



LUXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Financial Statements
For the three and six months ended February 28, 2022 and 2021
(Expressed in US Dollars)
(Unaudited)

Dated: April 29, 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) continuous disclosure requirement, if any auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements.

LUXXFOLIO HOLDINGS INC.Interim Condensed Consolidated Statements of Financial Position (unaudited)
(Expressed in US Dollars)

As at	February 28, 2022	August 31, 2021
Assets		
Current assets		
Cash	\$ 1,223,452	\$ 313,604
Accounts receivable and GST receivable	127,856	64,508
Prepaid expenses	2,503	248,288
Digital Assets – Held in Custody (note 5)	3,747,158	1,281,962
	5,100,969	1,908,362
Non-current assets		
Investment in private company	10,000	10,000
Deposits on equipment (note 6)	10,614,780	8,758,725
Plant and equipment – net (note 7)	11,783,196	3,229,102
Goodwill (note 11)	4,420,741	4,622,303
	26,828,717	16,620,130
Total assets	\$ 31,929,686	\$ 18,528,492
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 1,079,331	\$ 541,919
Deferred income	305,505	-
Short-term debt	29,660	-
Current portion of the long-term debt	7,850,831	4,215,043
	9,265,327	4,756,962
Non-current liabilities		
Long-term debt (note 9)	6,083,536	4,742,497
	15,348,863	9,499,459
Shareholders' equity		
Common shares (note 10)	19,270,804	8,763,996
Special warrants (note 10)	-	2,187,866
Contributed surplus (note 10)	574,475	214,805
Warrant reserves (note 10)	1,356,634	1,477,963
Accumulated deficit	(4,621,090)	(3,626,177)
Accumulated other comprehensive income	-	10,580
	16,580,823	9,029,033
Total liabilities and shareholders' equity	\$ 31,929,686	\$ 18,528,492

Going Concern – Note 2. The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Approved on behalf of the Board:

*Signed: "Kelly Klatik"*_____
Kelly Klatik, Director*Signed: "Brad Farquhar"*_____
Brad Farquhar, Director

LUXXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss (unaudited)
(Expressed in US Dollars)

	For the three months ended February 28, 2022	For the three months ended February 28, 2021	For the six months ended February 28, 2022	For the six months ended February 28, 2021
Revenue				
Bitcoin mining	\$ 2,789,230	\$ -	\$ 6,167,114	\$ -
Hosting revenue	158,731	-	305,790	-
Total revenues	2,947,961	-	6,472,904	-
Operating expenses				
Advertising	18,024	-	27,455	-
Consulting (note 8)	440,531	3,531	609,623	7,814
Depreciation (note 7)	1,370,659	-	2,214,075	-
Electricity	569,207	-	972,652	-
General and administration	420,028	(12,216)	695,559	(9,105)
Interest (note 9)	506,936	15,689	870,913	15,432
Labour	90,672	-	197,481	-
Management fees (note 8)	39,326	2,942	99,048	3,473
Professional fees	193,225	19,540	271,443	20,785
Rent (note 8)	27,079	1,177	34,245	2,315
Supplies and maintenance	80,685	-	158,623	-
Insurance	-	-	59,650	-
Total operating expenses	3,756,372	30,663	6,210,767	40,714
Other expenses				
Share-based payments (note 10)	523,151	15,877	811,228	15,617
Amortization of financing fees	30,770	-	57,594	-
Realized loss on digital assets	354,938	-	238,036	-
Unrealized loss on digital assets	571,130	-	395,553	-
Total other expenses	1,479,989	15,877	1,502,411	15,617
Net income (loss)	\$ (2,288,400)	\$ (46,540)	\$ (1,240,274)	\$ (56,331)
Basic and diluted net loss per share	\$ 0.03	\$ 0.00	\$ 0.02	\$ (0.00)
Weighted average number of shares outstanding:				
Basic and diluted	74,217,833	21,924,859	65,426,452	19,774,321

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

LUXXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(Expressed in US Dollars)

	Note	Number of common shares	Common shares	Shares to be issued	Special warrants	Contri- buted surplus	Warrant reserves	Deficit	Accumu- lated OCI	Total
Balance, August 31, 2020		17,647,415	\$ 1,636,540	\$ -	\$ 122,626	\$ -	\$ 51,894	\$ (1,735,868)	\$ 693	\$ 75,885
Issuance of common shares		5,200,000	305,427	-	-	-	-	-	-	305,427
Issuance of special warrants		-	-	-	65,561	-	-	-	-	65,561
Shared to be issued		-	-	188,727	-	-	-	-	-	188,727
Share-based compensation		-	-	-	-	15,953	-	-	-	15,953
Exercise of special warrants		2,040,000	71,514	-	(71,514)	-	-	-	-	-
Exercise of share purchase warrants		426,000	108,488	-	-	-	(41,322)	-	-	67,166
Currency translation adjustment		-	56,977	-	-	-	1,460	(14,550)	(39,493)	4,397
Net income (loss)		-	-	-	-	-	-	(56,331)	-	(56,331)
Balance, February 28, 2021		25,313,415	2,178,947	188,727	\$ 116,673	\$ 15,953	\$ 12,032	\$ (1,806,749)	\$ (38,800)	\$ 666,783
Issuance of common shares		4,572,060	1,271,984	(188,727)	-	-	-	-	-	1,083,257
Issuance of special warrants		-	-	-	2,189,674	-	64,349	-	-	2,254,023
Issuance of units		470,000	126,655	-	-	-	3,725	-	-	130,380
Issuance of share purchase warrants		-	-	-	-	-	724,633	-	-	724,633
Finder's fees		-	(40,787)	-	-	-	-	-	-	(40,787)
Acquisition of WestBlock		16,000,000	5,073,299	-	-	-	685,258	-	-	5,758,557
Share-based compensation		-	-	-	-	198,852	-	-	-	198,852
Exercise of special warrants		2,960,000	118,481	-	(118,481)	-	-	-	-	-
Exercise of share purchase warrants		100,000	26,187	-	-	-	(9,974)	-	-	16,213
Expired share purchase warrants		-	-	-	-	-	(2,345)	2,345	-	-
Currency translation adjustment		-	9,230	-	-	-	285	(50,024)	(139,130)	(179,639)
Revaluation of cryptocurrencies		-	-	-	-	-	-	-	188,510	188,510
Net income (loss)		-	-	-	-	-	-	(1,771,749)	-	(1,771,749)
Balance, August 31, 2021		49,415,475	\$ 8,763,996	\$ -	\$ 2,187,866	\$ 214,805	\$ 1,477,963	\$ (3,626,177)	\$ 10,580	\$ 9,029,033
Issuance of units	10	13,600,000	6,824,023	-	-	-	265,965	-	-	7,089,988
Issuance of compensation options	10	-	-	-	-	-	311,373	-	-	311,373
Conversion of special warrants	10	8,118,912	2,187,866	-	(2,187,866)	-	-	-	-	-
Exercise of share purchase warrants	10	2,583,554	1,416,754	-	-	-	(603,532)	-	-	813,222
Expired share purchase warrants	10	-	-	-	-	-	(89,676)	89,676	-	-
Asset purchase of Blackcloud	10	500,003	327,366	-	-	-	-	-	-	327,366
Share-based compensation	10	-	-	-	-	359,670	-	-	-	359,670
Currency translation adjustment		-	(249,202)	-	-	-	(5,458)	155,685	19,949	(79,026)
Revaluation of cryptocurrencies		-	-	-	-	-	-	-	(30,529)	(30,529)
Net income (loss)		-	-	-	-	-	-	(1,240,274)	-	(1,240,274)
Balance, February 28, 2022		74,217,944	\$ 19,270,803	\$ -	\$ -	\$ 574,475	\$ 1,356,635	\$ (4,621,090)	\$ -	\$ 16,580,823

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

LUXXFOLIO HOLDINGS INC.Interim Condensed Consolidated Statements of Cash Flows (unaudited)
(Expressed in US Dollars)

	For the six months ended February 28, 2022	For the six months ended February 28, 2021
Operating Activities		
Net income (loss)	\$ (1,240,274)	\$ (56,331)
Changes in non-cash operating items:		
Depreciation	2,214,075	-
Share-based payments	811,228	15,617
Bitcoin mining revenue	(6,167,114)	-
Hosting revenue	(305,790)	-
Amortization of financing fees	57,594	-
Realized (gain) loss on Digital Assets	242,044	-
Unrealized (gain) loss on Digital Assets	395,553	-
Changes in non-cash working capital:		
Digital Assets – sold	3,397,792	-
Accounts receivable and GST receivable	(63,348)	703
Prepaid expenses	245,785	-
Accounts payable and accrued liabilities	537,412	(10,807)
Cash provided by (used in) operating activities	124,957	(50,818)
Investing Activities		
Purchase of plant and equipment	(1,494,967)	-
Deposit on plant and equipment	(10,421,230)	(868,083)
Cash provided by (used in) investing activities	(11,916,197)	(868,083)
Financing Activities		
Issuance of units through public offering	6,826,858	-
Issuance of common shares	-	300,986
Issuance of special warrants	-	65,599
Common shares to be issued	-	184,759
Exercise of share purchase warrants	813,222	65,754
Proceeds from short-term debt	450,415	-
Proceeds from long-term debt	6,549,262	578,722
Repayment of short-term debt	(174,496)	-
Repayment of long-term debt	(1,764,173)	-
Cash provided by (used in) financing activities	12,701,088	1,195,820
Inflow (outflow) of cash	909,848	276,919
Cash, Beginning of the period	313,604	95,339
Cash, End of the period	\$ 1,223,452	\$ 372,258

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 28, 2022 and 2021

(Expressed in US Dollars)

1. NATURE OF OPERATIONS

Luxxfolio Holdings Inc. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on October 10, 2017. On March 21, 2019, the Company’s shares began trading on the Canadian Securities Exchange (“CSE”), under the symbol LUXX. The head office of the Company is located at 212 – 1080 Mainland Street, Vancouver, British Columbia. The Company’s business is that of its wholly owned subsidiaries, Luxxfolio Network Inc. (“Luxxfolio”) and WestBlock Capital Inc. (“WestBlock”). The Company’s goal is to become a vertically integrated Blockchain and digital asset company that participates in the decentralized financial system.

The Company completed the amalgamation of WestBlock on June 14, 2021. WestBlock operates an industrial scale digital asset mining and hosting platform through its wholly owned subsidiary WestBlock Hosting Arizona Inc. located in New Mexico. The mining platform was developed in partnership with the Navajo Tribal Utility Authority and resides on Navajo Tribal lands.

2. GOING CONCERN

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue operating for the foreseeable future and will be able to realize a return on its assets and discharge its liabilities and commitments in the ordinary course of its business.

For the six months ended February 28, 2022, the Company realized a net loss of \$1,240,274 (2021 – \$56,331) and as of February 28, 2022, had a working capital deficiency of \$4,164,358 (August 31, 2021 – \$2,848,600) and an accumulated deficit of \$4,621,090 (August 31, 2021 - \$3,626,177). In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company's continued existence is dependent upon its ability to raise additional capital, obtain financing, realize revenue and positive cash flows from its Bitcoin mining operations. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These consolidated financial statements do not include any adjustments that would be necessary, should the Company be unable to continue as a going concern. Such adjustments could be material

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 28, 2022 and 2021

(Expressed in US Dollars)

3. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Standards Interpretation Committee (“IFRIC”).

The Company is in the business of mining for digital assets, specifically Bitcoin. As such, there are many aspects of its business that are not specifically addressed by current IFRS guidance. The Company is required to make judgements as to the application of IFRS and the selection of appropriate accounting policies. The Company has disclosed its presentation, recognition and derecognition, and measurement of digital assets and the related recognition of revenues, significant assumptions, and judgements. If, however, specific guidance is issued by the IASB in the future, the impact on the Company’s financial position and results of operations may be material.

These unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2022.

(b) Basis of presentation and Principals of consolidation

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments and digital currencies that have been measured at fair value, on the reporting date.

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Luxxfolio Network Inc., WestBlock Capital Inc., WestBlock Hosting Inc., WestBlock Hosting Arizona Inc., and WestBlock, LLC. All intercompany balances, transactions, unrealized gains, and losses resulting from intercompany transactions have been eliminated on consolidation.

(c) Functional and presentation currency

Transactions and balances in the unaudited interim condensed consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates. These unaudited interim condensed consolidated financial statements have been presented in United States dollars (“USD”). The functional currency of all entities is USD with the exception of Luxxfolio Holdings Inc. which is Canadian dollars (“CAD”).

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 28, 2022 and 2021

(Expressed in US Dollars)

3. BASIS OF PRESENTATION (continued)

(d) Use of estimates and judgements

The preparation of these unaudited interim condensed consolidated financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company remain unchanged and are consistent with those described in the audited consolidated financial statements for the year ended August 31, 2021 and 2020.

5. DIGITAL ASSETS – HELD IN CUSTODY

(a) Digital Assets

As at February 28, 2022, the Company held Bitcoin, Ethereum, and Filecoin as its digital assets in segregated custody vaults with Anchorage Digital Bank NA, a US federally chartered digital bank and registered custodian. The digital assets are recorded at their fair value on the date they are received as revenues and are revalued at their current market value at each reporting date. Fair value is determined by taking the closing price listed on Coindesk.com at the reporting date. The continuity of digital assets is as follows:

	Bitcoin		Ethereum		Filecoin	
	Units	\$	Units	\$	Units	\$
Opening balance, Aug 31, 2020	-	nil	-	nil	-	nil
Ending balance at fair value, Feb 28, 2021	-	-	-	-	-	-
Acquired	20.81	819,122	-	-	-	-
Digital assets mined	13.73	607,330	-	-	-	-
Digital assets sold	(7.22)	(293,259)	-	-	-	-
Revaluation	-	148,769	-	-	-	-
Ending balance at fair value, Aug 31, 2021	27.32	1,281,962	-	-	-	-
Acquired	-	-	51.99	220,433	205.00	4,151
Digital assets mined	121.63	6,092,044	22.03	75,070	-	-
Digital assets sold	(65.75)	(3,397,792)	(43.19)	(183,061)	-	-
Revaluation	-	(403,156)	-	(21,959)	-	297
Ending balance at fair value, Feb 28, 2022	83.20	3,573,058	30.83	90,483	205.00	4,448
Collateralized, Feb 28, 2022	31.53	1,361,767	-	-	-	-
Uncollateralized, Feb 28, 2022	51.67	2,211,291	30.83	90,483	205.00	4,448

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 28, 2022 and 2021

(Expressed in US Dollars)

5. DIGITAL ASSETS (continued)

(b) Non-fungible Tokens

During the six months ended February 28, 2022, the Company acquired non-fungible tokens (“NFTs”) through an NFT marketplace. The NFTs are recorded at their fair value on the date they were acquired and are revalued at their current market value at each reporting date. Fair value is determined by the bidding price of the NFTs on an active NFT marketplace at the reporting date.

The continuity of NFT is as follows:

	NFT	
	Units	\$
Opening balance, August 31, 2020	-	nil
Ending balance at fair value, February 28, 2021	-	-
Ending balance at fair value, August 31, 2021	-	-
Acquired	1	97,088
Revaluation	-	(17,919)
Ending balance at fair value, February 28, 2022	1	79,169

6. DEPOSITS ON EQUIPMENT

	February 28, 2022	February 28, 2021
Deposits on mining equipment	\$9,104,875	\$886,725
Deposits on immersion equipment	1,509,905	-
Total	\$10,614,780	\$886,725

As at February 28, 2022, the Company had a total deposit of \$9,104,875 (2021 - \$886,725) towards the purchase of 2,400 Bitmain S19j Pro Bitcoin miners (the “Bitmain Miners”). The Company had received a total of 1,200 of the 2,400 Bitmain Miners as at February 28, 2022. The Company was granted price protection in the event of any material spot price declines on the Bitmain Miners.

During the six months ended February 28, 2022, the Company had a total deposit of \$1,509,905 (2021 - \$nil) towards the purchase of an immersion-cooling system. The immersion-cooling system is scheduled to be installed in the fiscal third quarter of 2022 (see “Related Party Transactions”).

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 28, 2022 and 2021

(Expressed in US Dollars)

7. PLANT AND EQUIPMENT

	Mining servers	Equipment	Infrastructure	Total
Cost				
As at August 31, 2020	-	-	-	\$nil
As at February 28, 2021	-	-	-	-
Acquired through acquisition	-	19,534	1,306,381	1,325,915
Additions	2,039,341	7,420	-	2,046,761
As at August 31, 2021	2,039,341	26,954	1,306,381	3,372,676
Acquired through asset purchase	70,400	36,533	-	106,933
Additions	9,767,536	388,158	507,886	10,663,580
As at February 28, 2022	\$11,877,277	\$451,645	\$1,814,267	\$14,143,189
Accumulated depreciation				
As at August 31, 2020	-	-	-	\$nil
As at February 28, 2021	-	-	-	-
Depreciation	71,217	-	72,357	143,574
As at August 31, 2021	71,217	-	72,357	143,574
Depreciation	2,054,333	16,552	145,534	2,216,419
As at February 28, 2022	\$2,125,550	\$16,552	\$217,891	\$2,359,993
Net Book Value, February 28, 2021	-	-	-	\$nil
Net Book Value, February 28, 2022	\$9,751,727	\$435,093	\$1,596,375	\$11,783,195

8. RELATED PARTY TRANSACTIONS

During the six months ended February 28, 2022, the Company incurred management fees of \$99,048 (2021 - \$3,473) and rental fees of \$14,245 (2021 - \$2,315) from a company controlled by a director of the Company and a director of the Company's subsidiaries. Also during the period, the Company incurred consulting fees of \$449,558 (2021 - \$7,814) by officers and directors of the Company and its subsidiaries, representing consulting fees and compensation for key management functions.

On December 24, 2020, the Company placed an order for 590 Avalon 1246 Pro Bitcoin miners (the "Avalon Miners") at a total purchase price of \$1,174,100. The purchase price was satisfied through a combination of cash and an asset backed lending structure (the "ABL I") provided by Arctos Credit, LLC. ("Arctos"). Subsequent to the structuring of the ABL transaction, a related party, CHP Agent Services Inc., entered into a participation agreement to acquire a 100% participation interest in ABL I (see Note 9) amounting to \$880,575. CHP Agent Services Inc. is controlled by a director of the Company and a director of the Company's subsidiaries. During the six months ended February 28, 2022, the company paid \$41,380 (2021 - \$nil) in interest to CHP Agent Services Inc. relating to ABL I.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 28, 2022 and 2021

(Expressed in US Dollars)

8. RELATED PARTY TRANSACTIONS (continued)

On May 27, 2021, the Company placed an order for 2,400 Bitmain S19j Pro Bitcoin miners (the “Bitmain Miners”) at a total purchase price of \$17,023,800. The purchase price will be satisfied through a combination of cash and asset backed lending structures (“ABL II” and “ABL III”) provided by Arctos. Subsequent to the structuring of asset backed lending transactions, a related company, CHP Agent Services Inc., entered into a participation agreement to acquire a 100% participation interest in ABL III (see Note 9). During the six months ended February 28, 2022, the company paid \$63,815 (2021 - \$nil) in interest to CHP Agent Services Inc. relating to ABL III.

On June 14, 2021, the Company assumed debt amounting to \$869,000 as a result of the acquisition of WestBlock. 50% of the \$869,000 loan (“CAS - Facility I”) was provided by CHP Agent Services Inc., a related party (see Note 9). On July 29, 2021, the Company placed an order for 100 S19j Pro Bitcoin miners at a total purchase price of \$755,000. The purchase price was satisfied through a combination of cash and an asset backed loan facility of \$377,500 (“CAS - Facility II”) provided by CHP Agent Services Inc., a related party (see Note 9). On November 25, 2021, the Company finalized the order with CES Corporation (“CES”) on the Immersion-Cooling System for a total purchase price of \$2,353,240 (the “Purchase Price”). The Purchase Price will be satisfied through a combination of cash and an asset backed loan facility (“CAS - Facility III”) provided by CHP Agent Services Inc., a related party (see Note 9). During the six months ended February 28, 2022, the Company had drawn \$1,234,905 from CAS – Facility III.

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility (the “Senior Debt Facility”) to refinance CAS - Facility I, CAS - Facility II, and CAS - Facility III with CHP Agent Services Inc., a related party (see Note 9). Total interest paid relating to the Senior Debt Facility and the CAS - Facility I, CAS - Facility II, and CAS - Facility III amounted to \$125,856 (2021 - \$nil) during the six months ended February 28, 2022.

During the six months ended February 28, 2022, the Company had drawn a total of \$300,000 CAD from a line of credit facility provided by CHP Capital Inc., a related party, and company controlled by a director of the Company, and paid interest amounting to \$10,319 (2021 - \$nil) relating to line of credit (see Note 9).

During the six months ended February 28, 2022, the Company financed its property insurance of \$59,546 through InHand Financial Inc., a related party, controlled by a director of the Company and a director of the Company’s subsidiaries. During the six months ended February 28, 2022, and paid related interest charges of \$1,565 (2021 - \$nil)

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

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 28, 2022 and 2021

(Expressed in US Dollars)

9. LONG-TERM DEBT

	February 28, 2022	February 28, 2021
Senior Debt Facility	\$2,106,632	\$nil
CHP Capital Inc. – line of credit	234,146	-
Navajo Tribal Utility Authority (“NTUA”) note	334,213	-
ABL I	315,964	-
ABL II	8,892,870	-
ABL III	486,585	-
Arctos asset backed facility (“ABL IV”)	1,750,000	-
Less: Financing fees	(186,043)	-
Less: Current portion	(7,850,831)	-
Total long-term debt	\$6,083,536	\$nil

Scheduled principal repayments are as follows:

FY2022	\$ 4,888,594
FY2023	6,897,378
FY2024	2,334,438
	<u>\$ 14,120,410</u>

	ABL I	ABL II	ABL III	ABL IV
Total debt facility	\$880,575	\$11,065,470	\$1,243,425	\$1,750,000
Amounts outstanding as at February 28, 2022	\$315,964	\$8,892,870	\$486,585	\$1,750,000
Interest rate	16%	15%	16%	15%
Duration	19 months	30 months	14 months	26 months
Payment period	Monthly	Monthly	Monthly	Monthly
FY2022 principal reduction	\$315,964	\$3,482,977	\$486,585	\$299,113
FY2023 principal reduction	\$nil	\$4,363,923	\$nil	\$991,913
FY2024 principal reduction	\$nil	\$1,045,970	\$nil	\$458,974

On December 24, 2020, the Company placed an order for 590 Avalon Miners at a total purchase price of \$1,174,100. The purchase price was satisfied through a combination of cash and an asset backed lending facility (“ABL I”) provided by Arctos. The 25% down payment of \$293,525 plus financing fees of \$17,612 were paid by the Company on December 30, 2020. The next 50% of the purchase amount totaling \$587,050 was financed by ABL I and paid by Arctos on December 30, 2020. The final 25% of the purchase amount of \$293,525 was also financed by ABL I and paid on April 30, 2021. Interest expense relating to the ABL I amounted to \$41,380 (2021 - \$nil) for the six months ended February 28, 2022. Security for the ABL I consists of a first priority charge on the Avalon Miners and any Bitcoin and related assets generated from the use of the Avalon Miners.

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9. LONG-TERM DEBT (continued)

On May 27, 2021, the Company placed an order for 2,400 Bitmain S19j Pro Bitcoin miners (the “Bitmain Miners”) at a total purchase price of \$17,023,800. The purchase price was satisfied through a combination of cash and asset backed lending structures (“ABL II” and “ABL III”) provided by Arctos as summarized above. ABL II is interest only payments for the initial eight months. ABL III is interest only payments for the first month. ABL III is a refinancing of the original Avalon Miner purchase. As at February 28, 2022, the Company paid a total down payment of \$1,293,945 plus financing fees of \$221,309 for the Bitmain Miners. Interest expenses relating to the ABL II and III amounted to \$560,570 (2021 - \$nil) and \$63,815 (2021 - \$nil) respectively for the six months ended February 28, 2022. Security for ABL II and III consist of a first priority charge on the related Miners and any Bitcoin and related assets generated from the use of the Miners.

On December 16, 2021, the Company confirmed the order of 500 S19J Pro Bitcoin miners at a cost of \$3.02 million to be satisfied by a combination of working capital and an asset backed facility (“ABL IV”) provided by NYDIG ABL LLC. ABL IV is interest only for the initial four months. Interest expense relating to the ABL IV amounted to \$52,500 (2021 - \$nil) during the six months ended February 28, 2022. Security for the ABL IV consists of a first priority charge on the related Bitcoin Miners and any Bitcoin and related assets generated from the use of the Bitcoin Miners.

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility (the “Senior Debt Facility”) with CHP Agent Services Inc., a related party. The Senior Debt Facility replaced the existing CAS - Facility I, CAS - Facility II, and CAS - Facility III. During the six months ended February 28, 2022, the company paid a total of \$125,856 (2021 - \$nil) in interest expenses relating to the Senior Debt Facility. This amount includes the interests paid to CAS - Facility I, CAS - Facility II, and CAS - Facility III prior to the restructuring of the debt facilities. The facility may also be used to acquire additional Bitcoin mining servers and equipment.

The Senior Debt Facility carries the following terms:

- Available loan proceeds established at \$3 million CAD, but may be expanded to \$5 million CAD if agreed by both parties;
- The facility term is 24 months following the closing date;
- Security provided by WestBlock and its subsidiaries consisted of a general security agreement on all WestBlock operations and a first charge on cryptocurrency mining equipment and cryptocurrency units;
- A variable interest rate between 16% and 13% that decreases as the total collateral coverage increases in relation to the total debt outstanding; and
- A facility fee amounting to 0.75%

CAS - Facility I

As a result of the acquisition of WestBlock, the Company has assumed debt amounting to \$869,000 on June 14, 2021. This debt was incurred by WestBlock to facilitate the acquisition of the 51% partnership interest in the hosting facilities owned by the Navajo Tribal Utility Authority (“NTUA”), providing WestBlock with 100% ownership of this operation. CHP Agent Services Inc., a related party, provided the CAS – Facility I for 50% of the \$869,000 loan. CAS – Facility I carries an interest rate of 12% and a term of 19 months with interest only payments for the initial four months. Security of CAS – Facility I consists of a general security agreement on WestBlock and its subsidiaries which includes the Bitcoin held by WestBlock. The other 50% of the \$869,000 loan was provided by the NTUA.

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9. LONG-TERM DEBT (continued)

The debt facility provided by NTUA carries an interest rate of 7% and a term of 36 months. Interest expenses relating to the NTUA debt facility amounted to \$13,082 (2021 - \$nil) for the six months ended February 28, 2022.

CAS - Facility II

On July 29, 2021, the Company placed an order for 100 S19j Pro Bitcoin miners at a total purchase price of \$755,000. The purchase price was satisfied through a combination of cash and CAS – Facility II provided by CHP Agent Services Inc., a related party. The debt facility financed 50% of the purchase amount totaling \$377,500, carries an interest rate of 16% and a term of 16 months with an interest only payment for the initial month. Security for the debt consists of a general security agreement on WestBlock and its subsidiaries.

CAS - Facility III

On November 25, 2021, WestBlock finalized the order with CES on the Immersion-Cooling System. The purchase price of the Immersion System is \$2,353,240 of which \$1,942,200 will be paid in cash and \$410,040 will be paid by the issuance of 612,000 common shares of the Company at a deemed price of \$0.83 CAD per share. The cash portion will be satisfied through an asset backed loan facility provided by CHP Agent Services Inc., a related party.

On July 29, 2019, the Company entered into a Line of Credit and Security Agreement (the “LOC Agreement”) with CHP Capital Inc. (“CHI”), a related company controlled by a director of the Company. Under the terms of the LOC Agreement, CHI will provide the Company with a line of credit facility (“LOC”) to a maximum of \$500,000 CAD. The term of the LOC Agreement is 24 months and the LOC bears interest at 9% per annum. On July 25, 2021, the LOC Agreement has been extended for another 24 months, expiring July 25, 2023. Under the terms of the LOC Agreement, the Company is restricted to using the LOC for research and development expenses or for other purposes approved by CHI. The Company has provided CHI with a General Security Agreement covering all assets of the Company as security for the LOC, except for the Avalon Miners, Bitmain Miners, and their related assets. The terms and conditions of LOC are consistent with those that may be available from a third-party lender. Further, the LOC becomes immediately due and payable should a change of control occur in the ownership of the Company’s equity or the composition of the Board of Directors. During the six months ended February 28, 2022, the Company paid \$10,320 (2021 - \$nil) in interest charges relating to the LOC which had an outstanding balance of \$300,000 CAD at the end of the period.

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10. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the six months ended February 28, 2022, the Company issued 24,802,469 common shares (2021 - 5,626,000) as follows:

- On October 1, 2021, the Company issued 2,172,840 shares through exercise of warrants at an exercise price of \$0.40 CAD per warrant on a one-for-one basis for gross proceeds of \$869,136 CAD. These warrants were granted to WestBlock shareholders as part of the Company's acquisition of WestBlock in June 2021.
- On November 1, 2021, the Company issued 8,118,912 shares through the automatic conversion of special warrants, previously issued through a non-brokered private placement, without payment of additional consideration.
- During the six months ended February 28, 2022, the Company issued a total of 410,714 shares through exercise of share purchase warrants at a weighted average exercise price of \$0.40 CAD per share purchase warrant previously issued for gross proceeds of \$164,821 CAD.
- The Company, through its subsidiary WestBlock, entered into an Asset Purchase Agreement dated September 1, 2021, which was amended November 24, 2021, with Blackcloud Crypto Investments. Under the terms, WestBlock acquired Ethereum mining equipment that included 88 installed and operating Ethereum miners located in Alberta, Canada, and 52 Ethereum coins (the "Assets"). In consideration for the Assets, the Company issued 500,003 shares at a deemed price of \$0.38 CAD per share, for a total aggregate consideration of \$190,001 CAD.
- On December 7, 2021, the Company closed its previously announced underwritten public offering of units of the Company. The underwriters exercised their option to purchase 600,000 units of the overallotment option, and as a result, the Company issued a total of 13.6 million units at a price of \$0.70 CAD per unit and 350,000 additional common share purchase warrants for gross proceeds of \$9.534 million CAD. Each unit consisted of one common share and one-half warrant. A total of 13,600,000 shares were issued at a deemed price of \$0.68 CAD per share.

During the six months ended February 28, 2021, the Company issued 5,626,000 common shares as follows:

- On December 30, 2020, the Company issued 5,200,000 common shares at \$0.075 per share for gross proceeds of \$390,000 through a non-brokered private placement. A total of 400,000 of the 5,200,000 common shares were issued to a related party. The common shares issued are subject to a four-month and one day hold period under securities laws.

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10. SHARE CAPITAL (continued)

(b) Issued and outstanding (continued)

- On January 4, 2021, the Company issued 426,000 common shares at an exercise price of \$0.20 CAD per common share following the exercise of share purchase warrants issued on March 15, 2019 for total proceeds of \$85,200 CAD.
- During the six months ended February 28, 2021, the Company issued 2,040,000 common shares through the conversion of special warrants, previously issued through a non-brokered private placement, without payment of additional consideration.

(c) Special warrants

During the six months ended February 28, 2022, the Company did not issue any special warrants. On November 1, 2021, a total of 8,118,912 special warrants, previously issued through a non-brokered private placement, were automatically converted into Units of the Company, at no additional cost to the holder. Each Unit is comprised of one common share and one share purchase warrant.

During the six months ended February 28, 2021, the Company issued 1,700,000 special warrants for total proceeds of \$85,000. Each special warrant entitled subscribers thereof to automatically receive, without payment of additional consideration and without further action on the part of the subscriber, and subject to adjustment, one common share in the capital of the Company upon the earlier of (i) five business days after the subscriber elects to convert all of their special warrants pursuant to the terms of the special warrant certificate; or (ii) the day that the Company has cumulatively raised \$500,000 through equity financings after closing the sale of the special warrants; and (iii) the day that is three years after the date of the special warrants offering close. During the six months ended February 28, 2021, 2,040,000 special warrants were converted into common shares.

Special warrants transactions and the number of special warrants outstanding are summarized as follows:

	Number of Special Warrants	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2020	3,300,000	\$ 0.05
Issued	1,700,000	\$ 0.35
Converted	(2,040,000)	\$ 0.05
Outstanding, February 28, 2021	2,960,000	\$ 0.05
Issued	8,118,912	\$ 0.35
Converted	(2,960,000)	\$ 0.05
Outstanding, August 31, 2021	8,118,912	\$ 0.35
Converted	(8,118,912)	\$ 0.35
Outstanding, February 28, 2022	-	-

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10. SHARE CAPITAL (continued)

(d) Share purchase warrants

During the six months ended February 28, 2022, the Company issued 15,268,912 (2021 – nil) share purchase warrants as follow:

- On November 1, 2021, a total of 8,118,912 special warrants, previously issued through a non-brokered private placement, were automatically converted into Units of the Company. Each of these special warrants convert, at no additional cost to the holder, into one Unit of the Company with each Unit comprised of one common share and one share purchase warrant.
- On December 7, 2021, the Company closed its previously announced underwritten public offering of units of the Company. The underwriters exercised their option to purchase 600,000 units of the over-allotment option, and as a result, the Company issued a total of 13.6 million units at a price of \$0.70 CAD per unit and 350,000 additional common share purchase warrants for gross proceeds of \$9.534 million CAD. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable to acquire one common share at an exercise price of \$1.00 CAD until December 7, 2023. The Company issued a total of 7,150,000 share purchase warrants relating to this public offering of units of the Company.

On October 1, 2021, a total 2,172,840 of the 2,500,000 share purchase warrants issued to WestBlock shareholders as part of the acquisition were exercised at a price of \$0.40 CAD per warrant into common shares of the Company. The remaining 327,160 unexercised warrants expired on that date.

During the six months ended February 28, 2022, a total 310,714 share purchase warrants were exercised at an exercise price of \$0.45 CAD per warrant into shares of the Company. In addition, a total of 100,000 share purchase warrants were exercised at an exercise price of \$0.25 CAD per warrant into shares of the Company on a one-for-one basis.

During the six months ended February 28, 2021, a total of 426,000 share purchase warrants were exercised into 426,000 common shares of the Company at an exercise price of \$0.20 CAD per share for total proceeds of \$85,200 CAD.

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10. SHARE CAPITAL (continued)

(d) Share purchase warrants (continued)

Share purchase warrant transactions and the number of share purchase warrants outstanding are summarized as follows:

	Number of share purchase warrants	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2020	554,000	\$0.200
Exercised	(426,000)	\$0.200
Outstanding, February 28, 2021	128,000	\$0.200
Exercised	(100,000)	\$0.200
Expired	(28,000)	\$0.200
Issued	6,137,032	\$0.393
Outstanding, August 31, 2021	6,137,032	\$0.393
Exercised	(2,583,554)	\$0.400
Expired	(327,160)	\$0.400
Issued	15,268,912	\$0.708
Outstanding, February 28, 2022	18,495,230	\$0.652

The weighted average contractual life of share purchase warrants outstanding as at February 28, 2022 is 1.47 (2021 – 0.04) years.

(e) Compensation Options

On December 7, 2021, the Company closed its previously announced and upsized underwritten public offering of units of the Company. Upon the closing of the public offering, 796,050 (2021 – nil) compensation options were issued the Underwriters (“Compensation Option”). Each Compensation Option will entitle the holder to purchase one unit (a “Compensation Unit”) at an exercise price of \$0.70 CAD per Compensation Unit. Each Compensation Unit will comprise of one common share and one-half of one share purchase warrant (each such whole warrant being a “Compensation Warrant”). Each Compensation Warrant will entitle the holder to acquire one Common Share at an exercise price of \$1.00 CAD per share for a period of 18 months after the closing of the public offering of units. The Compensation Options granted were accounted for at their fair value determined by the Black-Scholes option pricing model with the following weighted average assumptions:

	Common share component	Compensation Warrant component
Exercise price per share/warrant	\$0.70 CAD	\$1.00 CAD
Risk-free interest rate	0.23%	0.23%
Expected life of share/warrant	1.5 years	1.5 years
Annualized volatility	149.86%	149.86%
Dividend rate	0%	0%
Weighted average fair value per share/warrant	\$0.344 CAD	\$0.306 CAD

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10. SHARE CAPITAL (continued)

(e) Compensation Options (continued)

The annualized volatility was based on historical weekly data of the Company. Share-based expense for the six months ended February 28, 2022 relating to the Compensation Options amounted to \$311,373 (2021 - \$nil).

The following table summarizes information on the movement of the Compensation Options:

	Number of Compensation Options	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2020	-	-
Outstanding, February 28, 2021	-	-
Outstanding, August 31, 2021	-	-
Granted	796,050	\$0.70
Outstanding, February 28, 2022	796,050	\$0.70
Options exercisable, February 28, 2022	796,050	\$0.70

The weighted average contractual life of Compensation Option outstanding as at February 28, 2022 is 1.27 (2021 – nil) years.

(f) Stock Options

During the six months ended February 28, 2022, the Company granted 2,203,000 (2021 – 1,300,000) stock options to certain employees, consultants, and directors of the Company. The options have a five-year term and vest over a two-year period at a rate of 25% every six months. The exercise price of the share options granted were based on the closing price of the common shares on the day prior to the grant date. The share options granted were accounted for at their fair value determined by the Black-Scholes option pricing model with the following weighted average assumptions:

Exercise price per share	\$0.456 CAD
Risk-free interest rate	0.69%
Expected life of options	5 years
Annualized volatility	191.88%
Dividend rate	0%
Weighted average fair value per option	\$0.414 CAD

The annualized volatility was based on historical weekly data of the Company. The fair value of the stock options is amortized over the vesting period. Share-based compensation for the six months ended February 28, 2022 amounted to \$359,670 (2021 - \$15,617).

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10. SHARE CAPITAL (continued)

(f) Stock Options (continued)

The following table summarizes information on the movement of the stock options:

	Number of Stock Options	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2020	-	-
Granted	1,300,000	\$0.075
Outstanding, February 28, 2021	1,300,000	\$0.075
Granted	1,885,000	\$0.434
Outstanding, August 31, 2021	3,185,000	\$0.287
Granted	2,203,000	\$0.456
Outstanding, February 28, 2022	5,388,000	\$0.356
Options exercisable, February 28, 2022	1,121,250	\$0.226

The weighted average contractual life of stock options outstanding as at February 28, 2022 is 4.40 (2021 – 4.80) years.

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11. ACQUISITION OF WESTBLOCK

On June 14, 2021, the Company completed the acquisition of WestBlock, a private company incorporated in 2017 under the Alberta Business Corporations Act. WestBlock became a wholly owned subsidiary of the Company operating under the name of WestBlock Capital Inc. WestBlock operates an industrial scale digital assets mining and hosting platform through its wholly owned subsidiary, WestBlock Hosting AZ Inc., located in New Mexico, USA. Consideration paid to WestBlock shareholders consisted of 16 million common shares at a deemed price of \$0.385 CAD per share, with a fair value of \$5,073,299 and 2.5 million share purchase warrants, with a fair value of \$685,258. The total deemed value of the purchase price paid for the acquisition of WestBlock is \$5,758,557. The share purchase warrants were accounted for at their fair value determined by the Black-Scholes option pricing model with the following assumptions:

Exercise price per share	\$0.40 CAD
Risk-free interest rate	0.16%
Expected life of warrants	2 years
Annualized volatility	212.36%
Dividend rate	0%
Weighted average fair value per warrant	\$0.333 CAD

The table below shows the assets and liabilities acquired and the amount allocated to Goodwill relating to the acquisition:

Description	Amount
Identifiable assets	\$ 2,356,392
Assumed liabilities	(1,201,138)
Goodwill	4,603,303
Total purchase price	\$ 5,758,557

On closing, the Company also issued 2.5 million performance warrants (the "Performance Warrants") to the WestBlock management team and certain other persons who have assisted WestBlock with its business. The Performance Warrants have a term of 24 months and are exercisable at \$0.40 CAD per share for the first 12 months from the closing date, and \$0.50 CAD per share if exercised in the second 12-month period. The Performance Warrants are subject to a financing condition such that they will not be exercisable unless an aggregate of \$2 million CAD is raised via an equity financing or series of equity financings undertaken by and for the Company (the "Financing Condition"). If the Financing Condition is not satisfied by the date that is 12 months from the date of issue of the Performance Warrants, then the Performance Warrants will expire. The Performance Warrants were recognized under share-based payments for the year ended August 31, 2021 and are not a part of the WestBlock purchase price. On December 7, 2021, in connection with the closing of the public equity issue, the Financing Condition governing the exercise of the Performance Warrants has been met and these warrants can now be exercised by the holders.

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12. FINANCIAL INSTRUMENTS AND DIGITAL ASSETS

(a) Fair value

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company determined that the carrying value of cash, accounts receivable, and prepaid expense approximate fair value due to relatively short period to maturity. The investment in the private company is tested for impairment annually and the carrying value reflects the net realizable value of the investment.

Digital assets are revalued using quoted prices provided by CoinDesk and are valued at the closing price on the last trading day of the reporting period. The Company considers this to be a Level 2 fair value.

(b) Credit risk

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

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk on an ongoing basis in accordance with policies and procedures in place. Budgeting and Cash flow projections are completed and reviewed on a regular basis to ensure the Company has sufficient cash resources available to meet its financial obligations. The Company is exposed to liquidity risk in respect of its accounts payable and accrued liabilities, short-term debt, and long-term debt. As at February 28, 2022, the Company has the following contractual maturities:

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12. FINANCIAL INSTRUMENTS AND DIGITAL ASSETS (continued)

(c) Liquidity risk (continued)

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years
Accounts Payable and accrued Liabilities	\$964,331	\$964,331	\$964,331	\$nil	\$nil
Short-term debt	29,660	29,660	29,660	-	-
Long-term debt(i)	13,934,367	14,120,410	4,888,594	6,897,378	2,334,438
	\$14,928,358	\$15,114,401	\$5,882,585	\$6,897,378	\$2,334,438

(i) Carrying amount is net of unamortized financing fees.

(d) Interest rate risk

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

(e) Foreign currency risk

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

(f) Digital currency pricing risk

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

As at February 28, 2022, had the market price of Bitcoin and Ethereum increased or decreased by 10% with all other variables held constant, the corresponding digital asset value increase or decrease would amount to \$357,306 and \$9,048, respectively.

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13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at February 28, 2022, the Company considers capital to consist of short-term debt, long-term debt and all components of shareholders' equity. The Company manages its capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares, promissory notes, or dispose of assets or adjust the amount of cash on hand.

At this stage of the Company's development, to maximize ongoing operational development efforts, the Company does not pay dividends. There were no changes to the Company's capital management approach for the six months ended February 28, 2022.

14. SEGMENT INFORMATION

The Company has a single operating line of business, Bitcoin mining, which is conducted at its mining facilities in New Mexico, USA. Company management, administration and development functions are carried out in British Columbia and Alberta, Canada. The following table segments the relevant financial results by geographic territory:

<i>For the six months ended Feb 28, 2022</i>	Canada	USA	Consolidated
Total revenue	\$nil	\$6,472,904	\$6,472,904
Operating expenses			
Advertising	27,455	-	27,455
Consulting	582,272	27,351	609,623
Depreciation	-	2,214,075	2,214,075
Electricity	-	972,652	972,652
General and administration	198,369	556,840	755,209
Interest	-	870,913	870,913
Payroll and labour	180,453	17,028	197,481
Management fees	99,048	-	99,048
Professional fees	217,784	53,659	271,443
Rent	14,245	20,000	34,245
Supplies and maintenance	24,538	134,085	158,623
Total operating expenses	1,344,164	4,866,603	6,210,767
Other expenses (1)	806,926	695,485	1,502,411
Net income (loss)	(\$2,151,090)	\$910,816	(\$1,240,274)
<i>As at Feb 28, 2022</i>			
Current assets	1,214,324	3,886,645	5,100,969
Non-current assets	4,401,741	22,426,976	26,828,717
Total assets	\$5,616,065	\$26,313,621	\$31,929,686
Current liabilities	348,221	8,917,106	9,265,327
Non-current liabilities	-	6,083,536	6,083,536
Total liabilities	\$348,221	\$15,000,642	\$15,348,863

(1) Other expenses include realized and unrealized loss on Digital Assets, share-based payments, depreciation, and financing fees.