

**CRYPTOSTAR CORP.**  
**Management Discussion and Analysis**  
**For the Three and Nine Months Ended September 30, 2021**  
(Expressed in U.S. dollars)

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This management discussion and analysis (“**MD&A**”) of the results of the operations and financial position of CryptoStar Corp. (the “**Company**” or “**CryptoStar**”) is dated as of November 29, 2021 and should be read in conjunction with the Company’s condensed interim consolidated financial statements (unaudited) and the related notes for the three and nine months ended September 30, 2021. All amounts are expressed in United States dollars (\$) unless otherwise stated.

**Management’s Responsibility**

The Company’s management is responsible for the preparation and presentation of the condensed interim consolidated financial statements (unaudited) and the MD&A. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators. Information provided in this report, including the condensed interim consolidated financial statements (unaudited), is the responsibility of management. In the preparation of these statements, estimates and judgements are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates and judgements have been based on careful assessments and have been properly reflected in the accompanying condensed interim consolidated financial statements (unaudited). Management maintains a system of internal controls to provide reasonable assurances that the Company’s assets are safeguarded and to facilitate the preparation of relevant and timely information.

**Non-GAAP Measures**

This MD&A presents certain non-GAAP (“GAAP” refers to Generally Accepted Accounting Principles) financial measures to assist readers in understanding the Company’s performance. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Management uses these non-GAAP measures to supplement the analysis and evaluation of operating performance.

The following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under GAAP.

**EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization)**

- “EBITDA” represents net income or loss excluding net finance income or expense, income tax or recovery, depreciation, and amortization.
- “Adjusted EBITDA” represents EBITDA adjusted to exclude share-based compensation, fair value loss or gain on remeasurement of foreign currency and digital assets, and costs associated with one-time transactions (such as other income).

## Description of Business

The Company operates in the distributed ledger technology space, utilizing specialized equipment (“Miners”) to perform computationally intensive cryptographic operations to validate transactions on the Blockchain (a process known as “Mining”), receiving digital currencies (primarily Bitcoin and Ethereum). CryptoStar has cryptocurrency mining operations with data centres located in the U.S.A. and Canada and is currently dedicated to becoming one of the lowest cost cryptocurrency producers in North America. Throughout 2021, the Company transitioned from a self-mining, Bitcoin only, company to a one-stop shop for cryptocurrency mining clients. Future growth will be driven through mining Bitcoin and Ethereum, in addition to offering high quality GPU and ASIC miners, logistics and shipping and hosting solutions for customers worldwide at low power rate data centres in North America.

The Company was incorporated under the *Business Corporations Act* (Ontario) on January 6, 2017. The registered and head office of the Company is located at 181 Bay Street, Suite 4400, Toronto, Ontario, Canada M5J 2T3. The Company’s common shares are listed on the TSX Venture Exchange (“TSXV”) under the trading symbol “CSTR” and the OTCQB Venture Market under the trading symbol “CSTXF”.

## Q3 2021 Highlights

Significant events and operating highlights for the three months ended September 30, 2021 include the following:

- CryptoStar has positioned itself to become one of the lowest cost cryptocurrency producers in North America by entering into agreements with partners in Newfoundland and Labrador and Alberta, Canada.
- On July 15, 2021, the Company announced that it had executed an equipment hosting agreement (the "Hosting Agreement") effective July 14, 2021 for up to 8 MW of mining capacity at its award-winning data centre facility in Utah, USA. The Company also announced the expansion of its Hashrate and power capacity in Alberta, Canada. Under the terms of the Hosting Agreement, the Company will provide hosting services to the Customer for up to 8 MW of mining capacity at its award-winning data centre in Utah, USA.

Highlights of the Hosting Agreement:

- Annual hosting revenues for the Company of USD\$960,000.
- Initial term of 12 months, renewing month-to-month thereafter.

Operations:

- The Company had an aggregate Hashrate of 53,334 MH/s from GPU miners and 21,930 TH/s from ASIC miners running at its data centres.
- The deployment of 53,334 MH/s and 21,930 TH/s of existing Hashrate using the latest generation GPU and ASIC miners was contributing USD\$295,539.59 per month in self-mining revenue for CryptoStar.  
(Source: <https://whattomine.com/> Mining metrics are calculated based on and ETH – USD exchange rate of 1 ETH = \$1,922.34 and a BTC – USD exchange rate of 1 BTC = \$31,640.39 updated at 2021-07-15 20:32:53 UTC).

- An additional 38,500 MH/s of Hashrate from GPU miners was being relocated to the Company's data centres in Alberta, Canada and would be deployed by the end of July 2021. In addition, 10,000 TH/s of Hashrate from ASIC miners had been delivered and would be deployed in the Company's data centres by the end of July 2021.
- Once deployed, the total aggregate Hashrate would be 91,834 MH/s from GPU miners and 31,930 TH/s from ASIC miners, representing an increase in self-mining Hashrate of 16% and 130% from GPU and ASIC miners, respectively, over the past two months.
- The Company was continuing to increase its power capacity at the first data centre location in Alberta, Canada under the existing power supply agreement for 30 MW.

#### Future Growth:

- The Company would continue to further expand its self-mining inventory of mining hardware. Additional miners had been ordered for delivery in Q3 2021 and further orders for mining hardware would be placed using astute capital management strategies based upon prevailing market conditions for delivery in Q3 2021 and Q4 2021
- The Company planned to continue to further expand its data centre operations in Alberta, Canada by partnering with large cryptocurrency miners seeking operating locations in North America. The Company continued to consider and perform diligence on several potential transactions and opportunities.

#### Financial Position:

- The Company was in a strong financial position and was well capitalized
- As at July 15, 2021, the Company held 136.3 ETH, 35.3 BTC and USD\$16.7 million (CAD\$20.8 million) in cash.
- On July 28, 2021, the Company announced that it had joined the Crypto Climate Accord as a Signatory and Supporter.

The Crypto Climate Accord (CCA) is a private sector-led initiative for the entire crypto and blockchain community focused on decarbonizing the cryptocurrency industry. The CCA provides a platform for any organization that wants to inform, develop, test, and implement new solutions that accelerate crypto's transition to renewable energy.

By becoming a Signatory and Supporter of the CCA, CryptoStar is making a public commitment to achieve net-zero emissions from electricity consumption associated with all of its crypto-related operations by 2030 and to report progress toward this net-zero emissions target using best industry practices.

- On August 12, 2021, the Company announced that it had executed an equipment hosting agreement (the "Hosting Agreement") effective August 11, 2021 for 4 MW of mining capacity at its award-winning data centre facility in Utah, USA. The Company further announced that it and a U.S. based company (the "Alberta Customer") have signed a non-binding letter of intent (the "LOI") effective August 12, 2021 for 10 MW of mining capacity to be deployed in Alberta, Canada.

Under the terms of the Hosting Agreement, the Company will provide hosting services to the Utah Customer for 4 MW of mining capacity at its award-winning data centre in Utah, USA.

Highlights of the Hosting Agreement:

- Annual hosting revenues for the Company of USD\$720,000.
- Initial term of 12 months, renewing month-to-month thereafter.

The LOI sets out the basic terms and conditions under which the Company will provide hosting services and infrastructure to the Alberta Customer for 10 MW of mining capacity at its data centre locations in Alberta, Canada. The transaction terms outlined in the LOI are subject to the parties successfully entering into a definitive agreement (the "Definitive Agreement"), which was expected to occur within 14 days.

It was expected that the Definitive Agreement will include the following terms:

- Annual hosting and power revenues for the Company of up to USD\$5.3 million.
  - Initial term of 36 months, with the option to renew for an additional 36-month term.
  - Hosting services for the Alberta Customer to commence in Q4, 2021 (see below).
- On August 24, 2021, the Company announced that further to its press releases dated March 8, 2021 and March 30, 2021, the Company and a Hong Kong based company (the "Vendor") had closed on the purchase and sale of GPU and ASIC miners capable of a minimum total Hashrate of 25,950 MH/s and 5,510 TH/s respectively. The Company issued 5,927,151 units ("Units") of the Company to the Vendor at a deemed value of CAD\$1,422,516.24 (the "Transaction") and an additional 355,629 Units (the "Finder's Fee") to Chen Peifeng in connection with Transaction.

Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of CAD \$0.36 per common share for a period of 18 months from the date of issue.

The Transaction, including payment of the Finder's Fee, is subject to TSX Venture Exchange (the "TSXV") approval.

- On September 2, 2021, the Company announced that further to its news release dated August 12, 2021, the Company and a U.S. based company (the "Alberta Customer") had executed an equipment hosting agreement (the "Hosting Agreement") effective September 1, 2021 for 10 megawatts (MW) of mining capacity to be deployed in Alberta, Canada. Under the terms of the Hosting Agreement, the Company will provide hosting services and infrastructure to the Alberta Customer for 10 MW of mining capacity at its data centre locations in Alberta, Canada.

#### Highlights of the Hosting Agreement:

- Annual hosting and power revenues for the Company of up to USD\$5.3 million.
  - Initial hosting term of 36 months, with the option to renew for an additional 36-month term.
  - Hosting services for the Alberta Customer to commence in Q4, 2021 (see below).
- On September 15, 2021, the Company announced the expansion of its self-mining Hashrate and power capacity in Alberta, Canada.

#### Operations:

- As at September 15, 2021, the Company had executed Equipment Hosting Agreements for an aggregate mining capacity of 27 megawatts (MW), with 12 MW of mining capacity located at its award-winning data centre facilities in Utah, USA and 15 MW of mining capacity to be deployed in Alberta, Canada in Q4 2021 (see below).
- The Equipment Hosting Agreements executed for an aggregate 12 MW of mining capacity in Utah, USA were anticipated to contribute annual hosting revenues for the Company of USD\$1.7 million.
- The Equipment Hosting Agreements executed for an aggregate 15 MW of mining capacity to be deployed in Alberta, Canada in Q4, 2021 (see below) were anticipated to contribute annual power and hosting revenues for the Company of up to USD\$7.9 million.
- The Company was continuing to increase its power capacity in Alberta, Canada, with an additional 10 MWs to be deployed under the existing power supply agreement for 30 MW.
- The Company had an aggregate self-mining Hashrate of 86,160 MH/s from GPU miners and 40,796 TH/s from ASIC miners running at its data centres.
- The 86,160 MH/s and 40,796 TH/s of existing self-mining Hashrate was contributing USD\$607,843.02 per month in self-mining revenue for CryptoStar. (Source: <https://whattomine.com/> Mining metrics are calculated based on and ETH - USD exchange rate of 1 ETH = \$3,405.31 and a BTC - USD exchange rate of 1 BTC = \$47,379.50 updated at 2021-09-15 11:38:48 UTC).
- An additional 10,000 TH/s of Hashrate from ASIC miners had been delivered and would be deployed in the Company's data centres by November 30, 2021.

#### Infrastructure Project Manager:

- The Company was pleased to announce that it had engaged an Infrastructure Project Manager for its data centres in Alberta, Canada.

- The Infrastructure Project Manager has over 30 years of experience as an oil and gas operations leader, with specific experience including senior management, operations, production and exploitation engineering as well as facility project management. The Infrastructure Project Manager will support CryptoStar's long-term expansion plans in Alberta, Canada.

#### Future Growth:

- The Company planned to continue to further expand its self-mining inventory of mining hardware. Additional ASIC miners had been ordered for delivery in Q4, 2021 and further orders for mining hardware would be placed using astute capital management strategies based upon prevailing market conditions for delivery in Q4 2021 and beyond.
- The Company planned to continue to further expand its data centre operations in Alberta, Canada by partnering with large cryptocurrency miners seeking operating locations in North America. The Company continued to consider and perform diligence on several potential transactions and opportunities.

#### Financial Position:

- The Company was in a strong financial position and was well capitalized.
- As at September 15, 2021, the Company held 235.9 ETH, 47.6 BTC and USD\$14.5 million (CAD\$18.3 million) in cash.
- Additionally, the Company had made deposits for infrastructure equipment and engineering services of USD\$1.4 million (CAD\$1.8 million).

#### Summary:

- The deployment of 86,160 MH/s and 40,796 TH/s of existing Hashrate from GPU and ASIC miners was contributing USD\$7.3 million in annualized self-mining revenue for CryptoStar. (Source: <https://whattomine.com/> Mining metrics are calculated based on and ETH - USD exchange rate of 1 ETH = \$3,405.31 and a BTC - USD exchange rate of 1 BTC = \$47,379.50 updated at 2021-09-15 11:38:48 UTC).
- The Company had executed Equipment Hosting Agreements for an aggregate mining capacity of 27 MW which were expected to contribute up to USD\$9.6 million in annual hosting and power revenues for the Company, with the hosting services in Alberta, Canada expected to commence in Q4, 2021 (see below).
- On September 24, 2021, the Company announced that it and a Canadian based company (the "Alberta Customer") had executed an equipment hosting agreement (the "Hosting Agreement") effective September 22, 2021 for 10 megawatts (MW) of mining capacity to be deployed in Alberta, Canada. The Company was also pleased to announce that it has ordered 600 high performance ASIC miners from an affiliate of the Alberta Customer, with a total Hashrate of 52.8 Petahash per second (PH/s) to be used for self-mining for the Company. Under the terms of the Hosting Agreement, the Company will provide hosting services and infrastructure to the Alberta Customer for 10 MW of mining capacity at its data centre locations in Alberta, Canada.

#### Highlights of the Hosting Agreement:

- Annual hosting and power revenues for the Company of up to USD\$5.3 million.
- Initial hosting term of 36 months, with the option to renew for an additional 36-month term.
- Hosting services for the Alberta Customer to commence in Q1, 2022.

#### ASIC Miner Purchase:

The Company was proud to build upon its relationship with the Alberta Customer through the purchase of 600 high performance ASIC miners. These 600 miners would be delivered in 6 equal tranches of 100 miners during calendar 2022 commencing in January and ending in June. This would increase the Company's self-mining Hashrate from ASIC miners by 8.8 PH/s each delivery month, resulting in a total self-mining Hashrate increase from ASIC miners of 52.8 PH/s.

Once deployed, along with the additional 10 PH/s of Hashrate from ASIC miners to be deployed by November 30, 2021, as announced on September 15, 2021, the Company's total aggregate self-mining Hashrate from ASIC miners would be 103.6 PH/s, representing an increase in Hashrate of 153% from the existing self-mining Hashrate from ASIC miners announced on September 15, 2021.

The deployment of 103.6 PH/s from ASIC miners would generate approximately 21.1 Bitcoin per month based on then current difficulty levels. (Source: <https://whattomine.com/> Updated at 2021-09-24 11:43:17 UTC).

#### Subsequent Events & Significant Agreements

- On October 12, 2021, the Company announced that it had received approval from the OTC Markets Group Inc. to commence trading on the OTCQB Venture Market under the ticker symbol "CSTXF" at open of markets on October 11, 2021. The Company was also pleased to announce the expansion of its self-mining Hashrate.

#### OTCQB Venture Market Listing:

The OTCQB offers transparent trading in entrepreneurial and development stage companies that have met a minimum bid price test, are current in their financial reporting and have undergone an annual verification and management certification process.

#### Operations:

- As at October 12, 2021, the Company had executed Equipment Hosting Agreements for an aggregate mining capacity of 37 megawatts (MW), with 12 MW of mining capacity located at its award-winning data centre facilities in Utah, USA and 25 MW of mining capacity to be deployed in Alberta, Canada in Q4, 2021 and Q1, 2022 (see below).
- The Equipment Hosting Agreements executed for an aggregate 12 MW of mining capacity in Utah, USA were anticipated to contribute annual hosting revenues for the Company of USD\$1.7 million.

- The Equipment Hosting Agreements executed for an aggregate 25 MW of mining capacity to be deployed in Alberta, Canada in Q4, 2021 and Q1, 2022 (see below) were anticipated to contribute annual power and hosting revenues for the Company of up to USD\$13.1 million.
- The Company currently had an aggregate self-mining Hashrate of 89,050 MH/s from GPU miners and 55.4 PH/s from ASIC miners running at its data centres.
- The 89,050 MH/s and 55.4 PH/s of existing self-mining Hashrate was contributing USD\$805,449.76 per month in self-mining revenue for CryptoStar. (Source: <https://whattomine.com/> Mining metrics are calculated based on and ETH - USD exchange rate of 1 ETH = \$3,467.27 and a BTC - USD exchange rate of 1 BTC = \$57,350.00 updated at 2021-10-12 11:34:35 UTC).

#### Future Growth:

- The Company planned to continue to further expand its self-mining inventory of mining hardware. Additional ASIC miners had been ordered for delivery in Q4, 2021, Q1, 2022 and Q2, 2022 and further orders for mining hardware would be placed using astute capital management strategies based upon prevailing market conditions for delivery in Q4, 2021 and beyond.
- The Company planned to continue to further expand its data centre operations in Alberta, Canada by partnering with large cryptocurrency miners seeking operating locations in North America. The Company continued to consider and perform diligence on several potential transactions and opportunities.

#### Financial Position:

- The Company was in a strong financial position and was well capitalized.
- As at October 12, 2021, the Company held 273.4 ETH, 54.0 BTC and USD\$13.4 million (CAD\$16.7 million) in cash.
- Additionally, the Company had made payments and deposits for ASIC miners, infrastructure equipment and engineering services of USD\$4.5 million (CAD\$5.6 million).

#### Summary:

- The deployment of 89,050 MH/s and 55.4 PH/s of existing Hashrate from GPU and ASIC miners was contributing USD\$9.7 million in annualized self-mining revenue for CryptoStar. (Source: <https://whattomine.com/> Mining metrics are calculated based on and ETH - USD exchange rate of 1 ETH = \$3,467.27 and a BTC - USD exchange rate of 1 BTC = \$57,350.00 updated at 2021-10-12 11:34:35 UTC).
- The Company purchased 600 high performance ASIC miners to be delivered in 6 equal tranches of 100 miners during calendar 2022 commencing in January and ending in June. This would increase the Company's self-mining Hashrate from ASIC miners by 8.8 PH/s each delivery month, resulting in a total self-mining Hashrate increase from ASIC miners of 52.8 PH/s.

- Once deployed, together with the additional 10 PH/s of Hashrate from ASIC miners to be deployed by November 30, 2021, as announced on September 15, 2021, the Company's total aggregate self-mining Hashrate from ASIC miners would be 118.2 PH/s, representing an increase in Hashrate of 190% from the existing self-mining Hashrate from ASIC miners announced on September 15, 2021.
- The deployment of 118.2 PH/s from ASIC miners would generate approximately 23.2 Bitcoin per month based on then current difficulty levels. (Source: <https://whattomine.com/> Updated at 2021-10-12 11:34:35 UTC).
- The Company had executed Equipment Hosting Agreements for an aggregate mining capacity of 37 MW which were expected to contribute up to USD\$14.8 million in annual hosting and power revenues for the Company, with the hosting services in Alberta, Canada expected to commence in Q4, 2021 and Q1, 2022 (see below).
- On November 15, 2021, the Company announced that it had signed a letter of intent (the "LOI") effective November 12, 2021 to acquire 100% of the outstanding shares of Neuro Digital Inc. ("Neuro Digital") for cash consideration of CAD\$2.4 million (the "Transaction"). The Company was also pleased to announce the expansion of its self-mining Hashrate.

#### Highlights of the proposed Transaction:

- Under the terms of the LOI, it was anticipated that CryptoStar and Neuro Digital will enter into a binding agreement (the "Definitive Agreement") pursuant to which CryptoStar will acquire 100% of the outstanding shares of Neuro Digital.
- Neuro Digital is a data centre operator specializing in GPU mining, Decentralized Finance (DeFi) and AI solutions with an operational data centre located in Quebec, Canada (the "Quebec Data Centre"). Neuro Digital's current, proof of concept location had a power capacity of 0.5 megawatt (MW) with plans for expeditious expansion in various locations that had been identified throughout the province of Quebec.
- The currently operating Quebec Data Centre is powered by competitively priced, reliable, on-the-grid, green hydroelectricity, aligning with the Company's commitment to the Crypto Climate Accord.
- Neuro Digital currently had an aggregate self-mining Hashrate of 83,162 MH/s from GPU miners running at the Quebec Data Centre.
- The additional 83,162 MH/s of Hashrate from Neuro Digital's GPU miners would add USD\$199,448.78 (CAD\$249,310.98) per month in self-mining revenue for the Company based upon then current market conditions. (Source: <https://whattomine.com/> Mining metrics are calculated based on and ETH - USD exchange rate of 1 ETH = \$4,713.58 updated at 2021-11-15 12:20:35 UTC).
- Key management personnel of Neuro Digital would remain with the company and would be responsible for the expansion of CryptoStar's operations in Quebec, Canada.

- The agreed upon consideration under the proposed Transaction would be satisfied by the payment of CAD\$2.4 million in cash.
- It was anticipated that the Definitive Agreement would be executed no later than December 15, 2021, subject to the completion of due diligence.

#### Summary of Existing CryptoStar Business (pre-Neuro Digital Transaction)

- The Company successfully deployed an additional 10 PH/s of Hashrate from ASIC miners announced on September 15, 2021, more than two weeks ahead of schedule.
- The Company had an aggregate self-mining Hashrate of 93,608 MH/s from GPU miners and 67.2 PH/s from ASIC miners running at its data centres.
- The deployment of 93,608 MH/s and 67.2 PH/s of existing Hashrate from GPU and ASIC miners was contributing USD\$11.7 million in annualized self-mining revenue for CryptoStar. (Source: <https://whattomine.com/> Mining metrics are calculated based on and ETH - USD exchange rate of 1 ETH = \$4,713.58 and a BTC - USD exchange rate of 1 BTC = \$65,667.99 updated at 2021-11-15 12:20:35 UTC).
- The Company purchased 600 high performance ASIC miners to be delivered in 6 equal tranches of 100 miners during calendar 2022 commencing in January and ending in June. This would increase the Company's self-mining Hashrate from ASIC miners by 8.8 PH/s each delivery month, resulting in a total self-mining Hashrate increase from ASIC miners of 52.8 PH/s.
- The deployment of a total Hashrate of 120 PH/s from ASIC miners would generate approximately 20.4 Bitcoin per month based on then current difficulty levels. (Source: <https://whattomine.com/> Updated at 2021-11-15 12:20:35 UTC).
- The Company had executed Equipment Hosting Agreements for an aggregate mining capacity of 37 MW which were expected to contribute up to USD\$14.8 million in annual hosting and power revenues for the Company, with the hosting services in Alberta, Canada expected to commence in Q4, 2021 and Q1, 2022 (see below).
- As at November 15, 2021, the Company had made payments and deposits for ASIC miners, infrastructure equipment and engineering services of USD\$3.6 million (CAD\$4.5 million). The company also holds USD\$947,000 (CAD\$1,184,000) in inventory for sale.
- The Company was in a strong financial position and was well capitalized. As at November 15, 2021, the Company held 326 ETH, 65 BTC and USD\$12.0 million (CAD\$15.0 million) in cash.
- Due to delays under the power supply agreement with the Company's partner in Alberta, the Company currently expects that the hosting services associated with the Equipment Hosting Agreements in Alberta, Canada will commence in Q1, 2022.

- During the subsequent period from October 1, 2021 to November 27, 2021, the Company issued 4,700,000 common shares upon exercise of warrants at CAD \$0.075 for gross proceeds of CAD\$352,500.
- As at November 29, 2021, the Company's self-mining revenue run rate is USD\$866,359/month. Further orders for mining hardware will be placed using astute capital management strategies based upon prevailing market conditions for delivery in Q1 2022 and beyond.  
(Source: <https://whattomine.com/> Mining metrics are calculated based on and ETH – USD exchange rate of 1 ETH = \$4,328.32 and a BTC – USD exchange rate of 1 BTC = \$57,116.13 updated at 2021-11-29 14:32:54 UTC).
- As at November 29, 2021, the Company is in a strong financial position, is well capitalized and holds 345 ETH, 69 BTC and USD\$11.2 million (CAD\$14.2 million) in cash.

## Overall Operational Performance and Results

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021 \$	2020 \$	2021 \$	2020 \$
<b>Income from operations</b>				
Digital assets mined	1,157,582	25,113	1,733,865	412,254
Income from sale of GPU miners	—	—	27,912	—
Realized gain (loss) of digital currency	—	(450)	1,339	(6,770)
Hosting income	341,400	9,000	389,400	36,207
Cost of revenue	(116,301)	(73,074)	(216,924)	(589,449)
<b>Net gain (loss) from operations</b>	<b>1,382,681</b>	<b>(39,411)</b>	<b>1,935,592</b>	<b>(147,758)</b>
Loss from disposal from miners	—	(304,913)	—	(144,133)
Operating expenses	(322,832)	(145,048)	(1,241,249)	(760,183)
<b>Net gain (loss) before other items</b>	<b>1,059,849</b>	<b>(489,372)</b>	<b>694,343</b>	<b>(1,052,074)</b>
Depreciation of property and equipment	(1,156,016)	—	(2,639,881)	(107,119)
Foreign exchange loss	(216,246)	(1,939)	(68,519)	(798)
Revaluation gain (loss) on digital assets	395,669	2,160	105,467	14
Amortization of intangible assets	(147,006)	(72,487)	(441,021)	(154,016)
Depreciation of right-of-use assets	(81,424)	(45,027)	(244,272)	(208,978)
Interest expense on lease obligations	(59,084)	(26,713)	(179,291)	(140,617)
Share based compensation	(120,784)	(45,280)	(1,041,400)	(45,280)
Interest income	3,543	—	4,945	—
Power charges	—	—	—	10,443
Other income	—	—	128,933	—
<b>Net comprehensive loss</b>	<b>(321,499)</b>	<b>(678,658)</b>	<b>(3,680,696)</b>	<b>(1,698,425)</b>
<b>Adjusted EBITDA</b>	<b>1,059,849</b>	<b>(489,372)</b>	<b>694,343</b>	<b>(1,052,074)</b>
Loss per share, basic and diluted	(0.001)	(0.003)	(0.010)	(0.008)
Weighted average shares, basic and diluted	411,230,738	210,156,016	358,713,245	210,156,016
Bitcoin mined	17.50	3	23.64	50
Ethereum mined	142.93	—	256.20	—
Average Bitcoin price when mined during the period	42,817	8,371	42,521	8,245
Average Ethereum price when mined during the period	2,857	—	2,845	—

## Financial and Operational Results

The Company recorded a net comprehensive loss of \$321,499 in the three months ended September 30, 2021.

The Company's total revenue was \$1,498,982 in the three months ended September 30, 2021. In Q3 2021, the Company progressed in its transition from a self-mining, Bitcoin only, company to a one-stop shop for cryptocurrency mining clients. Future growth will be driven through self-mining Bitcoin and Ethereum, in addition to offering high quality GPU and ASIC miners, logistics and shipping and hosting solutions for customers worldwide, at low power rate data centres in North America.

The Company's direct cost of revenue was \$116,301 in the three months ended September 30, 2021. Direct cost of revenue consisted of site operating costs.

The Company incurred non-cash expenses consisting of depreciation and amortization of \$1,384,446 and share based compensation of \$120,784 in the three months ended September 30, 2021.

The Company's operating expenses in the three months ended September 30, 2021 totaled \$443,616. Operating expenses were comprised of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Interest and bank charges	2,101	1,202	7,948	4,647
Management fees, salaries and wages	220,272	41,248	456,600	328,601
Share based compensation	120,784	45,280	1,041,400	45,280
Office and administration	46,046	35,385	252,836	231,436
Professional fees	54,413	67,213	523,865	195,499
<b>Total operating expenses</b>	<b>443,616</b>	<b>190,328</b>	<b>2,282,649</b>	<b>805,463</b>

The Company's revenue from mining digital currencies is highly dependent upon the market price of digital currencies and the Company's ability to transact with and convert digital currencies. Management monitors the legal and regulatory environment surrounding digital currencies on an ongoing basis.

## Outstanding Share Data

As of the date of this MD&A, the Company has the following securities issued and outstanding:

1. 425,077,804 common shares;
2. 171,324,447 common share purchase warrants; and
3. 16,777,110 options to purchase common shares issued.

## Segmented Information

The Company has three reportable segments related to the two countries in which it operates, Canada and the United States, and its Head Office. The disclosures with regards to the Company's aforementioned segments are listed below.

	Nine Months Ended September 30, 2021			
	Canada	USA	Head Office	Total
	\$	\$	\$	\$
<b>Income from mining of digital currency</b>				
Income from mining of digital currencies	1,421,971	311,894	—	1,733,865
Hosting income	—	389,400	—	389,400
Income from sales of GPU miners	27,912	—	—	27,912
Cost of GPU miners	(25,121)	—	—	(25,121)
Site operating cost	(103,006)	(88,797)	—	(191,803)
Depreciation of right-to-use assets	(30,259)	(214,013)	—	(244,272)
Depreciation of property and equipment	(765,510)	(1,874,371)	—	(2,639,881)
Amortization of intangible assets	(441,021)	—	—	(441,021)
Realized gain on digital currencies	1,339	—	—	1,339
<b>Net income (loss) before operating expense</b>	<b>86,305</b>	<b>(1,475,887)</b>	<b>—</b>	<b>(1,389,582)</b>
<b>Operating and other expenses (income)</b>				
Interest and bank charges	355	379	7,214	7,948
Interest expense on lease obligations	23,733	155,558	—	179,291
Management fees, salaries and wages	32,267	94,119	330,214	456,600
Office and administration	151,459	66,627	34,750	252,836
Professional fees	1,925	86,909	435,031	523,865
Share based compensation	—	—	1,041,400	1,041,400
Interest income	—	—	(4,945)	(4,945)
Other income	—	(128,933)	—	(128,933)
Revaluation gain on digital assets	(105,467)	—	—	(105,467)
Foreign exchange loss	—	—	68,519	68,519
Total operating and other expenses	104,272	274,659	1,912,183	2,291,114
<b>Net comprehensive loss</b>	<b>(17,967)</b>	<b>(1,750,546)</b>	<b>(1,912,183)</b>	<b>(3,680,696)</b>
<b>Total assets</b>	<b>29,032,744</b>	<b>7,339,374</b>	<b>3,476,915</b>	<b>39,849,033</b>
<b>Total liabilities</b>	<b>3,813,854</b>	<b>1,849,124</b>	<b>5,465,317</b>	<b>11,128,295</b>

## Segmented Information (continued)

	Nine Months Ended September 30, 2020			
	Canada	USA	Head Office	Total
	\$	\$	\$	\$
<b>Income from mining of digital currency</b>				
Income from mining of digital currency	16,959	395,295	—	412,254
Hosting income	—	36,207	—	36,207
Site operating costs	(17,035)	(572,414)	—	(589,449)
Depreciation of right-to-use assets	(37,505)	(171,473)	—	(208,978)
Depreciation of property and equipment	—	(107,119)	—	(107,119)
Amortization of intangible assets	—	(154,016)	—	(154,016)
Realized loss on digital currency	(278)	(6,492)	—	(6,770)
<b>Net mining loss before operating expenses</b>	<b>(37,859)</b>	<b>(580,012)</b>	<b>—</b>	<b>(617,871)</b>
<b>Operating and other expenses (income)</b>				
Interest and bank charges	—	4,647	—	4,647
Interest expense on lease obligations	31,414	109,203	—	140,617
Management fees, salaries and wages	—	124,868	203,733	328,601
Office and administration	—	—	231,436	231,436
Professional fees	—	66,470	129,029	195,499
Loss from disposal from miners	5,929	138,204	—	144,133
Power charges	—	(10,443)	—	(10,443)
Share based compensation	—	—	45,280	45,280
Revaluation gain on digital assets	(14)	—	—	(14)
Foreign exchange loss	—	—	798	798
Total operating and other expenses	37,329	432,949	610,276	1,080,554
<b>Net comprehensive loss</b>	<b>(75,188)</b>	<b>(1,012,961)</b>	<b>(610,276)</b>	<b>(1,698,425)</b>
<b>Total assets</b>	<b>517,068</b>	<b>10,601,394</b>	<b>324,793</b>	<b>11,443,255</b>
<b>Total liabilities</b>	<b>755,502</b>	<b>4,983,869</b>	<b>165,209</b>	<b>5,904,580</b>

## Liquidity and Capital Resources

	Nine Months Ended	
	September 30,	
	2021	2020
	\$	\$
<b>Cash provided by (used in):</b>		
Operating activities	(850,031)	(568,633)
Investment activities	(8,512,387)	(62,054)
Cash provided by financing activities	24,729,998	537,677
<b>Increase (decrease) in cash</b>	<b>15,367,580</b>	<b>(93,010)</b>

As at September 30, 2021, the Company had current assets of \$24,374,579 and current liabilities of \$7,159,178, resulting in a working capital surplus of \$17,215,401 (December 31, 2020 – working capital deficit of \$867,897).

## **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements as at the date of this MD&A.

## **Related Party Transactions**

During the three months ended September 30, 2021, certain expenses were paid on the Company's behalf by A.C.N. 117 402 838 PTY LTD ("ACN"), which is a related party by virtue of its shareholdings in the Company and common control.

The balance of \$1,966,604 (December 31, 2020 - \$3,568,623) payable to related party as at September 30, 2021 represents the amount advanced under a line of credit provided by ACN on December 22, 2017. The available line of credit totals \$4,000,000, is unsecured, bears interest at 12% per annum and is repayable on December 22, 2022. Interest at the time of credit is waived at any point at the sole discretion of ACN. ACN has waived the interest charge on the line of credit for the nine months ended September 30, 2021. During the nine months ended September 30, 2021, the Company has obtained an additional loan of \$76,760 and repaid \$1,678,779.

On March 4, 2021, the Company issued 20,000,000 units at a price of CAD \$0.10 per unit. Each unit consists of one common share and one common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of CAD \$0.15 per common share for a period of eighteen months from the date of issue. The securities issued in connection with the offering were subject to a four-month hold period, in accordance with applicable securities laws.

ACN acquired 15,000,000 units under the above offering, which constituted as a "related party transaction" as defined under Multilateral Instrument 61-101 Protection of Minority Security holders.

On April 22, 2021, the Company issued 30,075,000 units at a price of CAD \$0.20 per unit. Each unit consists of one common share and one common share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of CAD \$0.27 per common share for a period of eighteen months following the closing date of private placement. The securities issued in connection with the offering were subject to a four-month hold period, in accordance with applicable securities laws.

ACN acquired 16,157,500 units under the above offering, which constituted as a "related party transaction" as defined under Multilateral Instrument 61-101 Protection of Minority Security holders.

On May 4, 2021, an employee of the Company exercised 10,000,000 stocks options. These options had an exercise price of CAD \$0.05 per stock option. As at September 30, 2021, \$203,543 was payable by the employee to the Company. The Company has classified the amount receivable as current as the amount shall be repaid in full no later than May 2022, and is included in accounts receivable and others. Interest equal to 2% above the prime rate of interest charged by Royal Bank of Canada on Canadian dollar commercial loans is being charged by the Company to the employee on the amount receivable. During the nine months ended September 30, 2021, the Company earned \$4,945 of interest income related to this loan.

## **Key Management Remuneration**

Management fees, salaries and wages comprise amounts paid to key management personnel, including officers and directors, of ACN, for services provided.

On February 3, 2021, the Company granted an aggregate of 10,000,000 stock options under the Company's stock option plan to directors of the Company. These options have an exercise price of CAD \$0.10 per stock option, and an expiry date of February 3, 2031. All of the options vested immediately. Share based compensation of \$821,091 was recorded related to these options during the nine months ended September 30, 2021.

On May 3, 2021, the Company granted 2,000,000 stock options under the Company's stock option plan to an officer of the Company. These options have an exercise price of CAD \$0.28 per stock option, and an expiry date of May 3, 2031. The options vest in equal 25% tranches in each of August 2021, March 2022, October 2022 and May 2023. Share based compensation of \$220,309 was recorded related to these options during the nine months ended September 30, 2021.

The Company paid directors fees during the three and nine months ended September 30, 2021 of \$16,271 and \$32,800, respectively (September 30, 2020 - \$Nil and \$37,446, respectively).

The remuneration of key management personnel paid by ACN on the Company's behalf during the three and nine months ended September 30, 2021 was \$75,918 and \$231,394, respectively (September 30, 2020 – \$Nil and \$65,434, respectively).

## **Business Risks and Uncertainties**

There are a number of risk factors that could impact the Company's ability to successfully execute its key strategies and may materially affect future events, performance or results. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, could have a material adverse effect on the Company. If any of the following or other risks occurs, the Company's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Risk factors relating to the Company include, but are not limited to, the factors set out below.

### *Credit risk*

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, restricted cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

The Company's maximum exposure to credit risk at the end of any period is equal to the carrying amount of these financial assets as recorded in the condensed interim consolidated statement of financial position. As at September 30, 2021, no amounts were held as collateral.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company scaling to become profitable or raising additional equity in excess of anticipated cash needs. The Company's cash is held in corporate bank accounts available on demand.

### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk. These are discussed further below.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk relating to its loans payable and accounts payable. The interest rate on the loans payable is fixed, and the accounts payable are not subject to any interest. A 10% change in the interest rate would not result in a material impact on the Company's operations.

### *Foreign currency risk*

As at September 30, 2021, portions of the Company's financial assets are held in USD and CAD. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in Canadian dollars. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time. The following amounts are presented in USD to demonstrate the effect of changes in foreign exchange rates:

	<b>September 30, 2021</b>
Cash	15,769,989
Effect of +/- 10% change in exchange rate	<b>874,623</b>

### *Digital currency and risk management*

Digital currencies are measured using level one fair values, determined by taking the rate from [www.bitcoincharts.com](http://www.bitcoincharts.com) and [www.coinmarketcap.com](http://www.coinmarketcap.com). Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of coins; in addition, the Company may not be able liquidate its inventory of digital currency at its desired price if required. A decline in the market prices for coins could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its coin sales.

### *Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to any significant price risks with respect to its financial instruments.

### *Market risk for securities*

The Company is a reporting issuer whose common shares are listed for trading on a stock exchange. There can be no assurance that an active trading market for the Company's common shares will be sustained in the future. The market price for the Company's common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

### *Global economic risk*

Economic slowdown and downturn of global capital markets would make raising of capital through equity or debt financing more difficult. The Company will be dependent upon capital markets to raise additional financing in the future. The Company is subject to liquidity risks in meeting developmental and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized resulting in an adverse impact on the Company's operations and the price of the Company's common shares.

### *Share price volatility risk*

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly cryptocurrency companies, like the Company, have experienced wide fluctuations that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

### **COVID-19**

The recent outbreak of COVID-19 has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the pandemic continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the pandemic may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The effect that these events will have on the price of digital currencies, the ability for the Company to raise capital, the ability for the Company to obtain additional power permits and the supply of upgraded equipment are highly uncertain and as such, the Company is unable to determine the corresponding financial impact at this time.

### **Capital Management**

The Company's objectives when managing its capital are:

1. To maintain a flexible capital structure that optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;
2. To maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
3. To safeguard the Company's ability to obtain financing should the need arise; and
4. To maintain financial flexibility in order to have access to capital in the event of future capital acquisitions.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets. The Company monitors the return on capital, which is defined as total shareholders' equity. The Company is not subject to externally imposed capital requirements.

## Current Market Conditions

The weighted price of Bitcoin increased in Q3 2021, with the weighted price rising from \$34,889 as at June 30, 2021 to \$43,287 as at September 30, 2021.



(Source <https://bitcoincharts.com/charts/bitstampUSD>).

\*The Company holds no liability for any inaccurate data.

Bitcoin difficulty increased in Q3 2021 and is expected to increase for the remainder of 2021.



(Source <https://bitinfocharts.com/comparison/bitcoin-difficulty.html>).

\*The Company holds no liability for any inaccurate data.

## Critical Accounting Policies and Estimates

The Company has prepared the accompanying condensed interim consolidated financial statements (unaudited) in accordance with International Financial Reporting Standards (“IFRS”). Significant accounting policies and estimates are described in Note 2 of the Company’s condensed interim consolidated financial statements (unaudited) as at and for the three and nine months ended September 30, 2021.

The preparation of condensed interim consolidated financial statements (unaudited) in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

### **Significant Accounting Judgments and Estimates**

The Company is in the business of digital currencies, many aspects of which are not specifically addressed by current IFRS guidance. The Company is required to make judgments as to its accounting policies under IAS 8. The Company has disclosed its presentation, recognition and derecognition, and measurement of digital currencies, and the recognition of revenue as well as significant assumptions and judgments, however, if specific guidance is enacted by the IASB in the future, the impact may result in changes to the Company's income and financial position as presented. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Information about estimates made in applying accounting policies that could potentially have an effect on the amounts recognized in the financial statements, are discussed below:

(a) *Useful lives and residual values of property and equipment*

Management determines the estimated useful lives and residual values of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the useful lives and residual value annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

(b) *Share-based compensation*

The Company estimates the cost of equity-settled share-based compensation using the Black-Scholes option pricing model. The model takes into account an estimate of the expected life of the option, the current price of the underlying common share, the expected volatility, an estimate of future dividends on the underlying common share, the risk-free rate of return expected for an instrument with a term equal to the expected life of the option, and the expected forfeiture rate.

(c) *Income taxes*

At the end of each reporting period, judgment is required by the Company in determining the likelihood of whether the deferred tax assets will be realized from future taxable earnings. Deferred taxes are based on estimates as to the timing over which temporary differences will reverse, substantially enacted income tax rates applicable to future years and the likelihood of assets being realized. The estimate of future capital activities can impact the timing of the reversal of any temporary differences.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty.

(d) Revenue recognition

The Company recognizes revenue from the provision of transaction verification services withing digital currency networks, commonly described as “cryptocurrency mining”. As consideration for these services, the Company receives digital currency from each specific network in which it participates (“coins”). Management has exercised significant judgment in determining the completion stage for this revenue stream and examined various factors surrounding the substance of the Company’s operations, and determined the stage of completion being the completion and additional of a blockchain.

For hosting and other services contracts, the Company has determined that the substance of the service contracts is provision of services under IFRS 15 Revenue from Contracts with Customers. Revenue is recognized only when the amount of the contract and separate performance obligations are identified, the transaction can be measured reliably, the transaction price can be allocated to the performance obligations, and the performance obligations is satisfied. Accordingly, the Company has determined that revenue should be recognized as the provision of services under the contract is completed.

The Company recognizes revenue from the sale of mining equipment once the risks and rewards of ownership of equipment are transferred to the customer and it is probable that the economic benefits associated with the sale contract will flow to the Company.

Determination of separate elements under the terms of the contract and completion of performance obligation may be subject to significant judgment exercised by management.

(e) Functional currency

The functional currency of the Company and its subsidiaries has been assessed by management based on consideration of the currency and economic factors that mainly influence the Company’s digital currencies, production and operating costs, financing and related transactions. Specifically, the Company considers the currencies in which digital currencies are most commonly denominated and expenses are settled by each entity as well as the currency in which each entity receives or raises financing. Changes to these factors may have an impact on the judgment applied in the determination of the Company’s functional currency. The application of the Company’s accounting policies requires management to use estimates and judgments that can have significant effect on the revenues, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the condensed interim consolidated financial statements (unaudited).

(f) Impairment of assets

The Company uses judgment in determining the grouping of assets to identify its Cash Generating Units (“CGUs”) for purposes of testing for impairment of property and equipment and intangible assets. In testing for impairment of intangibles with indefinite lives, these assets are allocated to the CGUs to which they relate. Furthermore, on a quarterly basis, judgment has been used in determining whether there has been an indication of impairment, which would require the completion of a quarterly impairment test, in addition to the annual requirement.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as the relationship between mining rewards and the required computing power, digital currency prices, the periodic contribution margin of digital currency mining activities, changes in underlying costs, such as electricity, and technological changes.

When required, the determination of FVLCD and VIU requires management to make estimates and assumptions about digital currency prices, required computing power, technological changes and operating costs, such as electricity. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive income.

## **Changes in Accounting Standards**

### **Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)**

In August 2020, upon completion of the IFRS amendments to facilitate the IBOR reform, the IASB issued Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (“Phase 2 Amendments”). In relation to changes in financial instruments that are directly required by the IBOR reform, Phase 2 Amendments mainly provide (i) a practical expedient to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by the IBOR reform by updating the effective interest rate of the financial asset or financial liability; (ii) exceptions to the hedge accounting requirements providing relief from discontinuing hedge relationships because of changes to hedge documentation required by the IBOR reform; and (iii) certain additional disclosures on additional information about the Company’s exposure to risks arising from the IBOR reform and related risk management activities. IFRS 16 has also been amended to provide a temporary exception addressing situations where lease agreements specifically refer to an IBOR and will need to be amended as a result of the IBOR reform. Lessees are required to remeasure their lease liabilities in a similar fashion to any other change in estimate, rather than as a lease modification. The amount of the remeasurement is recognized as an adjustment to the right-of-use assets. Phase 2 Amendments are effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted. The Company is assessing the potential impact of these amendments.

### **Standards, Amendments and Interpretations Issued but not yet Adopted**

The following new standards, amendments and interpretations have been issued but are not effective for the three and nine months ended September 30, 2021 and, accordingly, have not been applied in preparing these condensed interim consolidated financial statements.

#### **Insurance Contracts**

In May 2017, the International Accounting Standards Board (“IASB”) issued IFRS 17 – Insurance Contracts (“IFRS 17”), which replaces IFRS 4 – Insurance Contracts and establishes a new model for recognizing insurance policy obligations, premium revenue, and claims-related expenses. IFRS 17 is effective for annual periods beginning on or after January 1, 2021. In June 2020, the IASB issued ‘Amendments to IFRS 17’ to address concerns and implementation challenges that were identified after IFRS 17 was published in 2017. The amendment also deferred the effective date for two years to January 1, 2023. Early adoption is permitted. The Company has assessed that there will be no potential impact of this standard.

### **Improving Accounting Policy Disclosures and Clarifying Distinction between Accounting Policies and Accounting Estimates (Amendments to IAS 1 and IAS 8)**

In February 2021, the IASB issued narrow-scope amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 Making Materiality Judgments and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from change in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is assessing the potential impact of these amendments.

### **Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These 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 that 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 MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

Some of the important factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are:

- i. That the information is of a preliminary nature and may be subject to further adjustment;
- ii. The possible unavailability of financing;
- iii. Start-up risks,
- iv. General operating risks;
- v. Dependence on third parties;
- vi. Changes in government regulation;
- vii. The effects of competition;
- viii. Dependence on senior management;
- ix. Impact of global economic conditions;
- x. Fluctuations in currency exchange rates and interest rates; and
- xi. Fluctuations in cryptocurrency prices.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).