CATHEDRA BITCOIN INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

May 24, 2023

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GLOSSARY OF DEFINED TERMS

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

"**AIF**" means this annual information form dated May 24, 2023;

"**Amended GAM Agreement**" means the May 3, 2022 amendments to the GAM Partnership set out in "*GENERAL DEVELOPMENT OF THE BUSINESS - Three-Year History - Fiscal 2022*";

"**ASIC**" means an application-specific integrated circuit;

"**Audit Committee Charter**" means the charter of the Company's Audit Committee attached hereto as Appendix "A";

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Board**" means the board of directors of the Company;

"**Botnet**" means a number of Internet-connected devices, each of which is running one or more bots (a computer program that does automated tasks). Botnets can be used to perform distributed denial-of-service attack, steal data, send spam, and allows the attacker to access the device and its connection;

"**Bitcoin Mining Rovers**" or the "**Rovers**" refers to the Company' proprietary mobile data centers developed to house bitcoin mining machines;

"**Canaccord**" means Canaccord Genuity Corp.;

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

"**Company**" or "**Cathedra**" means Cathedra Bitcoin Inc.;

"**Common Shares**" or "**Cathedra Shares**" refer to common shares in the capital of the Company;

"**Convertible Debenture Unit**" refers to the convertible debenture units issued under the October 2021 Debenture Financing;

"**Cryptocurrency**" means a form of encrypted and decentralized digital currency, transferred directly between peers across the Internet, with transactions being settled, confirmed and recorded in a distributed public ledger through Mining. Cryptocurrency is either newly "minted" through an initial coin/token offering or Mined, which results in a new coin generated as a reward to incentivize Miners for verifying transactions on the blockchain;

"**Current Facilities**" means the Washington State Facility and the North Dakota Facility;

"**Custodian**" means NYDIG Trust Company LLC;

"**Debentures**" refers to the debentures issued pursuant to the Upsized October 2021 Debenture Financing;

"**Debt Settlement**" refers to the settlement of an aggregate principal amount of Debentures into Common Shares equal to $2,500,000;

"**DMCL**" means Dale Matheson Carr-Hilton LaBonte LLP;

"**February 2021 Private Placement**" means the bought-deal private placement governed by the agreement dated September 24, 2021 between the Company and Canaccord;

"**February Hosting Agreement**" means the hosting agreement dated February 3, 2023 pursuant to which the Company deployed 540 miners at a third-party data center in Kentucky;

"**Fiscal 2020**" means the fiscal year ended December 31, 2020;

"**Fiscal 2021**" means the fiscal year ended December 31, 2021;

"Fiscal 2022" means the fiscal year ended December 31, 2022;

"**Fiscal 2023**" means the fiscal year ended December 31, 2023;

"**Flagship Facility**" means the Washington State Facility;

"**Focused Capital**" means Focused Capital II. Corp.;

"**Fortress Blockchain**" means Fortress Blockchain Corp.;

"**GAM**" means Great American Mining;

"**GAM Containers**" refers to the containers purchased from GAM pursuant to the GAM Partnership;

"**GAM Partnership**" refers to the mining venture entered into between the Company and GAM described under "*GENERAL DEVELOPMENT OF THE BUSINESS - Three-Year History - Fiscal 2021*";

"**Hash**" means the output of a deterministic mathematical function that is used by Miners in their attempts to earn bitcoin rewards. A Hash can be understood as one attempt by a Miner to produce valid "proof-of-work" that will allow the Miner to propose a block of transactions to the Bitcoin network for validation. "**Terahash per Second**" (or "**TH/s**"), "**Petahash per Second**" (or "**PH/s**") and "**Exahash per Second**" (or "**EH/s**") are all measurements of Hashes generated per unit of time, and mean $1x10^{12}$, $1x10^{15}$ and $1x10^{18}$ Hashes per second, respectively;

"**insider"** has the meaning ascribed thereto in TSXV Policy 1.1 – *Interpretation*;

"**January 2022 Options**" means the 266,523 incentive stock options to purchase Common Shares granted on January 26, 2022;

"**January Hosting Agreement**" means the hosting agreement dated January 20, 2023 pursuant to which the Company deployed 150 miners at a third-party data center in Tennessee;

"**January Lease Agreement**" means the lease agreement entered into by the Company on January 29, 2023 to lease the New Washington Facility;

"**January Operating Agreement**" means the operating agreement dated January 29, 2023 entered by the Company with a third-party service provider, under which the service provider manages the Company's miners at the New Washington Facility;

"**June 2022 Offering**" means the non-brokered financing conducted on the same terms as the May 2022 Offering on June 6, 2022;

"**June 2022 Units**" mean the units distributed under the June 2022 Offering;

"**June 2022 Warrants**" means the warrants underlying the June 2022 Units;

"**Kentucky and Tennessee Facilities**" refers to the Company's data centers in Kentucky and Tennessee;

"**kWh**" means kilowatt hours;

“**Legacy Washington Facility**” refers to the Company’s 2-MW bitcoin mine in a leased data enter facility in Washington State, which it has operated since 2018;

“**May 2021 Options**” means the 100,000 incentive stock options to purchase Common Shares granted on May 3, 2021;

“**May 2022 Offering**” means the distribution of up to 17,916,667 May 2022 Units to Kingsway Capital and Ten31 on May 18, 2022;

“**May 2022 Options**” means the 88,841 incentive stock options to purchase Common Shares granted on May 19, 2022;

“**May 2022 Units**” means the units distributed under the May 2022 Offering;

“**May 2022 Warrant**” means the warrants underlying the May 2022 Units;

“**May Hosting Agreement**” means the hosting agreement dated May 23, 2022 pursuant to which the Company deployed 1,129 miners at data centers in Kentucky and Tennessee;

“**MD&A**” means management’s discussion and analysis;

“**Miner**” means any individual, company, organization, or other entity that assembles and proposes blocks of transactions to the Bitcoin network in exchange for newly minted bitcoins and bitcoin transaction fees, or that participates in a bitcoin mining pool;

“**Mining**” means the process of using Miners to provide the service of verifying and validating cryptographic blockchain transactions and being rewarded with cryptocurrency in return for such service;

“**MW**” means megawatt;

“**New Washington Facility**” means the 2.5 MW bitcoin mining facility in Washington State for which the Company entered into the January Lease Agreement;

“**NI 52-102**” means National Instrument 52-102 – *Continuous Disclosure Obligations*;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**NEO**” or “**Named Executive Officer**” has the meaning ascribed to that term in Form 51-102F6 *Statement of Executive Compensation – Venture Issuers*;

“**North Dakota Facility**” means the Company’s mine site in North Dakota;

“**NYDIG**” means NYDIG ABL LLC;

“**NYDIG Financing**” means the equipment financing agreement between the Company and NYDIG entered into on February 4, 2022;

“**OBCA**” means the *Business Corporations Act* (Ontario);

“**October 2021 Debenture Financing**” refers to the non-brokered private placement entered into October 20, 2021;

“**October 2021 Warrant**” refers to a warrant issued under the October 2021 Debenture Financing;

“**OTCQX**” refers to the OTCQX Best Market;

"**Over Allotment Option**" refers to the over allotment option under the February 2021 Private Placement;

"**Promoters**" means Thomas "Drew" Armstrong and Antonin "AJ" Scalia;

"**PSU**" means power supply unit;

"**S19J Pros**" refers to Bitmain Antminer S19J Pro bitcoin mining machines;

"**S19 XPs**" refers to Bitmain Antminer S19 XP bitcoin mining machines;

"**September Hosting Agreement**" means the hosting agreement entered on September 28, 2022 pursuant to which the Company deployed 372 miners at a third-party data center in Tennessee;

"**server farms**" means specialized computers often held in large warehouses where the computers, also known as Miners, validate and verify transactions on a public blockchain. Digital coins or tokens are issued by the applicable cryptocurrency network when Miners solve hash functions;

"**Settlement Amount**" refers to the portion of the outstanding principal amount of Debentures settled by the Company on February 22, 2023;

"**Stage**" has the meaning as provided for in "*DESCRIPTION OF BUSINESS – Development and Future Growth – Sherbrooke Expansion"*;

"**Third-party Operators**" refers to the third-party operators of the Kentucky and Tennessee Facilities;

"**TSXV**" or the "**Exchange**" means the TSX Venture Exchange;

"**U.S. Company**" means the Company's wholly-owned U.S. subsidiary, Fortress Blockchain (US) Holdings Corp;

"**Uni**t" or "**Units**" means the units sold pursuant to the February 2021 Private Placement;

"**Upsized October 2021 Debenture Financing**" means the upsize to the October 2021 Debenture Financing;

"**Warrant**" refers to a warrant issued as part of a Unit under the February 2021 Private Placement;

"**Warrant Share**" refers to a Common Share acquired through the exercise of a Warrant;

"**WeHash**" means WeHash Technology LLP;

"**XP Sale**" means the sale of 600 of the Company's S19 XPs on July 11, 2022;

GENERAL

In this annual information form ("**AIF**"), Cathedra Bitcoin Inc., as the context requires, is referred to as the "**Company**" and "**Cathedra**". As the Company is a venture issuer, the Company is not required to file an annual information form but is doing so voluntarily with the intention of enhancing its corporate disclosure and improving its access to capital markets. Accordingly, all information contained in this AIF is as of May 24, 2023, unless otherwise stated.

Reference is made in this AIF to the Financial Statements and MD&A for the Company for Fiscal 2022, together with the auditor's report thereon. The Financial Statements and MD&A are available for review on the Company's SEDAR profile located at www.sedar.com.

All financial information in this AIF for Fiscal 2022 has been prepared in accordance with IFRS.

STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this AIF are forward-looking statements or information (collectively "**forward-looking statements**"). The Company is providing cautionary statements identifying important factors that could cause the actual results of the Company to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases including, but not limited to, and including grammatical tense variations of such words as: "may", "anticipates", "is expected to", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the Company.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of the date they are made and are based on information currently available and on the then current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest;
- the ability to service debt obligations and maintain flexibility in respect of debt covenants;
- economic dependence on regulated terms of service and electricity rates;
- the speculative and competitive nature of the technology sector;
- dependency on continued growth in blockchain and cryptocurrency usage;
- lawsuits and other legal proceedings and challenges;
- conflict of interests with directors and management;
- government regulations;
- other risks described in this AIF and described from time to time in documents filed with Canadian securities regulatory authorities; and
- other factors beyond the Company's control.

Other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information include, among others, risks relating to: the Company's limited operating history; future capital needs and uncertainty of additional financing; share price fluctuations; the need for the Company to manage its planned growth and expansion; cybersecurity threats and hacking; possibility of cessation of monetization of cryptocurrencies; limited history of de-centralized financial system; technological obsolescence and difficulty in obtaining hardware; price volatility of cryptocurrencies; hazards associated with high-voltage electricity transmission and industrial operations; valuation and price volatility of cryptocurrencies; the Bitcoin Halving Events; cryptocurrency network difficulty and impact of increased global computing power; economic dependence on regulated terms of service and electricity rates risks; future profits/losses and production revenues/expenses; cryptocurrency exchanges are new and mostly unregulated; discretion regarding use by the Company of available funds; political and regulatory risk; permits and licenses; server failures; global financial conditions; tax consequences; environmental regulations; environmental liability; erroneous transactions and human error; the continued development of existing and planned facilities; risks of non-availability of insurance; competition; reliance on key personnel; credit risk; uncertainty of widespread use of cryptocurrency; interest rate risk; fluctuations in currency exchange rates; and COVID-19 pandemic risk. Particular factors which could impact future results of the business of the Company include but are not limited to: the construction and operation of blockchain infrastructure may not occur as currently planned, or at all; expansion may not materialize as currently anticipated, or at all; the digital currency market; the ability to successfully mine digital currency; revenue may not increase as currently anticipated, or at all; it may not be possible to profitably liquidate the current digital currency inventory, or at all; a decline in digital currency prices may have a significant negative impact on operations; the volatility of digital currency prices; the anticipated sustainability of electricity at economical prices for the purposes of cryptocurrency mining; the ability to complete current and future financings; any regulations or laws that will prevent the Company from operating its business; historical prices of digital currencies and the ability to mine digital currencies that will be consistent with historical prices.

Further, any forward-looking statement speaks only as of the date on which such statement is made and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "*RISK FACTORS*".

CURRENCY

Unless otherwise indicated, all references to "US$", "USD$" or "U.S. dollars" refer to United States dollars and references to "$" refer to Canadian dollars.

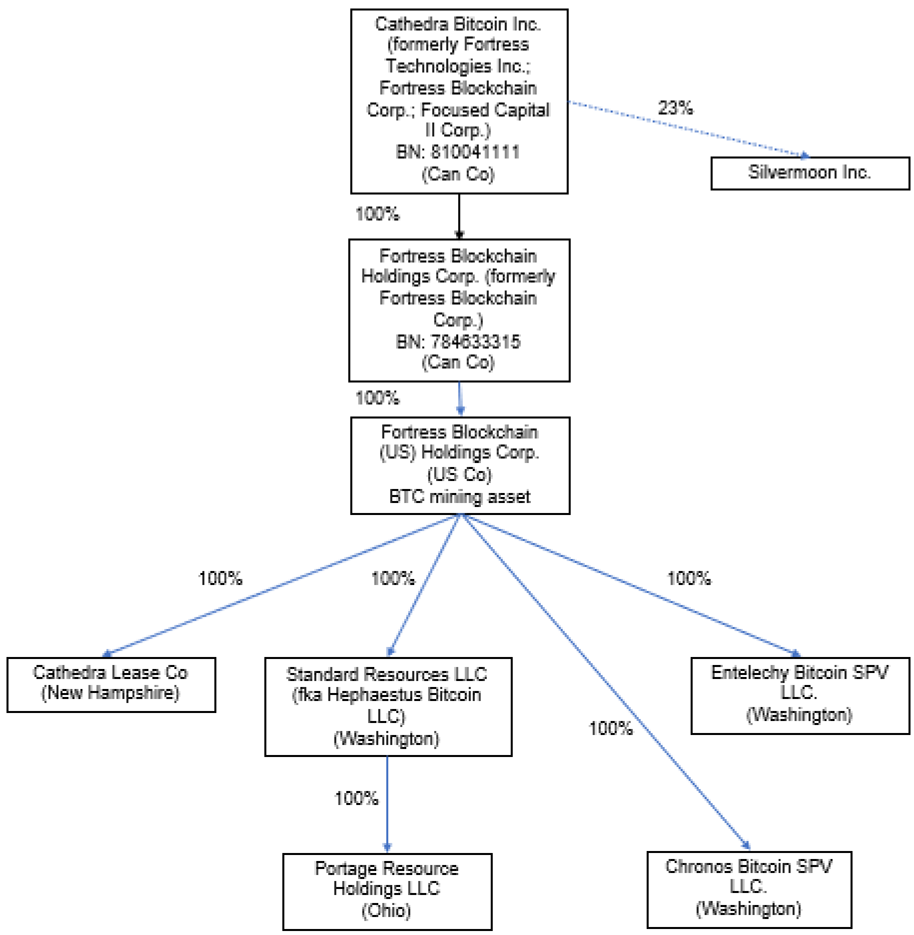
CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the Ontario Business Corporations Act (the "**OBCA**") on July 11, 2011, and continued under the British Columbia Corporations Act (the "**BCBA**") on August 15, 2018. The Company has its registered and head office located at 320-638 Broughton Street, Vancouver, British Columbia, V63 3K3. The Company's common shares (the "**Common Shares**") are listed under the symbol "CBIT" on the TSXV and under the symbol "CBTTF" on the OTCQX Best Market (the "**OTCQX**").

Intercorporate Relationships

As of May 24, 2023, the Company had the following subsidiaries:



GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Fiscal 2020

Development of Operations

In July 2020, the Company announced its intention to commence a normal course issuer bid to purchase for cancellation up to an aggregate of 5,688,227 Common Shares of the Company, representing 8% of the Company's issued and outstanding Common Shares. As of December 2020, the Company had repurchased and cancelled 1,450,000 Common Shares for $195,324.

As of the end of Fiscal 2020, the Company was actively seeking other business opportunities in the technology sector.

COVID-19

In response to COVID-19, the Company took steps to reduce staffing in line with government guidance to help combat the spread of COVID-19. The Company also implemented permanent measures to reduce overhead costs to ensure the Company continues to be well positioned to absorb short-term economic changes and maintain long-term viability.

A summary of the development of bitcoin mining hash rate in Fiscal 2021 is as follows:

Date:	Equipment:
December 2020	19 PH/s of total active bitcoin mining hash rate at year-end

Fiscal 2021

Board and Management Changes

Aydin Kilic resigned as Chief Executive Officer and President of the Company effective September 20, 2021. Upon his resignation, Roy Sebag was appointed interim Chief Executive Officer of the Company.

Marcus Dent was appointed to the board of directors of the Company (the "**Board**") on September 2, 2021.

On September 24, 2021, the Company announced that Aydin Kilic, Joshua Crumb and Michael Costa resigned from the Board, and Antonin "AJ" Scalia and Thomas "Drew" Armstrong were appointed to the Board. AJ Scalia was also appointed as Chief Executive Officer and Drew Armstrong was appointed President and Chief Operating Officer.

Development of Operations

On February 24, 2021, the Company entered into an agreement with Canaccord Genuity Corp. ("**Canaccord**") acting as lead underwriter, whereby Canaccord agreed to purchase 12,000,000 units of the Company (the "**Units**") at a price of $0.63 per Unit (the "**Unit Price**") on a bought deal private placement basis for aggregate gross proceeds of up to $7.6 million (the "**February 2021 Private Placement**"). Each Unit was composed of one Common Share and one Common Share purchase warrant (a "**Warrant**") exercisable to acquire one Common Share (each a "**Warrant Share**") at a price of $0.82 per Warrant Share at any time prior to the date 60 months following closing. The Company also granted Canaccord an option to purchase up to 4,000,000 additional Units at the Unit Price (the "**Over Allotment Option**").

The February 2021 Private Placement closed on March 26, 2021, for aggregate gross proceeds of $9.3 million, composed of the sale of 14,797,700 Units at the Unit Price, including 2,794,700 Units issued pursuant to the

Over Allotment Option. As consideration for the services provided by Canaccord in connection with the February 2021 Private Placement, the Company paid Canaccord a cash commission of $559,240 and issued 887,682 broker warrants, which are exercisable to acquire one Unit at $0.63 per broker warrant at any time for 60 months following the date of closing.

The net proceeds of the February 2021 Private Placement were used for the expansion of the Company's bitcoin mining operations, growth-related opportunities and general corporate purposes.

On April 6, 2021, the Company announced that it had launched a new venture in partnership with Great American Mining ("**GAM**") to increase its bitcoin production (the "**GAM Partnership**"). Pursuant to the GAM Partnership, the Company commissioned and paid for 12 containers (the "**GAM Containers**") to operate 2,160 bitcoin mining machines (180 machines per container). Upon deployment of all GAM Containers and associated mining machines, the Company expected to produce 158 PH/s of bitcoin mining hash rate from the GAM Containers. Under the terms of the GAM Partnership, the Company received between 60% and 85% of the gross bitcoin mined, depending on prevailing bitcoin mining economics.

On September 24, 2021, the Company announced that it had entered into an agreement to purchase approximately $254,000 worth of bitcoin mining machines and $306,000 worth of bitcoin from sellers AJ Scalia and Drew Armstrong in return for 1,000,000 fully paid and non-assessable common shares of the Company, for total consideration of $560,000.

On October 18, 2021, the Company announced the purchase of 180 new MicroBT Whatsminer M30S bitcoin mining machines to be installed at the Company's legacy mine in Washington State (the "**Legacy Washington Facility**").

On October 20, 2021, the Company announced that it had entered into an agreement pursuant to a non-brokered private placement offering to issue up to $20,000,000 of 3.5% senior secured convertible debenture units (each, a "**Convertible Debenture Unit**") due 36 months following the date of issuance to a consortium of institutional investors (the "**October 2021 Debenture Financing**"). Each Convertible Debenture Unit consists of: (i) $1,000 principal amount of senior secured convertible debenture of the Company, and (ii) 641 common share purchase warrants of the Company (each, an "**October 2021 Warrant**"), with each October 2021 Warrant exercisable for one Common Share. Each October 2021 Warrant entitles the holder to acquire a Common Share at an exercise price of $0.95 per October 2021 Warrant for a period of 60 months from the date of issuance. On November 5, 2021, the Company announced an upsize to the October 2021 Debenture Financing (the "**Upsized October 2021 Debenture Financing**"). Upon the Upsized October 2021 Debenture Financing being fully subscribed, there would be an aggregate of $25,000,000 principal of Convertible Debenture Units outstanding convertible for approximately 32,051,282 Common Shares, and approximately 16,025,000 October 2021 Warrants exercisable for 16,025,000 Common Shares. The Company announced the closing of the Upsized October 2021 Debenture Financing on November 12, 2021, which was fully subscribed.

On October 22, 2021, the Company announced that three additional containers had been delivered pursuant to the GAM Partnership, bringing the production of the GAM Partnership mining operation to 92 PH/s across seven GAM Containers. The Company also announced that the delivery of the final five containers was delayed due to supply chain interruptions.

On November 1, 2021, the Company announced the purchase of 4,500 Bitmain Antminer S19J Pro bitcoin mining machines (the "**S19J Pros**"), expected to be delivered in equal installments from April through September 2022. Upon deployment of all 4,500 machines, the purchase would add 450 PH/s to the Company's total hash rate. The total capital expenditure for machines and related hardware in the transaction was approximately US$26 million, which was to be funded using existing working capital and proceeds from the October 2021 Debenture Financing.

On November 18, 2021, the Company announced that three additional containers had been delivered pursuant to the GAM Partnership, bringing the production of the GAM Partnership mining operation to 131 PH/s across 10 GAM Containers. The Company also announced that the delivery of the final two containers under the GAM Partnership was delayed due to supply chain disruptions. The final containers were then expected to be delivered in Q4 2021.

On November 22, 2021, the Company announced the purchase of 600 Bitmain Antminer S19 XP bitcoin mining machines (the "**S19 XPs**"), expected to be delivered in equal installments from July through December 2022. Upon deployment of all 600 machines, the purchase would add 84 PH/s to the Company's total hash rate.

On December 8, 2021, the Company announced that one additional container had been delivered pursuant to the GAM Partnership, bringing the production of the GAM Partnership mining operation to 145 PH/s across 11 GAM Containers.

On December 8, 2021, the Company changed its name from Fortress Technologies Inc. to Cathedra Bitcoin Inc. The Common Shares commenced trading under the new name on the TSX Venture Exchange on December 10, 2021, under the Company's new ticker symbol "CBIT".

A summary of the development of bitcoin mining hash rate in Fiscal 2021 is as follows:

Date:	Equipment:
June 2021	Purchased: 2,160 Whatsminer M31S and M32S machines, adding 158 PH/s of hash rate
October 2021	Purchased: 180 Whatsminer M30S machines, adding 16 PH/s of hash rate
November 2021	Purchased: 4,500 S19J Pro machines, adding 450 PH/s of hash rate
November 2021	Purchased: 600 S19 XP machines, adding 84 PH/s of hash rate
December 2021	177 PH/s of total active bitcoin mining hash rate at year-end

Fiscal 2022

Board and Management Changes

On March 4, 2022, the Company announced three additions to the Company's management team. Isaac Fithian was hired as Chief Field Operations and Manufacturing Officer, Rete Browning was hired as Chief Technology Officer, and Tom Masiero was hired as Head of Business Development.

Development of Operations

On January 24, 2022, the Company announced it had deployed the final container under the GAM Partnership in North Dakota, bringing total hash rate under the partnership to 155 PH/s. The Company also disclosed that, due to unusually cold weather in North Dakota and recent site maintenance, the Company and GAM bitcoin mining operation had seen its performance impaired in recent weeks.

On January 26, 2022, the Company granted 2,361,732 restricted shares units and 266,523 options to acquire Common Shares to employees of the Company and cancelled 1,161,732 restricted share units. See *"PRIOR SALES".*

On February 4, 2022, the Company entered into an equipment financing agreement with NYDIG ABL ("**NYDIG**"), under which NYDIG agreed to provide up to approximately US$17 million in proceeds to fund the expansion of the Company's mining operations (the "**NYDIG Financing**"). The NYDIG Financing bore interest at 14% per annum, was to be repaid over the course of 24 months and was collateralized by Bitmain bitcoin mining machines owned by the Company.

On February 16, 2022, the Common Shares commenced trading on the OTCQX Best Market under the ticker symbol "CBTTF". The Common Shares continued trading on the TSXV under the symbol "CBIT".

On March 17, 2022, the Company began the manufacturing process for proprietary mobile data centers (the "**Bitcoin Mining Rovers**"). The Bitcoin Mining Rovers were initially developed to house bitcoin mining machines which the Company purchased in November 2021. Production and assembly of the Bitcoin Mining

Rovers began in Berlin, New Hampshire, and continued through the course of Fiscal 2022.

On May 3, 2022, the Company announced that the terms of the GAM Partnership had been amended to provide for the conclusion of the business relationship between the Company and GAM on September 15, 2022 (the "**Amended GAM Agreemen**t"). Under the terms of the Amended GAM Agreement, the Company agreed to collect its bitcoin mining machines from the GAM site in North Dakota. GAM also agreed to purchase the 12 containers back from the Company for approximately US$935,750 on or before September 15, 2022.

On May 18, 2022, the Company announced the execution of a subscription agreement with Kingsway Capital and Ten31 for the sale of up to 17,916,667 units (the "**May 2022 Units**") at a purchase price of $0.36 per May 2022 Unit (the "**May 2022 Offering**"). Each May 2022 Unit consists of one common share of the Company and three quarters of one Common Share purchase warrant (a "**May 2022 Warrant**"). Each May 2022 Warrant entitles the holder thereof to acquire one Common Share for a period of five years following the closing date of the May 2022 Offering. A total of 13,437,500 May 2022 Warrants underly the May 2022 Units, with the following exercise prices:

- 2,867,500 May 2022 Warrants at an exercise price of $0.54;
- 2,867,500 May 2022 Warrants at an exercise price of $0.79;
- 2,867,500 May 2022 Warrants at an exercise price of $1.04;
- 2,867,500 May 2022 Warrants at an exercise price of $1.29; and
- 2,867,500 May 2022 Warrants at an exercise price of $1.54.

On May 19, 2022, the Company granted 300,000 restricted shares units and 88,841 options to acquire Common Shares to employees of the Company and cancelled 1,161,732 restricted share units. See *"PRIOR SALES".*

On May 20, 2022, the Company closed the May 2022 Offering for total gross proceeds of $6,450,000 through the sale of 17,916,667 May 2022 Units. Following the completion of the May 2022 Offering, Ten31 became an "insider" of the Company through the acquisition of 625,000 May 2022 Units, including 10,750,000 Common Shares and 8,062,500 May 2022 Warrants, which represents approximately 10.0% of the total number of issued an outstanding Common Shares on an undiluted basis. Immediately prior to the May 2022 Offering, Ten31 did not hold any Common Shares or any warrants of the Company. The Common Shares were acquired by Ten31 for investment purposes, and Ten31 may from time to time in the future, increase or decrease its ownership, control or direction over securities of the Company, through market transactions, private agreements or otherwise.

On May 23, 2022, the Company entered into a hosting agreement (the "**May Hosting Agreement**") under which the Company agreed to deploy certain bitcoin mining machines at various data centers in Kentucky and Tennessee that are owned and managed by a third-party operator (together, the "**Kentucky and Tennessee Facilities**"). Under the May Hosting Agreement, which had an initial term of 12 months, the Company pays a fixed rate of US$0.055 per kilowatt hour ("**kWh**"), plus 10% of gross bitcoin revenue produced by the hosted machines. The Company installed an aggregate 1,129 S19J Pros at the Kentucky and Tennessee Facilities under the May Hosting Agreement from May through August 2022.

On May 27, 2022, the Company repaid all principal and interest due on two outstanding equipment loans for a total of $14,578,870 (US$11,479,425), in accordance with the terms of the loans.

On May 30, 2022, the Company announced it had recently installed 323 machines from its first order of S19J Pros at the Legacy Washington Facility, where they replaced older-generation hardware. As of May 30, 2022, the Legacy Washington Facility produced 52 PH/s.

Throughout May 2022, the Company sold 235 bitcoin at an average price of $37,315 (US$29,152) for total cash proceeds of $8,768,922 (US$6,849,646). With these sales, the Company insulated itself from additional declines in the price of bitcoin and bolstered its liquidity position. Throughout the remainder of 2022 and Q1 2023, the Company continued liquidating 100% of mined bitcoin.

On June 6, 2022, the Company announced that it intended to complete an additional non-brokered financing to the May 2022 Offering on the same terms as the May 2022 Offering to satisfy investor demand (the “**June 2022 Offering**”). The June 2022 Offering was for the sale of 8,000,000 units (the “**June 2022 Units**”) at a purchase price of $0.36 per June 2022 Unit, for gross proceeds of approximately $2,880,000. Each June 2022 Unit consist of one Common Share and three quarters of one Common Share purchase warrant (each a “**June 2022 Warrant**”) for a period of five years following the closing date. A total of up to 6,000,000 June 2022 Warrants underly the June 2022 Units, with the following exercise prices:

- 2,867,500 May 2022 Warrants at an exercise price of $0.54;
- 2,867,500 May 2022 Warrants at an exercise price of $0.79;
- 2,867,500 May 2022 Warrants at an exercise price of $1.04;
- 2,867,500 May 2022 Warrants at an exercise price of $1.29; and
- 2,867,500 May 2022 Warrants at an exercise price of $1.54.

On June 9, 2022, the Company closed the June 2022 Offering for total gross proceeds of $2,880,000 through the sale of 8,000,000 June 2022 Units. Anson Advisors, Inc., an “insider” of the Company, purchased all 8,000,000 June 2022 Units on behalf of certain investment funds for which it serves as co-investment advisor, pursuant to the June 2022 Offering.

On July 11, 2022, the Company announced that, in connection with major downturns in bitcoin mining conditions, it had paused all major capital expenditures to conserve cash and, accordingly, elected to forgo making final payment on the June batch under its S19J Pro order, opting to receive a reduced allocation of 522 machines (versus the 750 originally contemplated).

Additionally, on July 11, 2022, the Company announced it had agreed to sell the 600 S19 XPs (the “**XP Sale**”) which were scheduled to be delivered in six equal tranches from July through December 2022, for total proceeds of US$4,116,000. The net proceeds from the sale were to be used to reduce the $25,000,000 face value of the Company’s outstanding convertible debenture.

On August 18, 2022, the Company announced it had elected to forgo making final payment on its July batch of S19J Pros, instead taking delivery of a reduced allocation of 635 machines (versus the 750 originally contemplated). The Company also announced its intention to take delivery of its full allocation of 750 machines per month in each of August and September.

On September 28, 2022, the Company entered into a hosting agreement (the “**September Hosting Agreement**”) under which it deployed 372 machines from its May batch of S19J Pros at a third-party data center in Tennessee. Under the initial terms of the September Hosting Agreement, which lasts for an initial term of 12 months, the Company pays a fixed rate of US$0.07 per kWh, plus 5% of gross bitcoin revenue. The installation of the S19J Pros was completed on October 10, 2022.

On October 11, 2022, the Company announced that pursuant to the Amended GAM Agreement, the Company had concluded its partnership with GAM. The last of the Company’s machines and containers were retired from the North Dakota site, including four which were tendered to GAM in exchange for waived power and generator expenses, and eight that were relocated into storage.

On October 25, 2022, the Company announced the grant of 487,244 restricted share units to an officer of the Company.

On November 14, 2022, the Company announced it had implemented additional measures to reduce operating expenses and increase cash flow, cutting payroll by over 60% through a combination of lay-offs and salary reductions, canceling certain real estate leases, and eliminating significant other general and administrative costs.

In December 2022, the Company prepaid the full outstanding principal balance on its last equipment loan for a total of US$270,690. The equipment loan carried interest at 15% and was prepaid at par value.

A summary of the development of bitcoin mining hash rate in Fiscal 2022 is as follows:

Date:	Equipment:
July 2022	Sold: 400 S19 XP mining machines, removing 56 PH/s of total hash rate
December 2022	203 PH/s of total active bitcoin mining hash rate at year-end

Fiscal 2023

Development of Operations

On January 3, 2023, the purchaser of the S19 XPs in the previously announced XP Sale declined to accept delivery and make payment on the final 200 machines. Consequently, on January 10, 2023, the Company and the purchaser entered into a termination agreement which mutually released each party of and from any and all remaining obligations under the original purchase agreement. The Company retained the 200 remaining S19 XPs for its own mining operations.

On January 12, 2023, the Company announced it had deployed an additional 920 S19J Pros at the Legacy Washington Facility and had recently optimized its operations at two sites by "underclocking" certain of its existing machines—reducing power draw to improve machine efficiency, as measured by energy consumed per unit of hash rate produced. Additionally, the Company announced it had made further reductions to corporate salaries, saving an estimated US$285,000 per year in payroll expenses. Furthermore, the Company reached an agreement with its board of directors to restructure the board's compensation plan. Under the restructured plan, the Company reduced its total cash directors' fees by US$62,400 per year and in return granted its directors a total of 1,560,000 restricted share units under the Company's long-term incentive plan for the 2023 fiscal year. The restricted share units will vest one year following the date of the grant, being January 6, 2023.

On January 20, 2023, the Company deployed 150 of the remaining 200 S19 XPs at a third-party data center in Tennessee. Under the terms of the hosting agreement (the "**January Hosting Agreement**"), which lasts for an initial term of 12 months, the Company pays a fixed rate of US$0.07 per kWh, plus 10% of gross bitcoin revenue produced by the hosted S19 XPs.

On January 29, 2023, the Company entered into an agreement to lease a 2.5-megawatt ("**MW**") bitcoin mining facility (the "**New Washington Facility**") in Washington State (the "**January Lease Agreement**"). The January Lease Agreement has an initial term of 24 months, under which the Company will make lease payments of US$108,000 per month, a rate equivalent to US$0.06 per kWh, including all electricity costs. Under the January Lease Agreement, the Company also received a right of first opportunity to purchase the 2.5-MW facility and several adjacent facilities on the same premises, which together total approximately 10 MW of bitcoin mining capacity.

On January 29, 2023, the Company entered into an operating agreement (the "**January Operating Agreement**") with a third-party service provider, under which the service provider will manage the Company's bitcoin mining machines at the New Washington Facility in exchange for 10% of the gross revenue produced by the Company's machines at the New Washington Facility. The January Operating Agreement has an initial term of 24 months.

On February 3, 2023, the Company entered into a hosting agreement (the "**February Hosting Agreement**") under which it will deploy 490 S19J Pros and 50 S19 XPs at a third-party data center in Kentucky. The February Hosting Agreement has an initial term of 12 months, and the Company will pay a fixed rate of US$0.07 per kWh, plus 10% of gross bitcoin revenue produced by the hosted machines.

On February 22, 2023, the Company approved the settlement of a portion of the outstanding principal amount (the "**Settlement Amount**") of debentures issued pursuant to the Upsized October 2021 Debenture Financing (the "**Debentures**"). The Settlement Amount was convertible into that number of Common Shares as was equal to the lesser of (i) not more than 9.9% of the total outstanding Common Shares at the time of such settlement, and (ii) the settlement of an aggregate principal amount of Debentures into Common Shares equal to $2,500,000 (the "**Debt Settlement**"). On April 10, 2023, the Company announced that the Settlement

Amount was equal to $2,500,000 settled for 18,518,518 Common Shares. The remaining principal amount of Debentures outstanding following the Debt Settlement will continue to bear interest at a rate of 3.5% per annum from the date of issue, payable quarterly in arrears on the last day of March, June, September and December of each year until November 11, 2024.

Over the course of Q4 2022 and Q1 2023, the Company liquidated certain credits and coupons from third-party suppliers for approximately US$1.8 million in total cash proceeds.

On April 18, 2023, the Company announced it had completed the deployment of the 490 S19J Pros and 50 S19 XPs under the February Hosting Agreement. Additionally, the Company deployed approximately 400 of the total 773 S19J Pro machines under the January Lease Agreement.

In April 2023, the Company began retaining a portion of the bitcoin mined by its operations in the Company's treasury once again. As of May 24, 2023, the Company held approximately $3,848,415 of cash and $653,000 of bitcoin (17.96 bitcoin) for a total of approximately $4,501,415 of cash and bitcoin.

Board and Management Changes

On April 5, 2023, the Company announced that Roy Sebag had resigned form the Company's board of directors, effective April 4, 2023. Drew Armstrong, President and Chief Operating Officer, assumed the role of Chairman upon Mr. Sebag's resignation.

Current Hash Rate

As of May 24, 2023, the Company's active bitcoin mining hash rate totaled 343 PH/s across three states and seven locations in the United States. The Company expects to deploy at least an additional 35 PH/s by the end of Fiscal 2023.

DESCRIPTION OF BUSINESS

Description of the Business

Cathedra Bitcoin Inc. (TSX-V: CBIT; OTCQX: CBTTF) is a Bitcoin company that believes sound money and abundant energy are the keys to human flourishing. The Company has diversified bitcoin mining operations which produce 343 PH/s across three states and seven locations in the United States. The Company is focused on managing and expanding its portfolio of hash rate through a diversified approach to site selection and operations, utilizing multiple energy sources across various jurisdictions. The Company's business model is to produce bitcoin at below-market cost, retaining a portion of bitcoin mined on the Company's balance sheet indefinitely.

The Company is headquartered in Vancouver, British Columbia, with mining operations in the United States. In Washington State, the Company operates two bitcoin mines that produce approximately 129 PH/s of bitcoin mining hash rate and are powered by grid electricity. The Company expects to add approximately 35 PH/s to its second Washington facility with the completion of an expansion plan in the coming weeks.

The Company also hosts bitcoin mining machines at five third-party data centers in Kentucky and Tennessee which collectively produce approximately 214 PH/s of bitcoin mining hash rate.

As of May 24, 2023, the Company's diversified bitcoin mining operations produce approximately 343 PH/s and span three states and seven locations in the United States.

Bitcoin Background

The Company's business model centers on bitcoin mining.

Bitcoin is the oldest and most commonly used cryptocurrency today. As outlined by the seminal bitcoin whitepaper, *Bitcoin: A Peer-to-Peer Electronic Cash System*[1], bitcoin is a form of digital currency, or an "electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without the need for a trusted third party." Bitcoin depends on a consensus-based network and a public ledger, known as a "blockchain," which contains the record of every bitcoin transaction ever processed. Transactions listed on the Bitcoin blockchain are verified through a process called "mining."

The miners which the Company operates are highly specialized computer servers built to use application-specific integrated circuit ("**ASIC**") chips that are designed specifically to mine bitcoin. These computer servers are referred to as "mining rigs," "mining machines," "miners," and "rigs." With them, the Company produces computing power, known as "hash rate," with which the Company confirms transactions on the Bitcoin blockchain. Bitcoin "mining" refers to the process of confirming transactions on the Bitcoin blockchain, which helps keep the Bitcoin network and its blockchain secure.

Principal Market Overview

Bitcoin mining can serve as a "permissionless energy sink," meaning it allows anyone, anywhere, at any time, to convert electricity into digital currency. The Company believes this phenomenon has profound implications for the energy sector that market participants have only just begun to appreciate, including the following:

- bitcoin mining incentivizes new and more efficient forms of energy generation, which the Company believes may lead to a general decline in the price of energy;
- bitcoin mining serves as a dispatchable load, which can help to stabilize power grids and allow greater penetration of intermittent renewables at the grid level;
- bitcoin mining can help set a price floor for energy by acting as a "buyer of last resort," monetizing stranded, wasted, or otherwise non-rival energy by converting it into digital currency; and
- bitcoin mining can act as a "captive customer" for new power plants, providing stable, predictable demand for electricity, thereby reducing the cost of capital for such projects.

The Company believes that in the coming decades, bitcoin mining will saturate the energy sector; the gradual convergence of these two industries has already begun and will accelerate from both directions.

Cathedra's Business and Strategy

Bitcoin mining companies manage portfolios of hash rate. As in the traditional asset management business, diversification can be a powerful tool to improve risk-adjusted performance. Whereas most of the large, publicly traded bitcoin miners continue to pursue a similar strategy to one another—developing and/or renting space at hyperscale datacenters in a single electricity market—the Company has aimed to optimize its approach to minimize regulatory, market, environmental, or other idiosyncratic risk within its portfolio of hash rate. As of May 24, 2023, the Company's diversified bitcoin mining operations produce approximately 343 PH/s and span three states and seven locations in the United States.

In the near term, the Company's primary objectives are to:

- expand its diversified hash rate portfolio in a cost-efficient manner;
- continue building the Company's bitcoin treasury; and
- cultivate relationships with the leading energy companies to leverage synergies between bitcoin mining in the energy sector and source low-cost power for bitcoin mining.

See "*DESCRIPTION OF BUSINESS - Hardware and Software*" for a description of the hardware currently utilized in the Company's operations.

Current Bitcoin Mining Operations

[1] Satoshi Nakamoto, "Bitcoin: A Peer-to-Peer Electronic Cash System", online: *bitcoin.org* <bitcoin.org/bitcoin.pdf>.

The following tables contain a summary of the Company's active bitcoin mining operations as of the date of this AIF:

Site Name	State	Contract Type	Fixed Hosting/Power Rate (US$/kWh)	Revenue Share (%)	Number of Machines	Machine Model
Kentucky A	KY	Hosting	$0.055	10%	375	S19J Pro
Kentucky B	KY	Hosting	0.055	10%	522	S19J Pro
Tennessee A	TN	Hosting	0.055	10%	232	S19J Pro
Tennessee B	TN	Hosting	0.070	15%	372	S19J Pro
Tennessee B	TN	Hosting	0.070	10%	150	S19 XP
Kentucky C	KY	Hosting	0.070	10%	490	S19J Pro
Kentucky C	KY	Hosting	0.070	10%	50	S19J XP
New Wash.	WA	Lease	0.060	10%	427	S19J Pro
Legacy Wash.	WA	Lease	0.046	–	1,423	S19J Pro
Total/Average			**$0.058**	**8%**	**4,041**	

Site Name[1]	Break-Even Hash Price (US$/PH/s/d)	Monthly Bitcoin (BTC)[2]	Cost Per Bitcoin (US$)[3]	Hash Rate (PH/s)[4]	Power Draw (kW)	Efficiency (J/TH)	Expiration Date
Kentucky A	$44.00	3.13	$14,409	38	1,125	30	Q2 2023
Kentucky B	44.00	4.36	14,409	52	1,566	30	Q3 2023
Tennessee A	44.00	1.94	14,409	23	696	30	Q2 2023
Tennessee B	45.61	2.02	14,107	24	558	23	Q3 2023
Tennessee B	40.13	1.76	13,143	21	452	22	Q1 2024
Kentucky C	56.00	4.10	18,339	49	1,470	30	Q2 2024
Kentucky C	40.13	0.59	13,143	7	151	22	Q2 2024
New Wash.	49.77	3.45	16,299	41	1,285	31	Q2 2025
Legacy Wash.	25.09	7.36	9,130	88	2,000	23	Q4 2025
Total/Average	**$40.89**	**28.70**	**$13,720**	**343**	**9,302**	**27**	

Notes:
1 Includes only active bitcoin mining operations and does not account for machines in storage or which are not deployed. Metrics assume 100% up-time.
2 Represents expected monthly gross bitcoin production assuming current bitcoin mining conditions, reflecting hash price of $73.93/PH/s/d bitcoin price of US$26,901.
3 Cost per bitcoin metric assumes network hash rate of 350 EH/s and transaction fees equal to 7.00% of total block reward.
4 Expected gross hash rate produced by the Company's machines (excludes revenue share component).

Recently Completed Development and Future Growth Plans

The Company has described its recently completed and future expansion plans below under the sections "*Washington Operations*", "*North Dakota Operations*", "*Kentucky & Tennessee Operations*" and "*Manufacturing Operations*".

The estimated costs and timelines to achieve future growth plans may change based on, among other factors, the prevailing price of Bitcoin, network difficulty, supply of cryptocurrency mining equipment, supply of electrical and other supporting infrastructure equipment, construction materials, currency exchange rates, the impact of COVID-19 on the supply chains described above and the Company's ability to fund the initiatives. The Company's future growth plans are reliant on a consistent supply of electricity at cost-effective rates, see the "*RISK FACTORS*" section of this AIF for further details.

Washington Operations

Since 2018, the Company has operated a 2-MW bitcoin mine in a leased data center facility in Washington State (the "**Legacy Washington Facility**"). At the Legacy Washington Facility, the Company pays approximately US$0.046 per kWh for electricity from the grid, which is predominantly generated by hydroelectric sources, according to the Washington State Department of Commerce 2020 Fuel Mix Disclosure[2]. In 2023, the local utility increased the electricity rate for bitcoin miners to approximately US$0.046 per kWh from approximately US$0.026 per kWh. Over the past several years, the Company has made several improvements to the Legacy Washington Facility, installing custom firmware on some machines and replacing older-generation machines with more efficient units. As of May 24, 2023, the Legacy Washington Facility produces approximately 88 PH/s of bitcoin mining hash rate.

In January 2023, the Company entered into an agreement to lease a 2.5-MW bitcoin mining facility in Washington State (the "**New Washington Facility**") and an operating agreement with a third-party service provider under which the service provider will manage the Company's bitcoin mining machines at the New Washington Facility. Under the two agreements, the Company will pay an all-in cost of approximately US$0.06 per kWh plus 10% of gross revenue produced by the Company's machines at the site.

The agreements last for an initial term of 24 months and provide the Company a right of first opportunity (the "**ROFO**") to purchase the New Washington Facility and several adjacent facilities on the same premises, which together total approximately 10 MW of bitcoin mining capacity. The ROFO expires upon termination or expiration of the lease agreement.

As of May 24, 2023, the New Washington Facility produces approximately 41 PH/s of bitcoin mining hash rate. The Company expects to add approximately 35 PH/s to the New Washington Facility with the completion of an expansion plan in the coming weeks.

North Dakota Operations

During 2021 and 2022, the Company partnered with Great American Mining ("**GAM**") on a bitcoin mining venture under which the two companies developed and operated a bitcoin mine powered by electricity that was generated off-grid using natural gas that would otherwise be flared or vented in North Dakota.

Under the partnership, the Company commissioned GAM to design and manufacture 12 bitcoin mining containers (the "**GAM Containers**") to house approximately 1,980 MicroBT Whatsminer M31S and 180 MicroBT Whatsminer M32S bitcoin mining machines capable of producing an aggregate 158 PH/s. Together, the Company and GAM deployed these 12 containers over the course of 2021 and 2022 at the gas wells in North Dakota.

By October 2022, in response to worsening bitcoin mining conditions and elevated power generation prices, the Company and GAM had concluded their partnership, retiring the last of the machines and containers. The Company tendered four of the GAM Containers to GAM in exchange for waived power and generator expenses at the conclusion of the partnership. The Company has relocated the remaining eight containers and all machines into storage until such time as they can be redeployed at a profitable site.

Kentucky & Tennessee Operations

Throughout 2022, the Company entered into a series of hosting agreements under which the Company deployed approximately 1,991 S19J Pros and 200 S19 XPs at five data centers across Kentucky and Tennessee (the "**Kentucky and Tennessee Facilities**") which are owned and managed by third parties. Under each of the Kentucky and Tennessee hosting agreements, the Company pays a fixed rate per kilowatt hour ranging from US$0.055 to US$0.070, plus a share of the revenue produced by the Company's machines at each site, ranging from 10% to 15%. Each of the Kentucky and Tennessee hosting agreements lasts for an initial term of 12 months.

As of May 24, 2023, Company's operations in Kentucky and Tennessee span five locations and produce approximately 214 PH/s of hash rate.

[2] "Washington electric utility fuel mix disclosure reports" (2020), online: *Washington State Department of Commerce – Energy Division* <www.commerce.wa.gov/wp-content/uploads/2022/08/CY-2020-report.pdf>.

Manufacturing Operations

In late 2021, the Company began developing proprietary modular bitcoin mining data centers (the "**Bitcoin Mining Rovers**" or the "**Rovers**"). The Rovers were designed and assembled in-house and can be deployed in on- and off-grid bitcoin mining environments, allowing the Company to capitalize on low-cost energy from a variety of sources. The Company believed developing in-house design and manufacturing capabilities would afford it greater control over its supply chain, rate of expansion, and cost structure compared to an outsourced model.

In Q3 2022, in response to a weakening market outlook, the Company paused all major capital expenditures, including those associated with Rover manufacturing. As of May 24, 2023, the Company had completed production of three Rovers, which it intends to deploy at sites with favorable economics in the future. The Company many elect to resume manufacturing Rovers in the future, utilizing the in-house knowledge it developed over the last two years.

General Development and Future Growth

Bitcoin mining and macroeconomic conditions worsened materially throughout 2022. By December 31, 2022, the price of bitcoin had declined by more than 75% from its all-time-high in 2021, and network hash rate hovered near record-highs. In preparation for a prolonged market downturn, the Company undertook a variety of measures through Fiscal 2022 to raise and conserve cash, reduce risk, and strengthen its balance sheet. See "*GENERAL DEVELOPMENT OF THE BUSINESS - Fiscal 2022*".

By minimizing operating costs wherever possible and improving the efficiency of its machines through underclocking, the Company has maintained a healthy cash position during a challenging period for the bitcoin mining industry. Maintaining a strong cash balance has allowed the Company to benefit from the rising purchasing power of bitcoin, even increasing its bitcoin treasury via opportunistic purchases in response to global trends. In May 2023, the Company has again begun to retain some of its mined bitcoin and holds a total of 17.96 bitcoin, worth approximately C$653,000 as of the date of this AIF.

The Company expects to complete the deployment of the last 35 PH/s of hash rate from machines purchased in Fiscal 2021 in the second quarter of Fiscal 2023, which will bring the total active hash rate to approximately 378 PH/s. In addition to harvesting the investments made in Fiscal 2021 and Fiscal 2022, the Company intends to continue expanding its portfolio of hash rate while prioritizing capital efficiency, through opportunistic purchases of ASICs and a diversified approach to site selection.

Additionally, the Company holds an inventory of approximately 2,342 idle Whatsminer M31S, M32S, and M30S machines from previous deployments, along with three Rovers and eight GAM Containers. The Company will continue to explore opportunities to deploy these less efficient machines along with the Rovers and GAM Containers to increase the Company's portfolio of hash rate.

Financing

See "*GENERAL DEVELOPMENT OF THE BUSINESS - Three-Year History"* for a description of each of the financings undertaken by the Company.

Revenue

In the 12-month period ending December 31, 2022, the Company generated revenues of $8,809,104 from its bitcoin mining activities. In the 12-month period ending December 31, 2021, the Company generated revenues of $7,801,311 from its bitcoin mining activities.

Products and Services

The Company is predominantly a proprietary bitcoin mining company. The Company confirms transactions for, and provides settlement assurances to, users of the Bitcoin blockchain. In return, the Bitcoin network compensates the Company with newly minted bitcoins and bitcoin transaction fees. The Company's business model is to convert electricity into bitcoins at below-market cost, retaining as many mined coins as possible on the Company's balance sheet indefinitely.

Specialized Skill and Knowledge

AJ Scalia and Drew Armstrong have been active in the bitcoin mining ecosystem for several years. See "*DIRECTORS AND OFFICERS*".

Competitive Conditions

The bitcoin mining industry is highly competitive. There are several companies competing in the Company's industry, including, but not limited to, Hut 8 Mining Corp. (TSX: HUT and Nasdaq: HUT), Hive Blockchain Technologies Ltd. (TSXV and NASDAQ: HIVE), Bitfarms Ltd (TSX and NASDAQ: BITF), Digihost Technology Inc. (TSXV: DGHI), Core Scientific Inc. (Formerly NASDAQ: CORZ); Riot Platforms, Inc. (NASDAQ: RIOT), Marathon Digital Holdings Inc (NASDAQ: MARA), Iris Energy Ltd. (NASDAQ: IREN), and CleanSpark Inc. (NASDAQ: CLSK). In addition, many other private companies are active in the industry.

It is difficult to obtain an accurate estimate of market share. As at the date of the AIF, the hash rate of the Company's installed machines represented an estimated 0.01% of the entire Bitcoin network's hash rate, which is estimated to total approximately 350 EH/s. Estimates of the Bitcoin network hash rate can be retrieved at www.blockchain.com/en/charts/hash-rate. Management believes its facilities collectively rank among the most cost-effective public bitcoin mining operations in North America based on total capital expenditures and ongoing operating expenses.

Hardware and Software

The main components of the Company's bitcoin mining operations are ASICs, or specialized bitcoin mining machines in each of the Company's data center facilities; power supply units ("**PSUs**"); networking equipment, security equipment; electronic components; cooling equipment; and other miscellaneous hardware.

The table below provides a summary of the Company's current portfolio of bitcoin mining ASICs:

Manufacturer	**Series**	**Model**	**Count**	**Hash Rate/Unit (TH/s)[1]**	**Power Draw/ Unit (W)[1]**	**Efficiency (J/TH)[1]**	**Date Acquired**	**Status[2]**
Bitmain	Antminer	S19 XP	204	140	3,010	22	Nov-21	Active
Bitmain	Antminer	S19J Pro	3,413	100	3,000	30	Nov-21	Active
MicroBT	Whatsminer	M30S	182	90	3,400	38	Oct-21	Inactive
MicroBT	Whatsminer	M31S+	15	82	3,444	42	Sep-21	Active
Bitmain	Antminer	S17	3	52	2,198	42	Sep-21	Inactive
MicroBT	Whatsminer	M31S	1,980	74	3,330	45	Jun-21	Inactive
MicroBT	Whatsminer	M32S	180	64	3,330	52	Jun-21	Inactive
Bitmain	Antminer	S9	1,596	14	1,323	98	Mar-18	Inactive

Notes:

1 Machine specifications represent average specifications provided by the manufacturer and do not account for any efficiency improvements realized by the Company through underclocking.

2 "Active" status indicates machines that are currently mining or expected to be upon the Company's completion of its expansion at the New Washington Facility.

The majority of the Company's currently operating bitcoin mining machines and those recently secured by purchase orders in connection with the expansion plans are primarily manufactured by Bitmain Technologies and MicroBT, both leading suppliers of ASICs for the bitcoin mining industry. The machines are typically purchased directly from the manufacturer; however, during elevated demand and pricing conditions, the Company has made purchases through secondary suppliers on occasion.

Custody of Bitcoin

The Company holds its bitcoins through its wholly-owned U.S. subsidiary, Fortress Blockchain (US) Holdings Corp. (the "**U.S. Company**"). The U.S. Company works with NYDIG Trust Company LLC, a third-party custodian headquartered in New York City (the "**Custodian**"), who utilizes a cold storage custody configuration to store the U.S. Company's cryptocurrency assets. The Custodian generates private keys offline, utilizing hardware that is not connected to the internet, mitigating the risk of remote access by hackers. The Company is not aware of any security breaches or similar incidents involving the Custodian as a result of which cryptocurrency assets have been lost or stolen. Cryptocurrency private keys that are held using the Custodian's cold storage custody services are covered by an insurance policy from a syndicate of insurers that covers losses in a calendar year up to a specified amount. Subject to the full policy terms, conditions and exclusions, including sub-limits for certain types of losses, the policy covers: unrecoverable losses due to natural catastrophe, unrecoverable losses due to theft or copying of the private keys by a third party physically present within a secure area, insider and third-party collusion, and secure transit of related materials between the various geographically diverse secure storage facilities. However, the Company cannot ensure that the limits of this policy will be available to the Company or, if available, sufficient to make the Company whole for any of its bitcoins that are stolen or lost.

The Custodian has a track record of providing secure custody solutions to major banks, insurance companies, and other financial institutions, The Custodian is not a Canadian financial institution as defined in National Instrument 45-106 – *Prospectus Exemptions*, however it is a limited purpose trust company under applicable United States laws and is regulated by the New York Department of Financial Services. Prior to the U.S. Company onboarding with the Custodian, The Company performed a rigorous due diligence process to ensure that the Company's bitcoins would remain safe. The Custodian maintains stringent governance controls and utilizes a top-tier auditor for financials and custody procedures, including SOC 1 and SOC 2 reports. As of the date of this AIF, substantially all of the Company's cryptocurrency assets (approximately 98%) are held by the U.S. Company with the Custodian. In all reporting periods which ended prior to Fiscal 2021, the Company maintained self-custody of its cryptocurrency assets and accordingly, none were held through the Custodian.

The Company is not aware of any sub-custodian used by the Custodian in the provision of custodial services of the U.S. Company's cryptocurrency assets. While the Company cannot ensure that this will always be the case because the Custodian retains the contractual ability to use a sub-custodian, any such sub-custodian would be required to be appropriately licensed and regulated in the U.S. as a digital asset custodian. The Custodian is not a related party of the Company. The Company is not aware of anything with regards to the Custodian's operations that would adversely affect the Company's ability to obtain an unqualified audit opinion on its audited financial statements. The assets for which the Custodian provides custodial services to the U.S. Company do not change title and remain as assets on the Company's balance sheet, including in the event that the Custodian were to go bankrupt or become insolvent.

See also "*RISK FACTORS – Cybersecurity Threats and Malicious Actors*".

Currently, the strategy of the Company is to periodically sell bitcoin only as needed to cover operating expenses.

Supply of Electrical Power, Electricity Rates, Terms of Service

The cost of electricity is the primary determinant of the ongoing profitability of a bitcoin mine. See "*DESCRIPTION OF BUSINESS – Current Bitcoin Mining Operations"* for a summary of the Company's various operations, including the relative costs of operations.

At the Legacy Washington Facility, the Company pays approximately US$0.046 per kWh for electricity from the grid, which is predominantly generated by hydroelectric sources, according to the Washington State Department of Commerce 2020 Fuel Mix Disclosure[3]. The Company pays US$0.060 per kWh pursuant to a lease agreement at the New Washington Facility, which includes electricity that is generated from the same sources.

At the Kentucky and Tennessee Facilities, the Company pays between US$0.055 and US$0.070 per kWh for

[3] Ibid.

electricity from the grid, which is predominantly generated using carbon-free sources, according to the Tennessee Valley Authority's FY 2020 Generation Portfolio[4].

See also "*RISK FACTORS – Access to Power and Electricity Rate Risks*".

Employees

As of the date of this AIF, the Company has five full-time employees and one part-time contractor.

Environmental Policies

The Company does not currently have any formal environmental policies in place; however, the Company's bitcoin mining operations across Washington, Tennessee, and Kentucky are powered using electricity which is predominantly generated from carbon-free sources, particularly hydroelectric and nuclear.

To the best of the Company's knowledge, the Company will not incur significant costs or investments in order to comply with provisions relating to environmental protection, besides maintaining the procedures currently applied.

Bankruptcy Proceedings

There have been no bankruptcies, receiverships, or similar proceedings against the Company or any of its subsidiaries, whether voluntary or otherwise, since incorporation and, to the knowledge of management, there are no such contingent or threatened proceedings.

RISK FACTORS

An investment in the shares of the Company ("**Cathedra Shares**") should be considered highly speculative due to the nature of the Company's business and the present stage of development. An investment in Cathedra Shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Potential investors should consult with their professional advisors to assess an investment in the Company. In evaluating the Company and its business, investors should carefully consider, in addition to other information contained in this AIF, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with its operations.

The following are certain factors relating to the Company's business which prospective investors should carefully consider before deciding whether to purchase Cathedra Shares in authorized capital. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones the Company is facing. Additional risk and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair operations. If any such risks actually occur, the business, financial condition, liquidity and results of operations could be materially adversely affected.

Limited Operating History

The Company has only a limited operating history upon which an evaluation of the Company and its prospects can be based. The Company is subject to many risks common to venture enterprises, including under-capitalization, cash shortages, commercially unattractive costs of capital and financing arrangements, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment or meeting

[4] "Diverse and Cleaner Energy Mix" (2022), online: *Tennessee Valley Authority* <www.tvasites.com/wp-content/uploads/TVA-Generation-Portfolio-2022.pdf>.

other metrics of success.

The Company incurs substantial expenses in the establishment and operation of its business. A significant portion of the Company's financial resources have been and will continue to be, directed to the development of its business and related activities. The success of the Company will ultimately depend on its ability to generate cash from its business. There is no assurance that the required funds will be available for future expansion of the Company's business. If the Company does not have access to the required funds to continue the operation and development of its business and operational activities, and to the extent that it does not generate cash flow and income, the Company's long-term viability may be materially and adversely affected.

Liquidity and Future Financing Risk

The Company may require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations and expansion plans will depend in part upon prevailing capital market conditions and business success. There can be no assurance that Cathedra will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. Moreover, future activities may require the Company to alter its capitalization significantly and, if additional financing is raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of current holders of the Common Shares. The inability of the Company to access sufficient capital for its operation could have a material adverse effect on the Company's financial condition and results of operations.

In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Going Concern Risk

The Company's Financial Statements have been prepared using accounting principles applicable to a going concern which assumes an entity will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Cathedra's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving its growth plans. The Financial Statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should it be unable to continue as a going concern.

Profit and Cash Flow Risk

The Company may sell its coins to pay for expenses incurred, irrespective of then-current coin prices. Consequently, the Company's coins may be sold at a time when the price is low, resulting in a negative effect on its profitability. The Company believes that the risk of this outcome is preferred over potentially greater risks of holding coin inventories and speculating in the price of coins.

Further development and acquisitions of server farms and the ongoing operation of the existing mines will require additional capital and monthly expenses. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with the maintenance of the mines and any other mines the Company may acquire are added. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital.

There can be no assurance that the Company will generate net profits in future periods. Further, there can be no assurance that the Company will be cash flow positive in future periods. In the event that the Company fails to achieve profitability in future periods, the value of the Company's Common Shares may decline. In addition, if the Company is unable to achieve or maintain positive cash flows, the Company would be required to seek additional financing, which may not be available on favorable terms, if at all.

Discretion Regarding Use by Company of Available Funds

The Company's management will have discretion in the application of available funds. The Company may elect to allocate available funds differently than as described herein if the Company believes it would be in the Company's best interests to do so. The failure by the Company's management to apply these funds effectively could have a material adverse effect on the Company, its business or its financial performance. The Company will not pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding operations. The actual amount of any future dividends, if any, received from the Company will remain subject to the discretion of the board of directors and will depend on results of operations, cash requirements and future prospects of the Company.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies (such as the Company), have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur.

Tax Consequences

The transactions described herein may have tax consequences in Canada or another jurisdiction, depending on each particular existing or prospective shareholder's specific circumstances. Such tax consequences are not described herein, and this AIF is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. Existing and prospective shareholders should consult their own tax advisors with respect to any such tax considerations.

Facility Developments

The continued development of existing and planned facilities is subject to various factors and may be delayed or adversely affected by such factors beyond the Company's control, including delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment into existing infrastructure, shortages in materials or labour, defects in design or construction, diversion of management resources, insufficient funding, or other resource constraints. Actual costs for development may exceed the Company's planned budget. Delays, cost overruns, changes in market circumstances and other factors may result in different outcomes than those intended.

Risks of Non-Availability of Insurance

Where considered practical to do so, the Company will maintain insurance against risks in the operation of its business and in amounts that it believes to be reasonable. Such insurance, however, will contain exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. The novelty of the industry may impair the ability of the Company to acquire adequate insurance coverage for risks associated with its operations. The occurrence of an event that is not covered, in full or in part, by insurance may cause substantial economic damage to the Company. In some cases, such as with respect to environmental risks, coverage is not available or considered too expensive relative to the perceived risk.

Competition

The Company's business is intensely competitive, and the Company will compete with other mining companies, many of which have greater resources and experience. A fundamental property of mining associated with many cryptocurrencies is that the computational complexity of the mining algorithm increases over time. This factor along with new industry entrants and price volatility may make certain cryptocurrencies relatively unprofitable to mine compared to others.

Regulation of cryptocurrency outside of Canada has led some mining companies to consider Canada as a jurisdiction in which to operate. This may increase competition to the Company; however, the Company believes that only a few competitors exist that can compete with the speed and cost effectiveness of the Company's current operations and buildout capabilities. Nevertheless, the Company's assumptions with respect to its competitors could be inaccurate and the Company may face unexpected competition in the form of a new entrant in the marketplace. Such competition could erode the Company's expected market share and could adversely impact the Company's profitability. Increased competition could result in increased network computing resources and consequently increased hash difficulty.

Cryptocurrency Industry Risks

The further development and acceptance of the cryptocurrency industry is subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of cryptocurrency may adversely affect an investment in the Company. Cryptocurrency may be used, among other things, to buy and sell goods and services which is a new and rapidly evolving industry subject to a high degree of uncertainty. The factors that affect the further development of the cryptocurrency industry include: (i) continued worldwide growth in the adoption and use of cryptocurrency; (ii) government and quasi-government regulation of cryptocurrency and their use, or restrictions on or regulation of access to and operation of cryptocurrency systems; (iii) changes in customer demographics and public tastes and preferences; (iv) the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; (v) the wide-spread adoption of cryptocurrency to hedge against economic instability and inflation; and (vi) general economic conditions and the regulatory environment relating to cryptocurrency. A decline in the popularity or acceptance of cryptocurrency would harm the business and affairs of the Company.

Cybersecurity Threats and Malicious Actors

Malicious actors may seek to exploit vulnerabilities within cryptocurrency programming codes. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money occur somewhat regularly. For example, hackers have been able to gain unauthorized access to digital wallets and cryptocurrency exchanges.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to "mining", it may be able to alter the blockchain on which cryptocurrency transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new cryptocurrency or transactions using such control. The malicious actor or botnet could double spend its own cryptocurrency and prevent the confirmation of other users' transactions for so long as it maintains control. Such changes could have a material and adverse effect on the Company's operations.

The computer network operated by the Company may further be vulnerable to intrusions by hackers who could interfere with and introduce defects to the mining operation. Private keys which enable holders to transfer funds may also lost or stolen, resulting in irreversible losses of cryptocurrencies.

Possibility of Less Frequent or Cessation of Monetization of Cryptocurrencies

While the Company has implemented internal controls and custody arrangements to minimize the risk of loss or theft, ceasing immediate monetization of cryptocurrencies or to monetizing cryptocurrencies less frequently can increase the risk of cryptocurrencies held decreasing in value and the risk of loss or theft of cryptocurrencies.

Limited History of Decentralized Financial System

Compared with traditional and existing centralized financial systems, the cryptocurrency financial system is relatively new and has only limited history. Online cryptocurrency exchanges and trades therein operate with comparatively little regulation and are particularly liable to platform failures and fraudulent activities, which may have an effect on underlying prices of cryptocurrencies. In fact, many of the largest online cryptocurrency exchanges have been compromised by hackers.

Traditional banks and banking services may limit or refuse the provision of banking services to businesses that supply cryptographic or cryptocurrencies as payment and may refuse to accept money derived from cryptocurrency-related businesses. This may make management of bank accounts held by companies operating in the field difficult.

Banking Risk

A number of companies that provide Bitcoin- and/or other cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to Bitcoin- and/or other cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. Many businesses that provide Bitcoin- and/or other cryptocurrency-related services may continue to have difficulty in finding banks willing to provide them with bank accounts and other banking services which may decrease the usefulness of cryptocurrencies as a payment system. Inability to secure banking services may also harm public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing Bitcoin- and/or other cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and have a material and adverse effect on the Company's business.

Technological Obsolescence and Difficulty in Obtaining Hardware

To remain competitive, the Company will continue to monitor the state of the technology available and invest in hardware and equipment required for maintaining the Company's operations. The Company's hardware and software may become obsolete and require substantial capital to replace. There can be no assurance that mining hardware will be readily available when the need is identified.

Moreover, there can be no assurance that new and unforeseeable technology, either hardware-based or software-based, will not disrupt the existing cryptocurrency industry. For example, the arrival of quantum computers, which are capable of solving certain types of mathematical problems fundamental to cryptocurrency more quickly and efficiently than traditional computers may have a significant effect on the cryptocurrency industry.

The increase in interest and demand for cryptocurrencies may lead to a shortage of capable hardware as individuals and businesses purchase equipment for mining and other cryptocurrency-related uses. Equipment will also require replacement from time to time and any shortages of bitcoin mining machines or graphics processing units may lead to unnecessary downtime as the Company searches for replacement equipment.

Risk of Equipment Breakdown

The Company purchased cryptocurrency mining machines in connection to the acquisition of its data center operation in Washington State and the Kentucky and Tennessee Mines. It is possible that serious defects or deficiencies could arise in these machines, which would make it difficult or impossible for the Company to meet its expected operational levels and could result in a material and adverse effect on the Company's business.

Hazards Associated with High-voltage Electricity Transmission and Industrial Operations

The operations of the Company are subject to typical hazards associated with high-voltage electricity transmission and the supply of utilities to the facilities of the Company at an industrial scale, including explosions, fires, inclement weather, natural disasters, flooding, mechanical failure, unscheduled downtime, equipment interruptions, remediation, chemical spills, discharges or releases of toxic or hazardous substances or gases and other environmental risks. The hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment and environmental damage, and may result in suspension of operations and the imposition of civil or criminal penalties.

Valuation and Price Volatility of Cryptocurrencies

The profitability of the Company's operations will be significantly affected by changes in prices of cryptocurrencies. Cryptocurrency prices are highly volatile, can fluctuate substantially and are affected by numerous factors beyond the Company's control, including hacking, demand, inflation and expectations with respect to the rate of inflation, global or regional political or economic events. If cryptocurrency prices should decline and remain at low market levels for a sustained period while network difficulty does not decrease proportionally, the Company could determine that it is not economically feasible to continue activities.

Cryptocurrencies may be subject to momentum pricing, which is typically associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value proposition of the Company.

Volatility may have an impact on the value of the Company's inventory of currencies. The Company will act to reduce this risk by managing working capital through combining sales of cryptographic currencies and converting part of the balance of the excess profits into U.S. dollars, Canadian dollars, and/or other investment assets, and a number of cryptocurrencies that will ensure coverage of current operating expenses (Opex) and capital expenditures (Capex) in order to hedge the risk of volatility with regard to the Company's expenses.

Cryptocurrency Exchange Risk

To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices.

Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. In the past four years, a number of cryptocurrency exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed exchanges were not compensated or made whole for the partial or complete losses of their account balances in such exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action. Such attacks to cryptocurrency exchanges may have a material and adverse effect on the price of cryptocurrencies, and accordingly, the Company's operations.

Bitcoin Halving Events

In May 2020, the Bitcoin block reward decreased from 12.5 to 6.25 bitcoins per block (the **"Bitcoin Halving**"), and consequently the number of new bitcoins issued to Miners has been reduced to approximately 900 per day, excluding transaction fees.

The Bitcoin Halving had a significant impact on the Company's profitability. Given that profitability is required for self-acting agents to perform Mining to continue to support the validation of transactions, the expected impact of the Bitcoin Halving is that market variables of bitcoin price will adjust over time to ensure that Mining remains profitable. The period of market normalization after the Bitcoin Halving to incentivizing profitability levels is unknown.

Management believes that revenue per Terahash will continue to normalize to levels that would allow Miners with competitive electricity pricing, sufficient scale of efficient Mining operations, recent generation Mining hardware and access to capital to remain profitable. If bitcoin price and difficulty do not maintain or continue their trend of adjusting to pre-Bitcoin Halving profitability levels over time, or the period of market normalization after the Bitcoin Halving to pre-Bitcoin Halving profitability levels is too long, there is a risk that the Bitcoin Halving will render the Company unprofitable for a sustained time period such that it could be unable to continue as a going concern. The next Bitcoin Halving is expected to occur on or around May 2024.

Risk of Reduced Incentives

As the number of bitcoin awarded for solving a block in the blockchain decreases, the incentive for miners to contribute processing power to the Bitcoin network (the "**Network**") will transition from a set reward to transaction fees. In order to incentivize miners to continue to contribute processing power to the Network, the Network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. If miners demand higher transaction fees to record transactions in the blockchain or a software upgrade automatically charges fees for all transactions, the cost of using bitcoin may increase and the marketplace may be reluctant to accept bitcoin as a means of payment. Existing users may be motivated to switch from bitcoin to another digital currency or back to fiat currency. Decreased use and demand for cryptocurrencies may adversely affect their value and result in a reduction in cryptocurrencies index price and, consequently, the price of the Company's common shares.

Uncertainty of Acceptance and/or Widespread Use of Cryptocurrency

Currently, cryptocurrencies are used relatively rarely in the retail and commercial marketplaces in comparison to purchases of overall cryptocurrencies worldwide. Cryptocurrency payment methods have not been widely adopted as a means of a payment for goods and services by major retail and commercial outlets. A significant portion of cryptocurrency demand may be attributable to speculation.

The failure of retail and commercial marketplaces to adopt cryptocurrency payment methods may result in increased volatility and/or a reduction in market prices, either of which may adversely impact the Company's operations and profitability.

Bitcoin Network Risks

The open-source structure of the Network protocol means that the core developers of the Network and other contributors are generally not directly compensated for their contributions in maintaining and developing the Network protocol. A failure to properly monitor and upgrade the Network protocol could damage the Network.

The core developers of the Network can propose amendments to the Network's source code through software upgrades that alter the protocols and software of the Network and the properties of Bitcoin, including the irreversibility of transactions and limitations on the mining of new bitcoin. Proposals for upgrades and related discussions take place on online forums, including www.github.com and www.bitcointalk.org. To the extent that a significant majority of the users are miners on the Network install such software upgrade(s), the Network would be subject to new protocols and software.

The acceptance of the Network software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in the Network could result in a "fork" in the blockchain underlying the Network, result in the operation of two separate networks. Without an official developer or group of developers that formally control the Network, any individual can download the Network software and make desired modifications, which are proposed to users and miners on the Network through software downloads and upgrades, typically posted to Bitcoin development forums. A substantial majority of miners and Bitcoin users must consent to such software modifications by downloading the altered software of upgrade; otherwise, the modifications do not become a part of the Network. Since the Network's inception, modifications to the Network have been accepted by the vast majority of users and miners, ensuring that the Bitcoin network remains a coherent economic system.

If, however, a proposed modification is not accepted by a vast majority of miners and users, but is nonetheless accepted by a substantial population of participations in the Network, a “fork” in the blockchain underlying the Network could develop, resulting in two separate Bitcoin networks. Such a fork in the blockchain typically would be addressed by community-led efforts to merge the forked blockchain, and several prior forks have been so merged. However, in some cases, there may be a permanent “hard fork” in the blockchain and a new cryptocurrency may be formed as a result of that “hard fork”. For example, Bitcoin Cash™ was created through a fork in the blockchain. Where such forks occur on the blockchain, the Company will follow the chain with the greatest proof of work in the fork.

Erroneous Transactions and Human Error

Cryptocurrency transactions are irreversible. Improper or compromised transfers will generally be irreversible and irrevocable. Such errors may be the result of computer or human error despite internal controls the Company has adopted to mitigate this risk. To the extent that the Company is unable to seek a corrective transaction with the third party or is incapable of identifying the third party that has received the Company’s cryptocurrencies through error or theft, the Company will be unable to revert or otherwise recover incorrectly transferred cryptocurrencies. The Company will also be unable to convert or recover cryptocurrencies transferred to uncontrolled accounts.

The further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate.

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may adversely affect the Company’s operations. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of Bitcoin specifically and cryptocurrencies generally.

Risk of Loss, Theft or Restriction on Access

Although the Company stores its coins offline, there is a risk that some of the Company’s coins could be lost or stolen. Any of these events may adversely affect the Company’s operations and, consequently, the Company’s profitability.

Cryptocurrencies are controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which they are held. The Company publishes the public key relating to its digital wallets when it verifies the receipt of cryptocurrency transfers and disseminates such information into the network but needs to safeguard the private keys relating to such digital wallets. To the extent such private keys are lost, destroyed or otherwise compromised, the Company will be unable to access its coins and such private keys cannot be restored. Any loss of private keys relating to the Company’s digital wallets could adversely affect the Company’s investments and profitability.

Bitcoin transactions are irrevocable and stolen or incorrectly transferred bitcoin may be irretrievable. Bitcoin transactions are not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of bitcoin or a theft of bitcoin generally will not be reversible, and the Company may not be capable of seeking compensation for any such transfer or theft. To the extent that the Company is unable to seek a corrective transaction with the third party or is incapable of identifying the third party that has received the Company's bitcoin through error or theft, the Company will be unable to revert or otherwise recover incorrectly transferred bitcoin. The Company will also be unable to convert or recover bitcoin transferred to uncontrolled accounts.

Third-party Risk

The Company relies on services and software developed and maintained by third-party vendors. The Company also expects that it may incorporate in the future software from third-party vendors and open source software. The Company's business may be disrupted if this software, or functional equivalents of this software, were either no longer available to the Company or no longer offered to it on commercially reasonable terms. In either instance, the Company would be required to redesign services to function with alternate third-party software or open source software.

Risk of System Failure

The Company's operations will be dependent on its ability, as well as the ability of third-party operators of the Kentucky and Tennessee mines ("**Third-party Operators**") and WeHash Technology LLP's ("**WeHash**"), to maintain its equipment in effective working order and to protect its systems against cyber security breaches, damage from fire, natural disaster, power loss, telecommunications failure or similar events. Security procedures implemented by the Company are technical and complex, and the Company depends on the security procedures to protect the storage, acceptance and distribution of data relating to its inventory or cryptocurrencies. The Company's, Third-party Operators and WeHash's security procedures may not protect against all errors, software flaws (i.e. bugs) or vulnerabilities. Defects in the security procedures may only be discovered after a failure in the Company's mining operations or safekeeping and storage of its inventory of cryptocurrencies. While the Company will continually review and seek to upgrade its technical infrastructure and provide for certain system redundancies and backup power to limit the likelihood of systems overload or failure, any damage, failure or delay that causes interruptions in the Company's operations could have a material and adverse effect on the Company's business.

Technological System Risk

The success of the Company is dependent on the accuracy, proper use and continuing development of its technological systems, including its business systems and operational platforms. The Company's ability to effectively use the information generated by its information technology systems, as well as its success in implementing new systems and upgrades, may affect its ability to maximize the efficiency of its miners.

As technological change occurs, the security threats to the Company's bitcoin and mining systems will likely adapt and previously unknown threats may emerge. The Company's Third-party Operators and WeHash's ability to adopt technology in response to changing security needs or trends may pose a challenge to the Company's business. To the extent that the Company, Third-party Operators or WeHash is unable to identify and mitigate or stop new security threats, the Company's cryptocurrencies may be subject to theft, loss destruction or other attack, which would have a material and adverse effect on the Company' business.

Access to Power and Electricity Rate Risks

The Company's operations are dependent on its ability to maintain reliable and economical sources of power in order to run its cryptocurrency mining assets. While the Company believes its source of power is reliable and current regional infrastructure limits the likelihood of power interruptions, any suspension of its power supply could result in a material and adverse effect on the Company. The Company conducts cryptocurrency mining at various data center facilities in Washington, Tennessee, and Kentucky. The costs of electricity offered by the respective electricity suppliers to these data center facilities are available online and are summarized in the respective Rate Schedules. The Company's current and future operations, anticipated growth, and sustainability of electricity at economic prices for the purposes of cryptocurrency mining pose certain risks. There is no assurance that a particular electricity rate structure will remain in effect and the

Company's electricity suppliers are under no obligation to lock in rates for any period of time.

Any further increases to the Company's electricity costs at its various data center facilities may limit the profitability of its cryptocurrency mining operations and have a material and adverse effect on the Company's profitability. Any interruption of electrical supply would also have a material and adverse effect on the Company's business.

Server Failures

There is a risk of serious malfunctions in servers or central processing units and/or their collapse. The Company works diligently to reduce this risk by employing a team of experts with many years of experience in building and managing data centers. The Company also employs a "hardware" team, which focuses, among other things, on chip repair and daily evaluation of the technical condition of the server farms that the Company operates. While malfunctions in central servers, or central processing units can only occur on a specific server farm or part of it or for short periods of time, such server crashes or failures may cause significant economic damage to the Company.

Global Financial Conditions

Global financial conditions over the last few years have been characterized by volatility and the bankruptcy of several financial institutions or the rescue thereof by governmental authorities. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of the Common Shares may be adversely affected.

Political and Regulatory Risk

Governmental regulation may affect the Company's activities and the Company may be affected in varying degrees by government policies and regulations. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Governments may take regulatory action that may increase the cost and/or subject cryptocurrency mining companies to additional regulation.

The operations of the Company may also require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required.

The Company's operations will be subject to environmental regulations, which make operations expensive or prohibitive. The continued evolvement of environmental regulations may lead to the imposition of stricter standards, more diligent enforcement, and heavier fines and penalties for non-compliance. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or cause delays in the development of mining projects.

Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation or prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in the Company's common shares. Such a restriction could result in the Company liquidating its cryptocurrency inventory at unfavorable prices and may adversely affect the Company's shareholders.

The Company believes the present attitude to foreign investment and to the mining industry is favourable, but conditions may change. Operations may be affected in varying degrees by government regulation with respect to restrictions on production, price controls, export controls, foreign exchange controls, income taxes, and environmental legislation.

Permits and Licences

The operations of the Company may require licences and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licences and permits that may be required.

Environmental Liability

The Company may be subject to potential risks and liabilities associated with pollution of the environment through its use of electricity to Mine cryptocurrencies. In addition, environmental hazards may exist on a property in which the Company directly or indirectly holds an interest which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

The current or future operations of the Company, including development activities and Mining on its properties, may require permits from various federal, provincial or territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, exports, taxes, labour standards, occupational health, and other matters. There can be no assurance, however, that all permits which the Company may require for its operations will be obtained on reasonable terms, on a timely basis, or at all or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

The Company intends to fully comply with all environmental regulations in every country in which it is active.

Intellectual Property Risk

The Company cannot assure its shareholders that its activities will not infringe on patents, trademarks or other intellectual property rights owned by others. If the Company is required to defend itself against intellectual property rights claims, it may spend significant time and effort and incur significant litigation costs, regardless of whether such claims have merit. If the Company is found to have infringed on the patents, trademarks or other intellectual property rights of others, the Company may also be subject to substantial claims for damages or a requirement to cease the use of such disputed intellectual property, which could have an adverse effect on its operations. Such litigation or claims and the consequences that could follow could distract management of the Company from the ordinary operation of its business and could increase costs of doing business, resulting in a material adverse impact on the business, financial condition or results of operations of the Company.

Litigation Risk

The Company may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If the Company is unable to resolve these disputes favorably, it may have a material and adverse effect on the Company. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company's brand. Securities litigation as well as potential future proceedings could result in substantial costs and damages and divert the Company's management's attention and resources. Any decision resulting from any such litigation that is adverse to the Company could have a negative impact on the Company's financial position and business more generally.

Key Personnel Risk

The Company's success is largely dependent on the performance of our proposed directors and officers.

Certain members of the Company's management team have experience in the cryptocurrency industry, while others have experience in other areas including financial management, corporate finance and sales and marketing. The experience of these individuals is expected to contribute to our continued success and growth. The Company will be relying on its directors and officers, as well as independent consultants and advisory board, for various aspects of our business. The amount of time and expertise expended on our affairs by our management team, consultants, advisory board members and directors will vary according to the Company's needs. The Company does not intend to acquire any key man insurance policies and there is, therefore, a risk that the death or departure of any director and officer, key employee or consultant, could have a material adverse effect on its operations.

Credit Risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk will be primarily composed of cash and amounts receivable. While the Company will attempt to mitigate its exposure to credit risk, there can be no assurance that unexpected losses will not occur. Such unexpected losses could adversely affect the Company.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk.

The Company will be exposed to interest rate changes on its investments that are expected to pay interest, and any credit facilities it may have that bear interest at a floating rate. Changes in the prime lending rate would affect earnings and could adversely affect the Company's profitability.

Currency Exchange Risk

The Company is exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations. In particular, exchange rate fluctuations may affect the costs that the Company incurs in its operations. Cryptocurrencies are generally sold in U.S. dollars and some of the Company's costs are incurred in Canadian dollars. The appreciation of non-U.S. dollar currencies against the U.S. dollar could increase the cost of Mining in U.S. dollar terms. In addition, the Company holds cash balances in Canadian dollars the values of which are impacted by fluctuations in currency exchange rates.

Contractual Risk

The Company is a party to various contracts and it is always possible that the other contracting parties may not fully perform their obligations.

Unforeseen Expenses

While the Company is not aware of any expenses that may need to be incurred that has not been taken into account, if such expenses were subsequently incurred, the Company's forecasted uses of funds and other budgets may be adversely affected.

Geopolitical Risk

Crises may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of the Company's digital currency inventory.

The possibility of large-scale purchases of cryptocurrencies in times of crisis may have a short-term positive impact on the price of bitcoin. For example, in March 2013, a report of uncertainty in the economy of the Republic of Cyprus and the imposition of capital controls by Cypriote banks motivated individuals in Cyprus and other countries with similar economic situations to purchase bitcoin. This resulted in a significant short-term positive impact on the price of cryptocurrencies. However, as the purchasing activity of individuals in this situation waned, speculative investors engaged in significant sales of cryptocurrencies, which significantly decreased the price of cryptocurrencies. Crises of this nature in the future may erode investors' confidence in the stability of cryptocurrencies and may impair their price performance which would, in turn, adversely affect the Company.

As an alternative to fiat currencies that are backed by central governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect the Company's operations and profitability.

Pandemic Risk

Pandemic risk is the risk of large-scale outbreaks of infectious diseases that can greatly increase morbidity and mortality over a wide geographic area and cause significant social and economic disruption. Pandemics, epidemics or outbreaks of an infectious disease in Canada or worldwide could have an adverse impact on the Company's business, including changes to the way the Company and its counterparties operate, and on the Company's financial results and condition. In March 2020, the World Health Organization declared COVID-19 a pandemic. The global response to the pandemic is constantly evolving, including various measures implemented at the global, national, provincial and local levels.

Although many health and safety restrictions have been lifted, certain adverse consequences of the pandemic continue to impact the macroeconomic environment and may continue to persist. The growth in economic activity and demand for goods and services, alongside labor shortages and supply chain complications and/or disruptions, has also contributed to rising inflationary pressures. Further, COVID-19 has contributed to cryptocurrency price volatility and delays in the Company's receipt of Mining hardware and electrical components. The final outcome and/or potential duration of the economic disruption that resulted from the onset and subsequent recovery from COVID-19 remains uncertain at this time, and the financial markets continue to be impacted. Despite the decreased severity of the pandemic in recent months and the decreased global travel restrictions, the Company cannot accurately predict the impact that COVID-19 will have on its future revenue and business undertakings, due to uncertainties relating to future outbreaks and potential new variants of COVID-19, and their duration. The Company has been operating, and is expected to continue to operate, throughout the pandemic. The extent to which the Company's business and financial condition will continue to be affected by the COVID19 pandemic will depend on future developments including the spread of variants, efficacy of vaccines against new variants, the vaccination progress and the impact of related controls and restrictions imposed by government authorities.

Forward Looking Statements

Statements contained in this AIF that are not historical facts, but rather are forward looking statements involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Without limiting the generality of the foregoing, such risks and uncertainties include interpretation of results, results of pre-feasibility and feasibility studies, recovery, accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in production, delays in exploration or development activities, political risks, the inherent uncertainty or production fluctuations and failure to obtain adequate financing on a timely basis.

PRIOR SALES

The following is a summary of all prior sales of the Company, as described in Form 51-102F2 *Annual Information Form* Section 8.2, made since the beginning of Fiscal 2022. For more information on the financings undertaken by the Company, see "*GENERAL DEVELOPMENT OF THE BUSINESS - Three-Year History - Fiscal 2021*" and "*GENERAL DEVELOPMENT OF THE BUSINESS - Three-Year History - Fiscal 2022*".

On March 26, 2021, the Company closed the February 2021 Private Placement for gross proceeds of approximately $9,300,000, composed of the sale of 14,797,700 February 2021 Units of the Company, each being comprised of one Common Share and one Common Share purchase warrant.

On May 3, 2021, the Board approved a stock option grant to an officer of the Company, of 100,000 incentive stock options (the "**May 2021 Options**") to purchase Common Shares of the Company at an exercise price of $0.51 per Common Share with a term of five years from the date of the grant.

On August 27, 2021, the Board approved a stock option grant to an officer of the Company, of 250,000 Options with an exercise price of $0.485 per Common Share with a term of five years from the date of the grant.

On September 2, 2021, the Board approved a stock option grant to Marcus Dent, Director of the Company, of 2,000,000 Options with an exercise price of $0.49 per Common Share with a term of five years from the date of the grant.

On September 24, 2021, the Board approved a stock option grant to both of AJ Scalia and Drew Armstrong, officers of the Company, of 650,000 Options each with an exercise price of $0.56 per Common Share.

On September 24, 2021, the Company entered into a purchase agreement pursuant to which it purchased approximately $254,000 worth of bitcoin mining machines and $306,000 worth of bitcoin in return for 1,000,000 fully paid and non-assessable Common Shares, for total consideration of $560,000 ($0.56 per Common Share).

On November 12, 2021, the Company announced the closing of the Upsized October 2021 Debenture Financing for gross proceeds of $25,000,000 principal of Convertible Debenture Units outstanding convertible for approximately 32,051,282 Common Shares, and approximately 16,025,000 October 2021 Warrants exercisable for 16,025,000 Common Shares.

On January 26, 2022, the Company granted 2,361,732 RSUs and 266,523 options to acquire common shares of the Company (the "**January 2022 Options**") to employees of the Company. The January 2022 Options have an exercise price of $0.43 per share, being the price of the Company's shares at the close of trading on January 26, 2022. In connection with the grants, the Company also agreed with certain directors and officers to cancel an aggregate of 1,161,732 RSUs.

On May 19, 2022, the Company granted 300,000 RSUs and 88,841 options to acquire common shares of the Company (the "**May 2022 Options**") to employees of the Company. The May 2022 Options have an exercise price of $0.35 per share, being the price of the Company's shares at the close of trading on May 17, 2022. In connection with the grants, the Company also agreed with certain directors and officers to cancel an aggregate 300,000 RSUs.

On June 9, 2022, the Company closed the June 2022 Offering for total gross proceeds of $2,880,000 through the sale of 8,000,000 June 2022 Units. The June 2022 Units consisted of 8,000,000 Common Shares and 6,000,000 June 2022 Warrants. Anson Advisors, Inc., an "insider" of the Company, purchased all 8,000,000 June 2022 Units on behalf of certain investment funds for which it serves as co-investment advisor, pursuant to the June 2022 Offering.

On October 25, 2022, the Company announced the grant of 487,244 RSUs to an officer of the Company.

On January 12, 2023, the Company announced it had made further reductions to corporate salaries, saving an estimated US$285,000 per year in payroll expenses. Additionally, the Company reached an agreement with its board of directors to restructure the board's compensation plan. Under the restructured plan, the Company will reduce its total cash directors' fees by US$62,400 per year and in return grant its directors a total of 1,560,000 restricted share units under the Company's long-term incentive plan for the 2023 fiscal year. The restricted share units will vest one year following the date of the grant, being January 6, 2023.

On February 22, 2023, the Company approved the Settlement Amount, with respect to the Debentures. The Settlement Amount was convertible into that number of Common Shares as was equal to the lesser of (i) not more than 9.9% of the total outstanding Common Shares at the time of such settlement, and (ii) the settlement of an aggregate principal amount of Debentures into Common Shares equal to $2,500,000. On April 10 2023, the Company announced that the Settlement Amount was equal to $2,500,000, and settled for 18,518,518 Common Shares.

DIVIDENDS

The Company has neither declared nor paid any dividends on its common shares since incorporation. The Board of Directors will determine if, and when, to declare and pay dividends in the future from funds properly applicable to the payment of dividends based on the Company's financial position at the relevant time. The Board of Directors expects to retain earnings to finance future growth of the Company and its subsidiaries. All of the Cathedra Shares are entitled to an equal share in any dividends declared and paid on a per share basis.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Cathedra Shares. As of the date of this AIF there are 137,207,665 issued and outstanding Cathedra Shares. Each Cathedra Share entitles the holder to one vote per Cathedra Share and to receive equally any dividends declared by the Company and the remaining property and assets of the Company in the event the Company undergoes a liquidation, dissolution, or winding up.

MARKET FOR SECURITIES

Trading Price and Volume

The Cathedra Shares are listed and posted for trading on the TSXV under the symbol "CBIT" and on the OTCQX under the symbol "CBTTF".

The following table sets out the price range and aggregate volumes traded or quoted on a monthly basis on the TSXV from January 1, 2022 to May 24, 2023.

Month	High (CAD)	Low (CAD)	Volume (CAD)
May 1 – May 24, 2023	0.140	0.105	2,959,206
April 2023	0.155	0.100	8,208,581
March 2023	0.155	0.09	5,752,250
February 2023	0.155	0.095	8,208,581
January 2023	0.150	0.040	10,054,902
December 2022	0.060	0.035	4,077,258
November, 2022	0.140	0.048	4,030,419
October 2022	0.175	0.115	1,021,379
September 2022	0.210	0.130	1,990,098
August 2022	0.250	0.165	3,678,316
July 2022	0.250	0.130	2,770,217
June 2022	0.310	0.200	2,390,216

May 2022	0.530	0.275	7,547,858
April 2022	0.630	0.455	1,846,048
March 2022	0.700	0.330	5,735,156
February 2022	0.540	0.375	4,498,509
January 2022	0.530	0.335	3,100,424

The following table sets out the price range and aggregate volumes traded or quoted on a monthly basis on the OTCQX from the time of listing on February 16, 2022 (the date of listing) to May 24, 2023.

Month	High (CAD)	Low (CAD)	Volume (CAD)
May 1 – May 24, 2023	0.103	0.082	593,172
April 2023	0.120	0.087	2,173,313
March 2023	0.115	0.064	1,424,913
February 2023	0.122	0.073	3,477,265
January 2023	0.120	0.029	3,156,483
December 2022	0.046	0.020	1,577,531
November, 2022	0.105	0.037	1,298,980
October 2022	0.133	0.091	383,462
September 2022	0.159	0.105	772,006
August 2022	0.198	0.130	1,183,425
July 2022	0.190	0.100	884,456
June 2022	0.259	0.149	1,067,849
May 2022	0.440	0.227	1,948,815
April 2022	0.600	0.354	1,615,838
March 2022	0.565	0.250	3,205,919
February 2022	1.370	0.275	413,456

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this AIF, there are no securities of the Company which are currently held in escrow or that are subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

The following table sets out the name of each director and officer, province or state of residence, position held with each corporation, current principal occupation, and the number and percentage of securities beneficially owned, directly or indirectly as at the date of this AIF.

Name, and Province and Country of Residence	Principal Occupation During the Last Five Years[1]	Director or Officer Since	Common Shares Owned or Controlled[1]
David Jaques[2,3] Director *California, USA*	Director of Katipult Technology Corp. (TSXV: FUND) (2017 to 2019); Director of Mobivity Holdings Corp. (OTC: MFON) (2011 to 2017).	August 16, 2018	1,000,000
Marcus Dent[2,4] Director *Texas, USA*	Venture Partner of Ten31 (2021 to present); Director of Business Development at Great American Mining LLC (2019 to 2021)	September 2, 2021	Nil
Thomas ("Drew") Armstrong[5] President, COO and Chairman *Virginia, USA*	Associate; Investment Banking, Principal Investments, and Bitcoin Mining at Galaxy Digital (TSX: GLXY) (2019 to 2021); Investment Banking Analyst at Barclays (LON: BARC) (2017 to 2019).	September 24, 2021	1,270,308
Antonin ("AJ") Scalia[6] CEO and Director *Montana, USA*	Associate; Investment Banking, Principal Investments, and Bitcoin Mining at Galaxy Digital (TSX: GLXY) (2018 to 2021); Investment Banking Analyst at J.P. Morgan (2017 to 2018) (NYSE: JPM).	September 24, 2021	1,588,119
Sean Ty[7] CFO *British Columbia, Canada*	Chief Financial Officer of Cathedra Bitcoin Inc. (TSXV: CBIT) (2018 to present); Principal at Ty Consulting Inc. (2016 to present).	November 1, 2018	400,000
Rete Browning[8] Chief Technology Officer *Utah, USA*	Principal Engineer, Great American Mining (2019 to 2022); Process Engineer, Q Hydrogen Solutions Corporation (2017 to 2019); Energy Technology & Engineering Analyst, USTAR (2012 to 2017).	January 7, 2022	Nil
Isaac Fithian[9] Chief Field Operations & Manufacturing Officer *New Hampshire, USA*	Operations, Great American Mining (2018 to 2021)	December 20, 2021	157,449

Notes:

1 Information about principal occupation, business or employment, not being within the knowledge of the Company, has been furnished by respective persons set forth above. The information with respect to the Common Shares beneficially owned, controlled or directed is not within the direct knowledge of the Company and has been obtained from SEDI or furnished by the respective individuals. This table does not include Common Shares underlying unexercised stock options and warrants.
2 Member of the Audit Committee.
3 Mr. Jaques holds options to purchase 150,000 Common Shares.
4 Mr. Dent holds options to purchase 2,000,000 Common Shares.
5 Mr. Armstrong holds options to purchase 325,000 Common Shares and 1,989,134 restricted share units.
6 93,372 of Mr. Scalia's shares are held through a spousal individual retirement account. Mr. Scalia holds options to purchase 325,000 Common Shares and 1,989,134 restricted share units.
7 300,000 of Mr Ty's shares are held through Ty Consulting Inc. Mr. Ty also options to purchase 468,841 Common Shares and 487,244 restricted share units.
8 Mr. Browning holds 88,841 options to purchase Common Shares and 787,244 restricted share units.
9 Mr. Fithian holds 88,841 options to purchase Common Shares and 629,795 restricted share units.

As at the date hereof, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 4,415,876 137,207,665 Common Shares, representing 3.2% of the total number of Common Shares outstanding before giving effect to the exercise of rights, options, or warrants to purchase or otherwise receive Common Shares held by such directors and executive officers. The statement as to the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Company as a group is based upon information furnished by the directors and executive officers.

David Jaques

Mr. Jaques has held senior financial positions in banking, corporate and venture capital. In his early career, he held various positions with Barclays Bank in London and provided advisory services in currency and interest rate risk management to the bank's corporate clients. He held a similar role at Barclays Bank, New York from 1988 to 1993. He was Senior Vice President and Treasurer of Silicon Valley Bank between 1994 and 1999; founding CFO for PayPal Holdings, Inc. from 1999 to 2001 and CFO of BlueRun Ventures from 2001 to 2008. Since 2008 he has provided CFO consulting services through Focus Management Solutions, Inc. and has held board positions at Katipult Technology Corp. (TSXV: FUND), UBL Interactive, Inc., Mobivity Holdings, Inc., Bluedot Innovation, Inc. and Digitzs Solutions, Inc. Mr. Jaques holds a Higher National Diploma in Business Administration from Polytechnic of the South Bank, London, and is a UK Chartered Certified Accountant (inactive).

Marcus Dent

Mr. Dent is currently a Venture Partner at Ten31, a bitcoin-focused venture capital fund, and was previously the Director of Business Development at Great American Mining LLC. Prior to joining Great American Mining LLC, he founded and operated TFTC.io, a media brand focused on educating the public on Bitcoin and its potential to change the world. Mr. Dent also previously held positions at Barstool Sports and worked as an analyst at a Managed Futures Fund, Dearborn Capital Management, where his work focused on due diligence CTAs and the macro landscape. Mr. Dent holds an undergraduate degree in Economics from DuPaul University.

Drew Armstrong

Mr. Armstrong was one of the founding members of Galaxy Digital Holding Ltd.'s Mining business unit, which established the mining operation of the company and delivers financial services for North American Bitcoin Miners. In this capacity, he designed Galaxy Digital's standard mining equipment finance and deal infrastructure and led the company's mining equipment finance transaction. He had previously worked as an Associate in the investment banking and venture groups at Galaxy Digital, where he was involved in various capital-raising processes for companies operating in the cryptocurrency market. Prior to this experience, he was an Analyst in the Esoteric Securitized Products Origination Group, within Barclay's Investment Banking Division. In that role, he executed all phases of non-traditional asset backed securities issuances covering a wide range of specialized asset classes. Mr. Armstrong holds undergraduate degrees in Economics and Philosophy from the University of Chicago.

AJ Scalia

Mr. Scalia joined the Company from Galaxy Digital, a diversified financial services firm dedicated to the digital assets sector. While at Galaxy, Mr. Scalia held various roles across the firm's investment banking and principal investments divisions. He was also a founding member of Galaxy's bitcoin mining division, which built the firm's proprietary mining and mining equipment finance businesses. Prior to joining Galaxy, Mr. Scalia began his career in J.P. Morgan's technology investment banking group in New York, advising on mergers and acquisitions and raising capital for large-cap technology companies. Mr. Scalia holds an undergraduate degree in Finance from the College of William & Mary.

Rete Browning

Rete Browning is responsible for designing and commercializing novel applications of technologies for use in the Company's bitcoin mining operations. Rete also leads the company's R&D initiatives and assists in managing the Company's manufacturing operations. Prior to joining the Company, Rete was a founding member of Great American Mining, where he served as Principal Engineer. Rete is trained as a chemical and petroleum engineer and as a technology and energy analyst.

Isaac Fithian

Isaac Fithian oversees the Company's in-house manufacturing operations. Isaac also manages remote field operations for bitcoin mining deployments and assists with special R&D projects. Prior to joining the Company, Isaac was a founding member of Great American Mining, a bitcoin mining company focused on off-grid operations, where he was responsible for designing and building prototype modular data centers, maintaining fleet uptime, and remote management logistics.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set out below, no director or executive officer of the Company, is or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that:

(a) while that person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or

(b) while that person was acting in that capacity, was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days.

No director or executive officer of the Company and no shareholder holding a sufficient number of securities of your company to affect materially the control of the Company is, as at the date of the AIF, or has been within the 10 years before the date of the AIF:

(a) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or

(c) has been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000, or before December 31, 2000, the disclosure of which would likely be important to a reasonable security holder in making an investment decision; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in making an investment decision

Committees of the Board of Directors

The Board currently has an Audit Committee.

Audit Committee

The current members of the Audit Committee are David Jaques (Chair) and Marcus Dent. All of the members are considered "independent" directors as defined in NI 52-110. Each member of the Audit Committee is considered to be "financially literate" within the meaning of NI 52-110, which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the Company's financial statements. The full text of the charter of the Audit Committee (the "**Audit Committee Charter**") is attached as Appendix "A".

Relevant Education and Experience

The relevant education and experience of each of the members of the Audit Committee is as follows:

Name of Member	Education	Experience
David Jaques[1]	Higher National Diploma in Business Administration from Polytechnic of the South Bank, London; UK Chartered Certified Accountant (inactive)	Mr. Jaques has held senior financial positions in banking, corporate and venture capital. In his early career, he held various positions with Barclays Bank in London and provided advisory services in currency and interest rate risk management to the bank's corporate clients. He held a similar role at Barclays Bank, New York from 1988 to 1993. He was Senior Vice President and Treasurer of Silicon Valley Bank between 1994 and 1999; founding CFO for PayPal from 1999 to 2001 and CFO of BlueRun Ventures from 2001 to 2008. Since 2008 he has provided CFO consulting services through Greenough Consulting Group and has held board positions at Katipult Technology Corp. (TSXV: FUND), UBL Interactive, Inc., Mobivity Holdings, Inc., Bluedot Interactive, Inc. and Digitzs Solutions, Inc.
Marcus Dent	Undergraduate degree in Economics from DePaul University	Mr. Dent is currently the Director of Business Development at Great American Mining LLC. Prior to joining Great American Mining, he founded and operated TFTC.io, a media brand focused on educating the public on Bitcoin and its potential to change the world. Mr. Dent also previously held positions at Barstool Sports and as an analyst at a Managed Futures Fund, Dearborn Capital Management, where his work focused on due diligence CTAs and the macro landscape.

Notes:
1 Chair of the Audit Committee.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is required to pre-approve all audit and non-audit services not prohibited by law to be provided by the independent auditors of the Company.

External Auditor Service Fees

The following table provides details in respect of audit, audit related, tax and other fees billed by the Company's external auditor during the fiscal years ended December 31, 2022, and December 31, 2021.

	Year Ended December 31, 2022	Year Ended December 31, 2021
Audit Fees[1]	$110,000	$140,000
Audit Related Fees[2]	$Nil	$Nil
Tax Fees[3]	$20,000	$Nil
All Other Fees[4]	$Nil	$Nil
Total	$130,000	$140,000

Notes:

1 "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits

2 "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

3 "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

4 "All Other Fees" include all other non-audit services.

Exemption

Since the Company is a "venture issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the U.S., or a market outside of Canada and the U.S.), it is relying on the exemption in section 6.1 of NI 52-110, exempting the Company from the requirements of Part 5 (Reporting Obligations) of NI 52-110.

Governance, Nomination and Compensation Committee

The Company does not presently maintain a governance, nomination and compensation committee of the Board. The customary functions of a governance, nomination and compensation committee are presently carried out by the Board.

The Board is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations with respect to the compensation of the Company's executive officers. The Board will ensure that total compensation paid to all NEOs is fair, reasonable, and consistent with the Company's compensation philosophy.

From time to time the Board reviews and may approve, recommendations regarding compensation to executive officers and directors. A combination of fixed and variable compensation is used to motivate executive officers to achieve overall corporate goals. The two basic components the Company's executive officer compensation program are:

- base salary;
- annual incentive (bonus) payments; and

- option-based compensation.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests which they may have in any project or opportunity outside of the Company. If a conflict of interest arises, any director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board. To the knowledge of the Company, and other than as disclosed in this AIF, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

PROMOTERS

The following table sets forth the Promoters of the Company:

Name	Class of Securities Owned	Quantity of Securities Owned	% of Class[1]
AJ Scalia	Cathedra Shares	1,270,308	0.93
Drew Armstrong	Cathedra Shares	1,588,119	1.16
Total		**2,858,427**	**2.09**

Notes:
1 A total of 137,207,665 Cathedra Shares are issued and outstanding.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein and elsewhere in this AIF, no directors, officers, principal shareholders of the Company, nor any Associate or Affiliate of the foregoing, have had any material interest, direct or indirect, in any transactions in which the Company has participated prior to the date of this AIF that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

Other than as set forth in this AIF, the management of the Company is not aware of any material interest, direct or indirect, of any director, executive officer, any Person or Company beneficially owning, controlling or directing, directly or indirectly, more than ten (10%) percent of the Company's outstanding voting securities, or any Associate or Affiliate of the foregoing Persons, in any transaction in which the Company has participated within the three years before the date of this AIF, that has materially affected or is reasonably expected to materially affect the Company.

LEGAL PROCEEDINGS

Legal Proceedings

There are no pending legal proceedings to which the Company is or was party to, or that any of its property is or was the subject of, and the Company is not aware of any such proceedings known to be contemplated.

Regulatory Actions

No penalties or sanctions were imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since incorporation. No other penalties or sanctions have been imposed by a court or regulatory body against the Company necessary for this AIF to contain full, true and plain disclosure of all material facts. The Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority since incorporation.

TRANSFER AGENT AND REGISTRAR

The Company's registrar and transfer agent is Computershare Investor Services Inc., located at 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the Company has not entered into any contracts which are currently in effect and considered to be material.

EXPERTS

Names of Experts

The auditor of the Company is Kingston Ross Pasnak LLP, located at 2797 John St., Markham, Ontario L3R 2Y8, as of May 24, 2023.

Dale Matheson Carr-Hilton LaBonte LLP ("**DMCL**"), located at 200-1688 152 Street, Surrey British Columbia, is the former auditor of the Company and has prepared the Independent Auditors Report and audited the financial statements of the Company for the period from incorporation until June 30, 2021.

Interests of Experts

The consolidated financial statements of the Company for the year ended December 31, 2022 have been audited by DMCL. As at December 31, 2022, DMCL have advised the Company that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

Other than the Company's former auditors, whose independence is described above in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants, no person or company whose profession or business gives authority to a report, valuation, statement or opinion and who is named as having prepared or certified a part of this AIF or as having prepared or certified a report or valuation described or included in this AIF holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of the Company or any of its subsidiaries.

ADDITIONAL INFORMATION

Additional information relating to the Company, including financial information in the Company's Financial Statements and MD&A for Fiscal 2022, is available on SEDAR at www.sedar.com. Moreover, additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its most recent annual meeting of securityholders.

SCHEDULE A

AUDIT COMMITTEE CHARTER

[*Please see attached.]*

CATHEDRA BITCOIN INC.
(FORMERLY FORTRESS TECHNOLOGIES INC.)
AUDIT COMMITTEE CHARTER

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Cathedra Bitcoin Inc. ("**Cathedra**" or the "**Corporation**").

1.0 Mandate

The Committee shall:

(a) assist the Board in its oversight role with respect to the quality and integrity of the financial information;
(b) assess the effectiveness of the Corporation's risk management and compliance practices;
(c) assess the independent auditor's performance, qualifications and independence;
(d) assess the performance of the Corporation's internal audit function;
(e) ensure the Corporation's compliance with legal and regulatory requirements; and
(f) prepare such reports of the Committee required to be included in any Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

2.0 Composition and Membership

The committee shall be composed of not less than three members, each of whom shall be a director of the Corporation. A majority of the members of the Committee shall not be an officer or employee of the Corporation. All members shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities.

Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.

Members of the Committee shall be appointed or reappointed at the annual meeting of the Corporation and in the normal course of business will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Corporation a Chairman among their number. The Chairman shall not be a former Officer of the Corporation. Such Chairman shall serve as a liaison between members and senior management.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:

(a) a quorum for meetings shall be at least three members;

(b) the Committee shall meet at least quarterly;

(c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least 24 hours in advance of such meeting;

(d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

4.0 Duties and Responsibilities

4.1 Oversight of the Independent Auditor

(a) Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

(b) Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.

(c) Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.

(d) Obtain and review a report from the independent auditor at least annually regarding: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Corporation.

(e) Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.

(f) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

(g) Review as necessary policies for the Corporation's hiring of partners, employees or former partners and employees of the independent auditor.

4.2 Financial Reporting

(a) Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.

(b) Review and discuss with Management the Corporation's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation.

(c) Review and discuss with Management and the independent auditor management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on management's assessment.

(d) Review and discuss with Management the Corporation's quarterly financial statements prior to the publication of earnings.

(e) Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.

(f) Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.

(g) Discuss with the independent auditor at least annually any “Management” or “internal control” letters issued or proposed to be issued by the independent auditor to the Corporation.

(h) Review and discuss with Management and the independent auditor at least annually any significant changes to the Corporation's accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.

(i) Discuss with Management the Corporation's earnings press releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.

(j) Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.

(k) Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.

(l) Review disclosures made by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Corporation's internal controls.

(m) Discuss with the Corporation's General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies.

4.3 Oversight of Risk Management

(a) Review and approve periodically Management's risk philosophy and risk management policies.

(b) Review with Management at least annually reports demonstrating compliance with risk management policies.

(c) Review with Management the quality and competence of Management appointed to administer risk management policies.

(d) Review reports from the independent auditor at least annually relating to the adequacy of the Corporation's risk management practices together with Management's responses.

(e) Discuss with Management at least annually the Corporation's major financial risk exposures and the steps Management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

4.4 Oversight of Regulatory Compliance

(a) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(b) Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting.

(c) Meet with the Corporation's regulators, according to applicable law.

(d) Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

5.0 Funding for the Independent Auditor and Retention of Other Independent Advisors

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain and, at Cathedra's expense, to set and pay the compensation for such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes. The Committee also has the authority to communicate directly with internal and external auditors.

6.0 Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

1. The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "**Complaints Officer**") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.

2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.

3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.

4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.

5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

7.0 Procedures for Approval of Non-Audit Services

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:

   (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;

   (b) financial information systems design and implementation;

   (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;

   (d) actuarial services;

   (e) internal audit outsourcing services;

   (f) management functions;

   (g) human resources;

   (h) broker or dealer, investment adviser or investment banking services;

   (i) legal services;

(j) expert services unrelated to the audit; and

(k) any other service that the Canadian Public Accountability Board determines is impermissible.

2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

8.0 Reporting

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

9.0 Access to Information and Authority

The Committee will be granted unrestricted access to all information regarding Cathedra that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members.

10.0 Review of Charter

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated:	October 9, 2018
Approved by:	Audit Committee
	Board of Directors