



Canada Computational Unlimited Corp.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and September 30, 2020

Dated November 17, 2021

Management Discussion and Analysis for the three and nine months ended September 30, 2021

The following analysis concerns the financial situation, operating results and cash flows of Canada Computational Unlimited Corp. (“CCU” or the “Company”) for the three and nine months ended September 30, 2021, and the comparable periods ended September 30, 2020. The discussion should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021, and related notes thereto and the annual audited financial statements for the years ended December 31, 2020 and 2019. The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

Forward-Looking Statements

Certain statements in this Filing Statement and the schedules attached hereto are forward-looking statements or contain forward-looking information which may include, but are not limited to, statements with respect to the future financial or operating performance of CCU and its projects, the market conditions, business strategy, corporate plans, objectives and goals, the completion, timing and expected effects of the Transaction and the benefits anticipated to be received by Capricorn, CCU and/or the Resulting Issuer from such transactions. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements includes, among others, information regarding: expectations regarding whether the Transaction will be completed, including whether conditions, including shareholder and regulatory approvals, to the Transaction will be satisfied, or the time for completing the Transaction; foreign exchange rates; expectations for the effects of the Transaction, the potential benefits of the Transaction; statements relating to the business and future activities of, and developments related, to Capricorn and CCU after the date of this Filing Statement; statements based on the audited financial statements of Capricorn or CCU; the success of business activities; expectations for other economic, business, regulatory and/or competitive factors related to Capricorn and CCU in general; the business objectives and milestones of the Resulting Issuer; the amount and principal uses of available funds, including the funds to be used for anticipated investments; and other events or conditions that may occur in the future.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of CCU or the Resulting Issuer, as applicable, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section entitled “Risk Factors” in this Filing Statement, including risks relating to the ability to complete the Transaction, risks related to cryptocurrency mining, risks related to the CCU and the Resulting Issuer’s cryptocurrency Mining Operations, risks related to the price of Bitcoin and other Cryptocurrencies, risks related to governmental regulation and enforcement, volatility of the Resulting Issuer Shares, cybersecurity risks, risks related to electrical power and Internet, and tax risks. Although Capricorn and CCU have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Filing Statement and, other than as required by law, Capricorn and CCU disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Company

Canada Computational Unlimited Corp. (formerly, Capricorn Business Acquisitions Inc.) (TSXV: SATO) (the “CCU” or the “Company”) was incorporated on May 7 2008 under the Ontario Business Corporations Act. On September 8, 2021 the Company announced the completion of its “Qualifying Transaction”, as defined under Policy 2.4 – Capital Pool Companies of the TSX Venture Exchange (the “Exchange”). The Qualifying Transaction was completed through a reverse takeover of Canada Computational Unlimited Inc. (“CCU”).

Canada Computational Unlimited Inc. was incorporated under the Business Corporations Act of Québec on November 16, 2017. The Company's head office and sole place of business is at 289 Dugas, Joliette, Québec J6E 4H1 Canada.

CCU was co-founded by technology entrepreneurs Romain Nouzareth and Mathieu Nouzareth in 2017. Since its creation, CCU has operated a high-density computation center built for high-grade cryptocurrency mining, AI data processing and fintech infrastructure located in the city of Joliette in the Province of Québec, with a mandate of social responsibility and environmental care by solely using renewable energy. In 2018, CCU contracted with Hydro-Joliette to purchase up to 20MW of hydro-electrical power to be used for crypto mining. 7.5 MW are currently used by CCU to produce 160 PHs of Bitcoin mining power (hashrate) and 6 GHs of Ethereum mining power. CCU is building the remaining 12.5 MW is set to be built in 2022 or earlier .

CCU is led and managed by technology entrepreneurs, electricity and ventilation experts and network specialists. Since its inception, CCU has pursued a vision of environmental stewardship and increased performance throughout the cryptocurrency mining process. The availability of energy from renewable sources in the province of Québec has made this endeavor feasible and a great base for future growth.

The Company’s main goals are to:

- Secure and validate various blockchains transactions and minting crypto currencies.
- Expand globally to increase mining power and transaction revenues using renewable or sustainable energy
- Promote the use of Bitcoin, the Lightning Network, and blockchain technologies
- HODL crypto and bitcoin to increase net asset value
- Strategically mine and acquire significant % of the remaining 3 million bitcoins to be mined till 2140

CCU generates revenue from mining, from fees obtained validating the blockchain, and revenue from hosting other miners.

Other Company Information

- Fully operational, high-grade, 100% renewable energy crypto mining facility in place
- Successfully mining Bitcoins since 2017 and Ethereum since 2021
- 160 PHs equivalent of Mining Power with around 7.5MW of energy running now
- 12.5MW of energy remaining to be built in Joliette center for reaching a possible equivalent of 600 PHs of mining power, with intention for more centers to come for future growth
- Utilizing renewable energy to support high-grade crypto-mining, AI data processing, and fintech infrastructure
- Team to increase and advance our large-scale mining fleet software
- Hosting deal to secure costs
- All coins are newly minted and traceable. 3 years of audited accounts with Raymond Chabot Grant Thornton/Catallaxy
- Established by Mathieu and Romain Nouzareth, two French "serial entrepreneurs" with recent backing of True Global Ventures, one of the fastest-growing blockchain equity funds

The Facility

In February 2018, CCU signed a 5-year lease for 9,000 square feet of space, in a 50,000 sq ft factory. CCU then started the construction of its first center with performance in mind. With air filtration, negative pressure, and right voltage to operate the center to its best capacity, to make sure of good use of the energy without depletion, and with heat recycling to even push further the environmental approach the company put in place. The lease was amended on July 1, 2021, extending the lease to Jun 30, 2026. In June 2018, CCU signed a 5 years contract for 20MW of power with Hydro Joliette in the city of Joliette, Québec, where CCU is located.

Custody of assets

Custodial Agreement was entered into with Fireblocks Inc. (“Fireblocks”) to provide wallet and vault services to CCU.

Fireblocks is a leading enterprise-grade platform delivering a secure infrastructure for moving, storing, and issuing digital assets. Fireblocks enables banks, fintechs, exchanges, liquidity providers, OTCs and hedge funds to securely manage digital assets across a wide range of products and services. The technology consists of the Fireblocks Network and MPC-based Wallet Infrastructure. Fireblocks serves over 200 financial institutions and has secured over \$400 billion in digital assets. Fireblocks has a unique insurance policy that covers assets in storage & transit and offers 24/7 global support.

CCU utilizes the Fireblocks platform to maintain custody, transfer, and secure a material portion of its digital assets. Fireblocks, with locations in New York and Tel Aviv, utilizes a secure hot vault and secure transfer environment to help establish connections between the Partnership’s wallets, exchanges, counterparties, and networks. Fireblocks utilizes multi-party computation (“MPC”) protection layers to distribute private key secrets across multiple locations to ensure there is no single point of failure associated with the private keys. The use of MPC ensures private keys are never concentrated to a single device at any point in time. Fireblocks is SOC 2 Type II certified and undergoes a SOC 2 review on an annual basis. CCU reviews the Fireblocks SOC 2 report to ensure they maintain a secure technology infrastructure and that their systems are designed and operating effectively. Fireblocks maintains an insurance policy which has coverage for technology, cyber, and professional liability and is rated “A” by A.M. Best based on the strength of the policy and has had no known security breaches or incidents reported to date.

Fireblocks is independent of CCU.

COVID -19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on operations or the Company’s ability to raise funds in the future, however to date the Company has not been significantly impacted by the outbreak and its effects.

Various COVID-19-related restrictions on travel, work, and movement of goods and supplies, as well as the cumulative impact of the mounting number of lost working days as a result of COVID-19 has already put strain on our manufacturing partners, suppliers and logistics partners to produce and deliver a sufficient number of products needed to meet the global demand for miners. This has had a particularly strong impact on the global supply chain and availability of semiconductors, which are used in the manufacture of the ASIC chips used in the miners we operate. While this has not yet impacted us directly, it may cause supply issues in the future if the restriction continues.

Highlights of the nine months ended September 30, 2021 and to the date of the MD&A

Financial Highlights

- Revenue from digital assets mined grew 247% and 150% for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020.
- Revenue from hosting grew 1778% and 668% for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020.
- Gross profit grew 769% and 1771% for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020.

Listing on the TSX Venture exchange

On September 7, 2021, the Company announced that it completed a reverse takeover (the “Transaction”) of Capricorn Business Acquisitions Inc. and was listed on the TSX Venture Exchange on September 16, 2021 under the symbol SATO.

Related to the Transaction, on June 18, 2021, CCU completed a non-brokered private placement (the “Concurrent Financing”) by way of the issuance of subscription receipts (“Subscription Receipts”) at a price of \$5.30 per Subscription Receipt, raising gross proceeds of \$4,319,902. The proceeds of the Concurrent Financing had been placed into escrow pending closing of the Transaction. Upon satisfaction of specified escrow release conditions, which included, among other things, the completion or waiver of all conditions precedent to the Transaction, each Subscription Receipt was automatically converted into one Class B common share of CCU (a “CCU Share”) (which, upon the closing of the Transaction, converted into 10.607 Corporation Shares, at a deemed price per Corporation Share of \$0.50) and one-half of one CCU Share purchase warrant with each whole warrant entitling the holder thereof to acquire one CCU Share for a period of thirty-six months from the date of issuance, subject to accelerated time of expiry, at an exercise price of \$7.96 per CCU Share (which converted into 10.607 warrants to purchase Corporation Shares at a price of \$0.75 per Corporation Share following the completion of the Transaction)

Concurrent with the Transaction, CCU completed a share consolidation on a 2.7:1 basis.

Loan repayment

CCU completed the early repayment of loans payable (see related party transactions).

Exercise of warrants

On October 27, 2021 the Company announced that True Global Ventures 4 Plus Fund PTE, LTD exercised warrants to acquire 3,085,001 common shares at a price of \$0.75 per common share for proceeds of \$2,313,750.

Milestones

Milestone	Target Date	Estimated total cost	Expenditures to date	Total remaining expenditures
Connect 12.5MW of electrical power to the primary grid of Hydro-Joliette’s 25 kV line	December 2022 or earlier	\$415,000	\$-	\$415,000
Connect the primary power and transform it for use inside our infrastructure	December 2022 or earlier	\$1,600,000	\$843,850	\$756,150
Install Ventilation system	June 2022 or earlier	\$712,000	\$50,030	\$661,970
Install Network component such as switches, routers and firewalls	June 2022 or earlier	\$41,000	\$5,800	\$35,200
Construction work	June 2022 or earlier	\$300,000	\$22,855	\$277,145

Selected financial information

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	\$ change	2021	2020	\$ change
Revenue	1,847,077	358,831	1,488,246	4,092,052	1,401,425	2,690,627
Cost of revenue	804,446	514,645	289,801	1,895,716	1,535,984	359,732
Gross profit (loss)	1,042,631	(155,814)	1,198,445	2,248,728	(134,559)	2,383,287
Gain (loss) on use of digital assets	242,969	40,958	202,011	281,378	114,030	167,246
Expenses	720,958	89,173	631,785	1,877,011	315,714	1,561,297
Operating income (loss)	564,642	(204,029)	768,671	653,093	(336,243)	989,336
Other charges (income)	(1,247,241)	(220,475)	(1,026,766)	(1,493,373)	(512,240)	(981,133)
Profit (Loss) before income taxes	(682,599)	(424,504)	(258,095)	(840,280)	(848,483)	8,203
Net income (loss)	(1,004,354)	(424,504)	(579,850)	(1,162,035)	(848,483)	(313,552)
Total comprehensive income (loss)	(884,470)	(406,067)	(478,403)	(720,393)	(807,467)	87,074
Gross mining profit	761,857	(394,239)	1,156,096	1,614,660	(893,719)	2,508,379
EBITDA	(461,980)	(14,666)	(447,314)	44,177	276,450	(232,273)
Adjusted EBITDA	697,315	(51,168)	748,483	1,382,048	193,398	1,188,650

Results of Operations for the three months ended September 30, 2021 compared to September 30, 2020

Revenue

For the three months ended September 30, 2021, CCU mined 20 Bitcoin and 11 Ether, resulting in revenue of \$1,086,763, compared to 22 Bitcoins mined in Q3 2020 with revenue of \$313,324. Despite the slightly lower Bitcoin Mining production, revenue increased as the price of Bitcoin rose. In addition, the commencement of mining Ether in 2021 provided another source of revenue.

CCU earned hosting revenue of \$685,645 for the three ended September 30, 2021, compared to \$36,507 for the three ended September 30, 2020. The increase in hosting revenue was the result of utilizing the facility's energy and signing on additional hosting contracts during Q2.

Other revenue for the three months ended September 30, 2021 and 2020 was \$74,669 and \$9,000. This consisted of \$9,000 management revenue and \$64,669 of shipping cost re-invoice from the hosting contracts.

The cost of revenue for the three months ended September 30, 2021 was \$804,446, compared to \$514,645 for the three months ended September 30, 2020. These costs directly relate to the costs incurred for Mining Bitcoin and include site operating costs such as electricity, salaries and benefits, share-based payments (related to those employees whose salaries are included), and depreciation. While there was an increase in the mining cost per Bitcoin as the result of the Bitcoin halving, there was an offsetting decrease in the depreciation expense for the period. Cost of revenue also increased as hosting increased.

Below is a breakdown of the cost or revenue for the three months ended September 30, 2021 and September 30, 2020:

	Three months ended September 30,	
	2021	2020
Cost of revenue		
Site operating costs	\$ 710,395	\$ 295,450
Salary and benefits	54,380	21,821
Share based payments	5,259	4,456
Depreciation	33,412	192,918
	\$ 804,446	\$ 514,645

CCU had a gain on the use of digital assets of \$242,969 for the three months ended September 30, 2021, compared to \$40,958 for the three months ended September 30, 2020. This gain is the result of exchanging Bitcoin for cash, debt payments, purchase of property, plant and equipment and for services.

Expenses

During the three months ended September 30, 2021, the Company was focused on completing its listing on the TSXV, and building out its mining Centre One. Expenses for the quarter are broken out below. The most significant items being the listing fees which represented costs directly related to the Transaction. Other expense items increased as the Company's operations grew compared to the prior period, and additional expenses (consultants and administrative) were required to support the growth. Consultant fees increased a little after a contract place to find new electricity slots for Center Two.

Three months ended September 30,	2021	2020
Expenses		
Consultation fees	125,381	52,055
Legal fees	36,400	13,611
Professional fees	35,155	12,035
General and office	144,786	11,472
Custody fees	6,340	-
Listing expenses	372,896	-
	<u>720,958</u>	<u>89,173</u>

Other charges/income

Other charges/income represented charges of \$1,247,241 for the three months ended September 30, 2021 compared to a charge of \$220,475 for the three months ended September 30, 2020 and is broken out in the table below. The gain on loans payable represented the early settlement of the loans paid in Bitcoin (see related party transactions).

Three months ended September 30,	2021	2020
Other charges (income)		
Foreign exchange loss (gain)	1,000	3,555
Unrealized foreign exchange loss (gain)	35,925	-
Finance expense	186,360	216,920
Finance income	(153)	-
Listing costs expended (i)	1,048,725	-
Finder's fees	520,600	-
Gain on settlement of loans payable	(545,216)	-
	<u>1,247,241</u>	<u>220,475</u>

- (i) The listing cost expended is comprised of the fair value of common shares of the Company retained by the former shareholders of Capricorn. This is a non-cash expense.

Comprehensive income

The Company had a comprehensive loss for the three months ended September 30, 2021 and 2020 of \$884,470 and \$406,067. Comprehensive income was the result of adding the revaluation of digital assets to the net loss for the period. The Company had a revaluation gain of \$119,884 for the three months ended September 30, 2021, compared to \$18,437 for the three months ended September 30, 2020. The gains results from adjusting the value of the digital assets held in inventory to their market value at the reporting date.

Results of operations for the nine months ended September 30, 2021 and September 30, 2020

Revenue

For the nine months ended September 30, 2021, CCU mined 55 Bitcoin and 48 Ether, resulting in revenue of \$3,163,575, compared to 102 Bitcoins mined for the nine months ended September 30, 2020 with revenue of \$1,265,625. The lower number of Bitcoin mined is primarily the result of the Bitcoin “halving” event, which occurred in May 2020 and resulted in the block reward cut 50-50 to decrease the rate of inflation and raise the price of BTC over the course of a few months or even years (and is the process of maintaining the supply of Bitcoin). However, overall digital asset mining revenue increased because of the significant price appreciation of Bitcoin, more than offsetting the volume impact of the Bitcoin halving event. In addition, early 2020 production was initially impacted by COVID-19 lockdowns, although the overall impact was minimal.

CCU earned Hosting revenue of \$835,808 for the nine ended September 30, 2021, compared to \$108,800 for the nine ended September 30, 2020. Hosting contracts are where CCU operates mining equipment on behalf of third parties within its facilities. The increase in hosting revenue was the result of utilizing our 5MW energy and infrastructures which was ready to be used by signing on additional hosting contracts when CCU was in the process of getting listed and could not raise additional money to buy miners. The strategy was to add a different revenue stream directly paid in fiat money.

Other revenue for the nine months ended September 30, 2021 and 2020 was \$92,669 and \$27,000. Other revenue consisted of \$27,000 management revenue and \$64,669 of shipping cost re-invoice from the hosting contracts.

The cost of revenue for the nine months ended September 30, 2021 was \$1,843,324, compared to \$1,535,984 for the nine months ended September 30, 2020. These costs directly relate to the costs incurred for Mining Bitcoin and include site operating costs such as electricity, salaries and benefits, share-based payments (related to those employees whose salaries are included), and depreciation. While there was an increase in the mining cost per Bitcoin as the result of the Bitcoin halving, there was an offsetting decrease in the depreciation expense for the period. Cost of revenue also increased as hosting increased since the use of electricity increased.

Below is a breakdown of the cost or revenue for the nine months ended September 30, 2021 and September 30, 2020:

	Nine months ended September 30,	
	2021	2020
Cost of revenue		
Site operating costs	\$ 1,372,218	\$ 840,865
Salary and benefits	99,698	58,391
Share based payments	11,676	13,368
Depreciation	359,732	623,360
	\$ 1,843,324	\$ 1,535,984

CCU had a gain on the use of digital assets of \$281,376 for the nine months ended September 30, 2021, compared to \$114,030 for the nine months ended September 30, 2020. This gain is the result of exchanging Bitcoin for cash, debt payments, purchase of property, plant and equipment and for services.

Expenses

During the nine months ended September 30, 2021, the Company was focused on completing its listing on the TSXV, and building out its mining centre. Expenses for the quarter are broken out below. The most significant items being the listing fees which represented costs directly related to the Transaction, as well as consulting and professional fees as the Company outsourced various initiatives to lead the Company through its growth and listing process. Other

expense items increased as the Company's operations grew compared to the prior period, and additional expenses were required to support the growth.

Nine months ended September 30,	2021	2020
Expenses		
Consultation fees	\$ 610,388	\$ 188,560
Legal fees	58,121	51,217
Professional fees	351,402	34,505
General and office	176,917	23,822
Custody fees	6,340	-
Listing expenses	673,843	-
Loss on disposal of property, plant and equipment	-	41,649
Insurance reimbursement	-	(24,039)
	\$ 1,877,011	\$ 315,714

Other charges/income

Other charges/income represented charges of \$1,493,373 for the nine months ended September 30, 2021 compared to a charge of \$512,240 for the nine months ended September 30, 2020 and is broken out in the table below. The gain on loan payable represented the early settlement of the loan paid in Bitcoin (see related party transactions).

Nine months ended September 30,	2021	2020
Other charges (income)		
Foreign exchange loss (gain)	\$ (3,107)	\$ 10,667
Unrealized foreign exchange loss (gain)	35,925	-
Finance expense	525,218	502,026
Finance income	(493)	(453)
Listing costs expended (i)	1,048,725	-
Finder's fees	520,600	-
Loss (gain) on loans payable	(635,597)	-
Other	2,102	-
	\$ 1,493,373	\$ 512,240

- (i) The listing cost expended is comprised of the fair value of common shares of the Company retained by the former shareholders of Capricorn. This is a non-cash expense.

The Company had a comprehensive loss for the nine months ended September 30, 2021 and 2020 of \$720,393 and \$807,467. Comprehensive income was the result of adding the revaluation of digital assets to the net loss for the period. The Company had a revaluation gain of \$441,642 for the nine months ended September 30, 2021, compared to \$41,016 for the nine months ended September 30, 2020. The gains results from adjusting the value of the digital assets held in inventory to their market value at the reporting date.

Selected Quarterly Information

The following table summarizes CCU's financial information for the last eight quarters:

Financial Results	Q3 2021 \$	Q2 2021 \$	Q1 2021 \$	Q4 2020 \$	Q3 2020 \$	Q2 2020 \$	Q1 2020 \$
Revenue	1,847,077	1,142,636	1,102,109	458,664	358,831	453,952	588,642
Gross Profit	1,042,631	630,471	704,005	(110,865)	(155,814)	(58,676)	79,931
Total Expenses	720,958	910,187	252,686	174,206	77,701	92,594	133,947
Net Income (Loss)	(1,004,354)	(467,458)	254,733	(329,194)	(233,590)	(191,033)	(205,313)

Revenue generated from the Company's mining operations is the primary contributor to the quarterly variations in revenue and net income or loss.

Liquidity and Capital Resources

As at September 30, 2021, CCU had a working capital of \$3,498,569, (December 31, 2020 – working capital deficiency of \$823,350).

Net cash used in operating activities was \$812,228, cash used in investing activities amounted to \$2,026,570 related to the purchase of equipment and deposits on electricity supply agreements. Cash used in financing activities was \$4,256,210 being \$4,319,902 of proceeds from the private placement, \$29,111 cash acquired on the Transaction, offset by the repayment of a note payable and lease payments.

As at September 30, 2021, CCU had cash on hand of \$1,711,437 (December 31, 2020 - \$294,025) and digital assets of \$2,816,827 (December 31, 2020 - \$653,882).

CCU's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business is dependent upon maintaining sustained profitability. There are various risks and uncertainties affecting CCU's operations including, but not limited to, the viability of the economics of Bitcoin mining, the liquidity of Bitcoin, and CCU's ability to maintain the security of its digital assets and execute its business plan.

CCU's strategy to mitigate these risks and uncertainties is to execute a business plan aimed at maintaining security, operational efficiency, revenue growth, and overall mining profitability while managing operating expenses and working capital requirements, including the securing of additional financing as needed through loans/equity investments. However, given the volatility in financial markets it may be difficult to raise financing when needed. Failure to implement CCU's business plan could have a material adverse effect on its financial condition or financial performance. Accordingly, there are material risks and uncertainties that cast significant doubt over CCU's ability to continue as a going concern.

Non-IFRS Performance Measures

This MD&A makes reference to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore not necessarily comparable to similar measures presented by other companies. The Company uses non-IFRS measures including "Adjusted EBITDA" and "Mining Profit" as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from Management's perspective. The following tables reconcile non-IFRS measures used by the Company to analyze the operational performance of the Company, to its nearest IFRS measure and should be read in conjunction with the

unaudited interim condensed consolidated statement of operations and comprehensive income (loss) and unaudited interim condensed consolidated statement of cash flows included in the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2021

Mining Profit

Mining profit represents gross profit (revenue less cost of revenue), excluding depreciation and revenue and site operating costs directly attributable to hosting revenue and other revenue.

The following is a reconciliation of gross profit to the non-IFRS measure of mining profit.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Gross profit (loss)	\$ 1,042,631	\$ (155,814)	\$ 2,248,728	\$ (134,559)
Add (deduct)				
Hosting	(685,645)	(36,507)	(835,808)	(108,800)
Other	(74,669)	(9,000)	(92,669)	(27,000)
Site operating costs attributable to hosting	513,952	-	654,141	-
Depreciation	(34,412)	(192,918)	(359,732)	(623,360)
Mining Profit	\$ 761,857	\$ (394,239)	\$ 1,614,660	\$ (893,719)

Adjusted EBITDA

Adjusted EBITDA represents net income (loss) excluding finance income, finance expense, income taxes, depreciation and amortization, and adjusted for non-cash and one-time non-recurring transactions. The Company uses it to assess profitability.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (1,004,354)	\$ (424,504)	\$ (1,162,035)	\$ (848,483)
Add (deduct)				
Finance expense	186,360	216,920	525,218	502,026
Finance income	(153)	-	(493)	(453)
Income taxes	321,755	-	232,998	-
Depreciation	34,412	192,918	359,732	623,360
EBITDA	(461,980)	(14,666)	44,177	276,450
Share based payments	5,259	4,456	11,676	13,368
Gain (loss) on use of digital assets	(242,969)	(40,958)	(281,376)	(119,084)
Loss on disposal of property, plant and equipment	-	-	-	41,649
Listing costs expended	1,048,725	-	1,048,725	-
Listing expenses	372,896	-	673,843	-
Insurance reimbursement	-	-	-	(24,039)
Finder's fees	520,600	-	520,600	-
Loss (gain) on loans payable	(545,216)	-	(635,597)	-
Adjusted EBITDA	\$ 697,315	\$ (51,168)	\$ 1,382,048	\$ 193,398

Related Party Transactions

The Company entered into consulting agreements with two of the directors and two officers. The consulting fees charged by the directors and officers totaled approximately \$369,259 for the nine months ended September 30, 2021, \$233,335 and \$154,302 only for the two directors for the nine months ended September 30, 2020.

As at September 30, 2021, \$18,000 is owing to these officers and are included in accounts payable and accrued liabilities.

On June 30, 2019, CCU entered into bitcoin loan agreements (the "BTC Loan Agreements") pursuant to which it borrowed a total of 118.4743 bitcoins ("BTC") from eight shareholders of CCU, including two directors (collectively, the "Lenders"). The BTC Loan Agreements provided CCU the ability to elect to repay in BTC according to pre-established phases as described in the BTC Loan Agreements:

Early Repayment:

Phase 1: Each month until the mining equipment is connected, the Borrower will pay each Lender 0.075 BTC.

Phase 2: From the time the mining equipment is operational until the Borrower has repaid each Lender 3 BTC, the Borrower will pay to such Lender 85% of the BTC created using the mining equipment, less the electricity costs and the pool costs (1%) (the "Contribution Margin").

Phase 3: For 18 months after the end of Phase 2, repayment of 50% of the Contribution Margin.

No security was granted by CCU on any of its assets in connection with the BTC Loan Agreements, nor are there any securities of CCU or the Corporation to be issued in repayment of the BTC Loan Agreements.

Repayment of the BTC Loan Agreements

CCU made all payments required under Phase 1 of the BTC Loan Agreements until connection of the mining equipment. On the Termination Date, CCU and the Lenders agreed to proceed with the early repayment of all outstanding indebtedness under the BTC Loan Agreements and the payment of all other amounts owed to the Lenders pursuant to Phase 2 and Phase 3 of the BTC Loan Agreements (the "Early Repayment"). The Corporation and CCU decided to proceed to the Early Repayment in order to reduce the Corporation's indebtedness and free mining capacity for other purposes. As of the date of the Early Repayment, a total of 12.1643 BTC were still outstanding and owed to the Lenders by CCU, representing an aggregate amount of C\$641,123. CCU proceeded to the repayment in Bitcoins.

The result of the Early Repayment is that CCU has no further indebtedness under the BTC Loan Agreements. The payment of the balance was made in BTC and resulted in a gain of settlement of debt.

Related-party Transaction Pursuant to the BTC Loan Agreements, two directors and two other shareholders initially each loaned to CCU 5 BTC, 2.18 BTC, 60 BTC and 39.64 BTC, respectively.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Financial Instruments and Business Risks

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Fair value

The fair value of the Company's financial instruments, including cash, trades and other receivable, accounts payable and accrued liabilities, approximates their carrying value due to their short-term nature. The fair value of borrowings, except the loan payable, approximate their carrying amounts based on actualized cash flows (Level 2).

Digital assets and loan payables are measured at fair value using the quoted price on Cryptocompare (Level 2).

The conversion option is measured at fair value using the Monte Carlo option pricing model (Level 2).

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk is limited and relates to its ability to earn interest income on cash balances. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account.

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 and digital assets.

The Company has a planning and budgeting process to help determine the funds required to support the Company's normal spending requirements on an ongoing basis and its expansionary plans.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Company. The Company's functional currency is the Canadian dollar and most purchases are transacted in Canadian dollars. Management currently does not hedge its foreign exchange risk.

Digital assets and risk management

Digital assets are measured using the rate from Cryptocompare.

Digital asset 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 digital assets; in addition, the Company may not be able liquidate its

inventory of digital assets at its desired price if required. A decline in the market prices for digital assets could negatively impact the Company's future operations.

The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently solely consist of bitcoin and bitcoin cash.

Critical Accounting Estimates and Accounting Policies

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Income from digital assets mining

The Company recognizes income from digital assets mining from the provision of transaction verification services within digital asset networks, commonly termed cryptocurrency mining. As consideration for these services, the Company receives digital asset from each specific network in which it participates ("coins"). Income from digital asset mining is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt. The coins are recorded on the statement of financial position, as digital assets, at their fair value less costs to sell and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit or loss in accordance with the Company's treatment of its digital assets as a traded commodity.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital assets and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of income from digital assets mining for mining of digital assets. Management has examined various factors surrounding the substance of the Company's operations, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital assets received.

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

Leases - Incremental borrowing rate

Judgment is applied when determining the incremental borrowing rate used to measure the lease liability of each lease contract, including an estimate of the asset-specific security impact. The incremental borrowing rate should reflect the interest rate the Company would pay to borrow at a similar term and with similar security.

Income, valued added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the year in which such determination is made.

Useful lives of property, plant and equipment

Depreciation of data miners and equipment are an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of computing industry market and economic factors, including required hashrates, technological changes, availability of hardware and other inputs, and production costs.

Digital asset valuation

Digital assets consist of cryptocurrency denominated assets and are included in current assets. Digital assets are carried at their fair value determined by the spot rate less costs to sell. The digital asset market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital assets would have a significant impact on the Company's earnings and financial position.

Capital Management

The Company's capital currently consists of Common Shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

Share Capital

As of the date of this MD&A, the Company has issued, and outstanding share capital comprised of 66,869,748 Common Shares, 1,325,009 stock options and 3,356,356 warrants.

Risk Factors

See risk factors in the filing statement posted on SEDAR August 26, 2021.