which notice shall specify the number of Additional Securities to be purchased. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Securities issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriter's over-allocation position acquires those securities under the Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters the Underwriter's Fee equal to 6.0% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option). As additional compensation, the Company will issue the Compensation Options to the Underwriters. Each Compensation Option entitles the holder thereof to purchase one Compensation Option Unit at an exercise price equal to the Offering Price for a period of 18 months after the Closing Date. This Prospectus also qualifies the distribution of the Compensation Options to the Underwriters. The Company has also agreed to reimburse the Underwriters for certain expenses related to the Offering.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to indemnify the Underwriters and its directors, officers, employees, shareholders, advisors and agents against certain liabilities and expenses and to contribute to payments the Underwriters may be required to make in respect thereof.

The Offering is being made in all of the Provinces and Territories of Canada, other than Quebec. The Units will be offered in each such jurisdiction through the Underwriters or its affiliates who are registered to offer the Units for sale in such jurisdiction and such other registered dealers as may be designated by the Underwriters.

The Company has applied to the CSE to list the Unit Shares, the Warrant Shares and the Compensation Option Shares on the CSE. Listing will be subject to the Company fulfilling all of the requirements of the CSE.

The Underwriters propose to offer the Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the Offering Price, the offering price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the gross proceeds paid by the Underwriters to the Company.

Pursuant to the Underwriting Agreement, the Company has agreed that it will not directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to, or announce any intention to, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, any Common Shares or any securities convertible or exchangeable into Common Shares, for a period ending of 90 days following the Closing Date, without the prior written consent of the Lead Underwriter, such consent not to be unreasonably withheld, other than pursuant to:

- (a) the terms of the Offering, including the exercise of the Over-Allotment Option;
- (b) a bona fide arms' length acquisition of assets or a business;
- (c) an issuance to one or more strategic investors whose identity has been disclosed to the Lead Underwriter in writing on or prior to the date hereof;
- (d) pursuant to rights or obligations under securities or instruments that are currently outstanding; or
- (e) the grant or exercise of stock options and other similar issuances pursuant to any stock option plan or similar share compensation arrangements in place prior to the Closing Date.

Under the Underwriting Agreement, it is a condition of closing the Offering that each of the directors and officers of the Company (each an "**Insider**") enter into an agreement in favour of the Underwriter pursuant to which the Insider agrees to not, without the consent of the Lead Underwriter, which consent shall not be unreasonably withheld or delayed, issue, sell, grant any option for the sale of, or otherwise dispose or monetize, or offer to announce any intention to do so, in a public offering or by way of private placement or otherwise, for a period of 90 days after the Closing Date, any securities in the Company beneficially owned by such holder, other than pursuant to a bona fide take-over bid, change of control or any other similar transaction made generally to all of the shareholders of the Company.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions including: (i) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities; (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities; or (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the CSE, in the over-the counter market or otherwise.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about December 7, 2021, or such other date as may be agreed upon by the Company and the Underwriters, but in any event no later than 42 days after the date of this Prospectus Supplement. It is anticipated that the Units will be delivered under the book-based system through CDS or its nominee and deposited in electronic form. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. No certificates will be issued unless specifically requested or required.

Any Units offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly the Units may not be offered or sold in the United States (if at all) or for the account or benefit of, persons within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriters has agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable U.S. federal and state securities laws, it will not offer or sell any of the Units to, or for the account or benefit of,

persons within the United States. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units offered under the Offering in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units in the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than in accordance with an exemption from such registration requirements.

## ELIGIBILITY FOR INVESTMENT

Based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) as of the date hereof, the Unit Shares, Warrants and the Warrant Shares, if issued on the date hereof, would be “qualified investments” under the Tax Act on the date hereof for a trust governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), deferred profit sharing plan, registered education savings plan (“**RESP**”), registered disability savings plan (“**RDSP**”) and tax-free savings account (“**TFSA**”), each as defined in the Tax Act, (collectively, “**Deferred Plans**”) provided that (i) the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the CSE), and (ii) in the case of the Warrants, neither the Company, nor any person with whom the Company does not deal at arm’s length, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of the particular Deferred Plan.

Notwithstanding that the Unit Shares, Warrants and Warrant Shares may be a “qualified investment” for a Deferred Plan, the annuitant under an RRSP or RRIF, the holder of a TFSA or RDSP, or the subscriber of an RESP will be subject to a penalty tax if such Unit Shares, Warrants and Warrant Shares are a “prohibited investment” (as defined in the Tax Act) for the RRSP, RRIF, RESP, RDSP or TFSA. The Unit Shares, Warrants and Warrant Shares will generally not be a “prohibited investment” for a particular RRSP, RRIF, RESP, RDSP or TFSA provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as the case may be, deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, the Unit Shares and Warrant Shares will not be a prohibited investment if such securities are “excluded property” (as defined in the Tax Act for purposes of these rules) for the particular TFSA, RRSP, RESP, RDSP or RRIF.

**Persons who intend to hold Unit Shares, Warrants and Warrant Shares in a trust governed by a Deferred Plan should consult their own tax advisors with respect to the application of these rules in their particular circumstances.**

## RISK FACTORS

**Investing in our securities is speculative and involves a high degree of risk.** In addition to the risk factors set out herein, you should carefully consider the risks under the heading “*Risk Factors*” in the accompanying Shelf Prospectus and in the AIF, and the other documents incorporated by reference in this Prospectus Supplement and the accompanying Shelf Prospectus that summarize the risks that may materially affect our business, before making an investment in our securities. See “*Documents Incorporated by Reference*”. If any of these risks occur, our business, results of operations or financial condition could be materially and adversely affected. In that case, the trading price of our securities could decline, and you may lose all or part of your investment. The risks set out in the documents indicated above are not the only risks we face. You should also refer to the other information set forth in this Prospectus Supplement and the accompanying Shelf Prospectus, and the documents incorporated by reference herein and therein, including our financial statements and the related notes.

### There can be no Assurance that the Offering will be Completed

Pursuant to the terms of the Underwriting Agreement, the issuance of the Units and the completion of the Offering are subject to a number of customary closing conditions, including but not limited to, listing of the Unit Shares, Warrant Shares and Compensation Option Shares on the CSE, and will be subject to the Company fulfilling all the requirements of the CSE. There can be no certainty that the Offering will be completed.



### There will be no Market for the Warrants

The Company has not applied and does not intend to apply to list the Warrants on any securities exchange. There will be no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased in the Offering. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. The Offering Price was determined by negotiation between the Company and the Underwriters, with reference to the prevailing market price of the Common Shares on the CSE. The allocation of the Offering Price between the Unit Shares and the Warrants comprising the Units has been determined by the Company. Allocation of proceeds between Unit Shares and Warrants is based on a preliminary estimate, and the valuation under the Company's accounting policy may differ.

### Dilution

The Company may issue Common Shares in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The Board maintains discretion to determine the price and the terms of issue of further issuances. Issuances of the Company's securities may involve the issuance of a significant number of Common Shares at prices less than the current market price of the Common Shares. Issuances of substantial numbers of Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of the Common Shares. Any transaction involving the issuance of Common Shares, or securities convertible into Common Shares, would result in dilution, possibly substantial, to security holders. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants. The Company may sell equity securities in offerings (including through the sale of securities convertible into equity securities). The Company cannot predict the size of such issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. Sales of substantial amounts of the Company's securities by the Company or its existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Company's securities. A decline in the market prices of the Company's securities could impair the Company's ability to raise additional capital through the sale of securities should the Company desire to do so.

### Liquidity

Shareholders of the Company may be unable to sell significant quantities of Common Shares into the public trading markets without a significant reduction in the price of their Common Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Common Shares on the trading market, and that the Company will continue to meet the listing requirements of the CSE or achieve listing on any other public listing exchange.

### Holders of Warrants Have no Rights as a Shareholder, other than as set forth in the Warrants

Until a holder of Warrants acquires Warrant Shares upon exercise of Warrants, such holder will have no rights with respect to the Warrant Shares underlying such Warrants, other than as set forth in the Warrants. Upon exercise of such Warrants, such holder will be entitled to exercise the rights of a common shareholder only as to matters for which the record date occurs after the exercise date.

### Use of Proceeds

The Company intends to allocate the net proceeds it will receive from the Offering as described under "Use of Proceeds" herein. However, the Company will have broad discretion over the use of the net proceeds from the Offering. Because of the number and variability of factors that will determine the Company's use of such proceeds, the Company's ultimate use might vary substantially from its planned use. The failure by the Company to apply these funds effectively could have a material adverse effect on the business of the Company. Investors may not agree with how the Company allocates or spends the proceeds from the Offering. The Company may pursue acquisitions, collaborations or other opportunities that do not result in an increase in the market value of the Units, including the market value of the Common Shares or Warrants,

and that may increase its losses.

#### Trading price of Common Shares and volatility

In recent years, the securities markets in the United States and Canada, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced large fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur with respect to the Common Shares. The trading price of the Common Shares may be subject to large fluctuations and may decline below the price at which an investor acquired their Common Shares. The trading price may increase or decrease in response to a number of events and factors, which may not be within the Company's control nor be a reflection of the Company's actual operating performance, underlying asset values or prospects. Accordingly, investors may not be able to sell their Securities at or above their acquisition cost.

#### History of negative cash flows

The Company has a history of negative cash flow from operating activities. As at November 30, 2021, the Company had a working capital deficiency of approximately \$4,500,000. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of the net proceeds from the sale of securities, including Units pursuant to the Offering, to fund such negative cash flow. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all.

#### Public Health Crises

A public health crisis, such as local, regional, national or international epidemics, pandemics or outbreaks of illnesses, infectious diseases or viruses (including COVID-19) could cause interruptions to the Company's operations, increase operating expenses, result in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred. Depending on its severity and reach, such an event could affect the Company's workforce resulting in the inability to continue to operate. Further, the Company's operations could be adversely affected if its supply partners, contractors or other third-party providers were prevented from conducting business activities for an indefinite period of time, including due to spread of the disease within these groups or due to shutdowns that may be requested or mandated by governmental authorities. In addition, a health crisis, such as the COVID-19 pandemic, could have an adverse effect on local economies and potentially the global economy, which may adversely impact the market for the Company's securities and/or its ability to obtain financing. The Company is actively assessing and responding, where possible, to the potential impact of the COVID-19 pandemic. The Company continued its operations throughout the crisis by implementing appropriate measures designed to protect the health and safety of its employees and consultants. It is difficult to predict how the COVID-19 pandemic may affect the Company's business in the future, including the effect it may have (positive or negative; long or short term). It is possible that the COVID-19 pandemic could have a material adverse effect on the Company's business, financial condition, results of operations and prospects as well as the market for its securities and/or its ability to obtain financing. The extent to which the COVID-19 pandemic impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus, the duration of the outbreak and the actions to contain its impact.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act that generally apply to a beneficial owner of Unit Shares and Warrants who acquires the Units pursuant to this Offering. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to persons who, for the purposes of the application of the Tax Act and at all relevant times: (i) deal at arm's length with the Company and the Underwriters and are not affiliated with the Company or the Underwriters; and (ii) acquired and hold any Common Shares and Warrants as capital property. Persons meeting such

requirements are referred to as a “**Holder**” or “**Holders**” herein, and this summary only addresses such Holders. Common Shares and Warrants will generally be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”), our understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) that are publicly available and the *Canada-United States Tax Convention* (1980), as amended (the “**Canada-US Treaty**”). No assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada, which may differ significantly from the Canadian federal income tax considerations discussed herein.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.**

#### **Allocation of Cost**

Holders will be required to allocate on a reasonable basis their cost of each Unit between the Unit Share and the Warrant in order to determine their respective costs for purposes of the Tax Act. For its purposes, the Company intends to allocate \$0.66 of the Offering Price to each Unit Share and \$0.04 to each Warrant. Such allocation is not binding on the CRA. Holders are encouraged to consult their own tax advisors in this regard.

#### **Adjusted Cost Base**

The Holder's adjusted cost base of the Unit Shares will be determined by averaging the cost of the Unit Shares with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

#### **Exercise of Warrants**

For purposes of the Tax Act, no gain or loss will be realized by a Holder on the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

#### **Holders Resident in Canada**

This section of the summary only applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act (a “**Resident Holder**”). Persons who are residents of Canada for purposes of the Tax Act and whose Common Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Common Shares, and every other “Canadian security” (as defined in the Tax Act) owned by them in the taxation year of the election and in all subsequent taxation years, be deemed to be capital property. Persons whose Common Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election. Such election is not available in respect of Warrants.

This summary does not apply to a Resident Holder: (i) that is a “financial institution”, as defined in the Tax Act for the purpose of the mark-to-market rules; (ii) an interest in which would be a “tax shelter investment”, as defined in the Tax Act; (iii) that is a “specified financial institution”, as defined in the Tax Act; (iv) that has made an election under the Tax Act to determine its Canadian tax results in a foreign currency; or (v) that enters into, with respect to Common Shares or Warrants, a “derivative forward agreement” (as defined in

the Tax Act). All such Resident Holders should consult their own tax advisors with respect to their own particular circumstances.

#### *Expiry of Warrants*

The expiry of an unexercised Warrant will generally result in a capital loss to the Resident Holder equal to the adjusted cost base of the Warrant to the Resident Holder immediately before its expiry. See the discussion below under the heading “Taxation of Capital Gains and Capital Losses”.

#### *Dispositions of Common Shares and Warrants*

On a disposition or deemed disposition of a Common Share (except in most cases to the Company) or a Warrant (other than on the exercise or expiry of a Warrant), a capital gain (or loss) will generally be realized by a Resident Holder in the year of disposition to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share or the Warrant, as the case may be, to the Resident Holder immediately before the disposition. Any such capital gain (or capital loss) will be subject to the treatment described below under the heading “Taxation of Capital Gains and Capital Losses”.

#### *Taxation of Capital Gains and Capital Losses*

Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized in the taxation year by such Resident Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such taxation year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on a disposition of Common Shares may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares to the extent and under the circumstances specified in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares or where a partnership or trust, of which a corporation is a member or a beneficiary, is a member of a partnership or a beneficiary of a trust that owns Common Shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may also be liable for an additional tax (refundable in certain circumstances) on “aggregate investment income” (as defined in the Tax Act), which includes amounts in respect of taxable capital gains.

#### *Dividends*

Dividends received or deemed to be received by a Resident Holder on the Common Shares, if any, will be included in computing the Resident Holder’s income for purposes of the Tax Act. In the case of a Resident Holder that is an individual (and certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit provisions where the Company provides appropriate notice to the recipient designating the dividend as an “eligible dividend” for purposes of the Tax Act. There may be limitations on the ability of the Company to designate dividends as “eligible dividends”.

Dividends received or deemed to be received on the Common Shares by a Resident Holder that is a corporation must also be included in computing its income but will generally be deductible in computing its taxable income, subject to all restrictions and special rules under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a “private corporation” (as defined in the Tax Act) or any other corporation controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay an additional tax (refundable in certain circumstances) under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing the Resident Holder’s taxable income. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

#### *Alternative Minimum Tax*

Capital gains realized and dividends received by a Resident Holder that is an individual and certain specified trusts under the Tax Act, may give rise to an alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors with respect to the application of minimum tax.

#### **Holders Not Resident in Canada**

This portion of the summary is generally applicable only to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold the Common Shares or Warrants in connection with carrying on a business in Canada (a “**Non- Resident Holder**”). This summary does not apply to a Non-Resident Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere, or that is an “authorized foreign bank” (as defined in the Tax Act), and such Non-Resident Holders should consult their own tax advisors.

#### *Dividends*

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Company to a Non-Resident Holder on the Common Shares will be subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividends, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the Canada-US Treaty and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15% in most circumstances.

#### *Expiry of Warrants*

The expiry of an unexercised Warrant that is, or is deemed to be, “taxable Canadian property” of a Non-Resident Holder for purposes of the Tax Act, will generally result in a capital loss to the Non-Resident Holder equal to the adjusted cost base of the Warrant to the Non-Resident Holder immediately before its expiry. For a general description of the tax treatment of capital losses, see the discussion above under the heading “Holders Resident in Canada” – “*Taxation of Capital Gains and Capital Losses*”.

#### *Dispositions of Common Shares and Warrants*

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share or Warrant, nor will capital losses arising therefrom be reported under the Tax Act, unless the Common Share or Warrant (as applicable) is, or is deemed to be, “taxable Canadian property” of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Provided that the Common Shares are listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes the CSE and Frankfurt Stock Exchange) at the time of a disposition of a Common Share or Warrant, generally a Common Share or Warrant (as applicable) will not constitute taxable Canadian property of a Non-Resident Holder unless, at any time during the 60 month period immediately preceding the disposition, (i) at least 25% of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm’s length for purposes of the Tax Act, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) at such time, more than 50% of the fair market value of such shares was derived, directly or indirectly, from any combination of real

or immovable property situated in Canada, “Canadian resource property” (as defined in the Tax Act), “timber resource property” (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists. Notwithstanding the foregoing, a Common Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Common Share or Warrant that is taxable Canadian property to that Non-Resident Holder and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the headings “Holders Resident in Canada — Dispositions of Common Shares and Warrants” and “Taxation of Capital Gains and Capital Losses” will generally apply to such disposition. In addition, if the Common Shares, or Warrants are “taxable Canadian property” to a Non-Resident Holder, the Non-Resident Holder may in certain circumstances be required to file a Canadian income tax return reporting the disposition of such Common Shares or Warrants even if no gain is realized by the Non-Resident Holder on the disposition or the gain is otherwise exempt from Canadian income tax under the provisions of an applicable income tax treaty or convention. Non-Resident Holders who may hold Common Shares or Warrants as taxable Canadian property should consult their own tax advisors.

### **TRANSFER AGENT AND REGISTRAR**

Computershare Investor Services Inc., at its principal offices in Vancouver, British Columbia is the transfer agent and registrar for the Common Shares; and Computershare Trust Company of Canada is the Warrant Agent for the Warrants.

### **AUDITORS**

The current auditors of the Company are Kenway Mack Slusarchuk Stewart LLP, Chartered Professional Accountants, Calgary, Alberta. Kenway Mack Slusarchuk Stewart LLP is independent of the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

The former auditors of the Company were Smythe LLP, Chartered Professional Accountants, Vancouver, British Columbia. Smythe LLP was independent of the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

### **LEGAL MATTERS**

Certain legal matters in connection with the issue and sale of the Units offered by this Prospectus Supplement will be passed upon at the date of closing of the Offering on behalf of the Company by Owen Bird Law Corporation and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP.

As of the date hereof, Owen Bird Law Corporation, as a group, and Fasken Martineau DuMoulin LLP, as a group, respectively beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

## PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of Units, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial securities legislation, to the price at which the Units are offered to the public under the Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants that underlie the Units, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

Under the Warrant Indenture, original purchasers of Warrants pursuant to the Offering will have a non-assignable contractual right of rescission if the Prospectus (including documents incorporated herein by reference) or any amendment hereto contains a misrepresentation (within the meaning of the Securities Act (Ontario)). This contractual right of rescission shall be subject to the defences, limitations and other provisions described under part XXIII of the Securities Act (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the Securities Act (Ontario) or otherwise at law. For greater certainty, the contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, as well as the amount paid for the original Warrant, upon surrender of the underlying securities acquired thereby, in the event that the Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the Units under the Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the Units under the Prospectus. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages, or consult with a legal adviser.

## CERTIFICATE OF LUXXFOLIO HOLDINGS INC.

Dated: December 1, 2021

The short form prospectus, together with the documents incorporated in this prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the short form prospectus and this prospectus supplement as required by the securities legislation of each of the provinces of Canada (other than Quebec).

*(Signed) "Dean Linden"*

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**Dean Linden**  
Chief Executive Officer

*(Signed) "Geoffrey McCord"*

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**Geoffrey McCord**  
Chief Financial Officer

### On Behalf of the Board of Directors:

*(Signed) "Kelly Klatik"*

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**Kelly Klatik**

*(Signed) "Anthony Wong"*

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**Anthony Wong**



## **CERTIFICATE OF THE UNDERWRITERS**

Dated: December 1, 2021

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada (other than Quebec).

### **PI FINANCIAL CORP.**

*(Signed) "Vay Tham"*

Vay Tham  
Managing Director, Investment Banking

### **CANACCORD GENUITY CORP.**

*(Signed) "Jamie Brown"*

Jamie Brown  
Managing Director, Head of Investment Banking – Western  
Canada

### **M PARTNERS INC.**

*(Signed) "Steven Isenberg"*

Steven Isenberg  
CEO

**[INSERT BASE SHELF PROSPECTUS HERE]**