Cathedra Bitcoin Inc.

Management Discussion and Analysis

Three and nine months ended September 30, 2022

Introduction

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of Cathedra Bitcoin Inc. constitutes management's review of the factors that affected the Company's financial and operating performance for the nine months ended September 30, 2022. The MD&A is intended to help the reader understand Cathedra Bitcoin Inc. ("**Cathedra**", "**we**", "**our**" or the "**Company**"), our operations, financial performance, current and future business environment and the opportunities and risks facing the Company. The risks are explicitly set out in Appendix 1 of this MD&A. In addition, certain statements in this MD&A incorporate forward looking information and readers are advised to review the cautionary note regarding forward looking statements in section 11 of this MD&A.

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited consolidated financial statements ("**Financial Statements**") for the Company for the quarter ended September 30, 2022, and the related notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the reporting period is not necessarily indicative of the results that may be expected for any future period. The financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**"). Further information about the Company and its operations can be obtained from SEDAR on www.sedar.com.

This MD&A contains information up to and including November 28, 2022.

Non-IFRS Measures

This MD&A presents certain non-IFRS financial measures to assist readers in understanding the Company's performance. These non-IFRS measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Management uses these non-IFRS measures to supplement the analysis and evaluation of operating performance.

Throughout this MD&A, the following terms are used, which are not found in the IFRS and do not have a standardized meaning under IFRS.

"Cost of Bitcoin" represents the cost of mining one bitcoin based on quantity of bitcoin produced monthly divided by incurred monthly cash operating expenses (expenses such as power, lease, staff, insurance and internet).

"Gross Mining Margin" represents the gross profit of bitcoin mining (revenue generated from mining activities less operating costs), excluding depreciation.

Contents of the MD&A

1. DESCRIPTION OF THE COMPANY

Cathedra Bitcoin Inc. ("**Cathedra**" or the "**Company**") (formerly known as Fortress Technologies Inc.) is a Bitcoin company that develops and operates world-class bitcoin mining infrastructure. Cathedra believes sound money and abundant energy are the keys to human flourishing and is committed to advancing both by working closely with the energy sector to secure the Bitcoin network.

The Company is headquartered in Vancouver, British Columbia, with mining operations in the United States. In Washington State, Cathedra operates a bitcoin mine that produces approximately 52 petahashes per second ("**PH/s**") of bitcoin mining hash rate and is powered by grid electricity (the "**Washington Mine**"). The Company also hosts bitcoin mining machines at four third-party data centers in Kentucky and Tennessee (together, the "**Kentucky and Tennessee Mines**") which produce approximately 151 PH/s.

As of November 28, 2022, the Company's diversified bitcoin mining operations produce approximately 203 PH/s and span four states and five locations in the United States.

2. OUTLOOK

Company Strategy

Bitcoin mining is eating the energy sector. As a permissionless energy sink, bitcoin mining allows anyone, anywhere, at any time, to convert electricity into money. This phenomenon has profound implications for the energy sector that market participants have only just begun to appreciate:

- bitcoin mining incentivizes new and more efficient forms of energy generation, which will cause a general decline in the price of energy;
- bitcoin mining serves as a perfect dispatchable load, helping to stabilize power grids and allowing greater penetration of intermittent renewables at the grid level;
- bitcoin mining sets 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 money;
- 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.

In the coming decades, bitcoin mining will completely saturate the energy sector; the gradual convergence of these two industries has already begun and will accelerate from both directions. Energy producers will strive to monetize surplus power that would otherwise be sold at low or negative rates to the grid (or wasted altogether) by selling it to the Bitcoin network. And bitcoin miners will strive to vertically integrate, owning their own power generation and infrastructure to improve their margins and thereby their competitiveness. It stands to reason, then, that in the future, the most efficient miners will also be energy producers. At full saturation, the marginal revenue earned from mining bitcoin will be expected to equal that earned from selling power to the grid.

Cathedra is building a category-defining business at the intersection of bitcoin mining and energy. In the near term, the Company's primary objectives are to:

- expand our diversified hash rate portfolio to compete with the largest bitcoin miners in the world;
- continue building the Company's bitcoin treasury;
- and continue vertically integrating by scaling the Company's in-house manufacturing capabilities.

In the long-term, the Company has a more expansive vision of its role in the bitcoin mining and energy markets, which includes:

- accumulating one of the largest bitcoin treasuries of any company in the world;
- developing and/or acquiring a portfolio of power generation assets that leverages the synergies between energy generation and bitcoin mining;
- and exploring additional Bitcoin-native products and services that Cathedra can offer as a low-cost producer of bitcoin.

In December 2021, the Company began operating under the name "Cathedra Bitcoin Inc.," changed from "Fortress Technologies Inc.," and begin trading under the ticker symbol "CBIT" on the TSX Venture Exchange. The Company also updated its brand to accompany the name change, introducing a new logo, website, and other brand assets, all of which can be found at www.cathedra.com. In February 2022, the Company also listed its shares on the OTCQX Best Market under the ticker symbol "CBTTF."

Bitcoin Mining Operations

Washington Mine

Since 2018, the Company has operated a two-megawatt ("**MW**") bitcoin mine in a leased data center facility in Washington State. At the Washington Mine, the Company pays less than $0.032 per kilowatt hour ("**kWh**") for electricity from the grid, which is predominantly generated by hydroelectric sources, according to the Washington State Department of Commerce 2019 Fuel Mix Disclosure. Over the past several years, the Company has made several optimizations to the Washington Mine, installing custom firmware on some machines and replacing older-generation machines with more efficient units.

As of November 28, 2022, the Washington Mine produces approximately 52 PH/s of bitcoin mining hash rate using a combination of Bitmain Antminer S9 (the "**S9s**"), MicroBT Whatsminer M30S, and Bitmain Antminer S19J Pro (the "**S19J Pros**") bitcoin mining machines.

North Dakota Mine

In Q2 2021, the Company announced that it had launched a strategic bitcoin mining venture in partnership with Great American Mining ("**GAM**"), under which the two companies would develop and operate a bitcoin mine powered by electricity that is 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**"), which Cathedra owns pursuant to the partnership agreement. To outfit the GAM Containers, the Company purchased 1,980 MicroBT Whatsminer M31S and 180 MicroBT Whatsminer M32S bitcoin mining machines capable of producing an aggregate 155 PH/s for deployment at the North Dakota Mine.

Under the original terms of the partnership, the Company paid the full cost to purchase the gas and lease the generators required to power the GAM Containers, which totaled approximately $0.044 per kWh, and received between 60% and 85% of all bitcoin produced by the 12 containers, depending on bitcoin mining economics in a given period, with GAM receiving the balance.

On May 3, 2022, the Company announced that due to severe weather conditions, the North Dakota Mine saw its performance impaired throughout the winter and spring. Additionally, the Companies were notified in Q1 2022 by their generator provider that the generator lease rate would be increasing by over 50%. In light of these adverse developments, the Company and GAM mutually agreed to amend the partnership agreement to provide for the conclusion of the business relationship (the "**April Amendment**") by September 15, 2022 (the "**Conclusion Date**"). The April Amendment also modified the terms of the revenue share for the remaining months of the business relationship, providing that GAM would receive a flat share of 25% of bitcoin produced at the North Dakota Mine each month.

By October 2022, the Company had concluded its partnership with GAM as planned, retiring the last of its machines and containers. The Company tendered four of its containers from the North Dakota Mine 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 and Tennessee Mines

On May 30, 2022, the Company announced it had entered into a hosting agreement (the "**May Hosting Agreement**") under which the Company would deploy approximately 1,501 S19J Pros at various data centers in Kentucky and Tennessee that are owned and managed by a third-party operator. Under the May Hosting Agreement, which lasts for an initial term of 12 months, the Company pays a fixed rate of five and one-half cents (US$0.055) per kilowatt hour, plus ten percent (10%) of gross bitcoin revenue produced by the hosted machines.

On September 28, 2022, the Company entered into a separate hosting agreement (the "**September Hosting Agreement**") under which it has deployed the remaining 372 machines from its May batch of Bitmain Antminer S19J Pro machines at a third-party data center in Tennessee. Under the terms of the September Hosting Agreement, which lasts for an initial term of 12 months, the Company will pay a fixed rate of seven cents (US$0.07) per kilowatt hour, plus five percent (5%) of gross bitcoin revenue produced by the hosted machines. The installation of the hosted machines was completed on October 10, 2022, increasing the Company's diversified bitcoin mining hash rate to approximately 203 PH/s.

With the execution of the May and September Hosting Agreements, the Company expanded its operating footprint to Kentucky and Tennessee. True to its diversified approach, as of November 28, 2022, Company's operations span three states and five locations.

Manufacturing Operations

In Q4 2021, the Company began developing proprietary modular bitcoin mining data centers (the "**Bitcoin Mining Rovers**" or the "**Rovers**"). The Rovers are 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 believes developing in-house design and manufacturing capabilities will afford it greater control over its supply chain, rate of expansion, and cost structure compared to an outsourced model.

Production of the Rovers, which is taking place entirely at the Company's New Hampshire Manufacturing Facility, began in Q1 2022. Shortly thereafter, in response to a weakening market outlook, the Company announced it had temporarily paused all major capital expenditures until bitcoin mining conditions improve substantially. The Company has continued producing Rovers at a reduced pace using materials it had pre-ordered earlier in the year.

The Company recently completed production and extensive testing of its first three Rovers, which met all performance expectations and are now ready for field deployment. The Company intends to deploy these Rovers at a site with favorable economics as soon as market conditions allow.

Machine Orders

In Q4 2021, the Company announced the purchase of 4,500 Bitmain Antminer S19J Pro and 600 Bitmain Antminer S19 XP (the "**S19 XPs**") bitcoin mining machines for delivery in installments from April through December 2022.

S19J Pro Order

The first batch of 750 S19J Pros was delivered in May 2022. 323 machines were installed at the Washington Mine, where they replaced older-generation S9s that had been fully depreciated, and 195 machines were sent to the Company's Manufacturing Facility, where they are being used to test the Company's first completed Rovers. The remaining 232 machines were installed at the Kentucky and Tennessee Mines.

In June 2022, 375 machines from the second batch of 747 S19J Pros were delivered to and installed at the Kentucky and Tennessee Mines. The remaining 372 machines from this batch encountered delays in shipment and were installed at the Kentucky and Tennessee Mines upon their delivery in September 2022.

In accordance with its effort to conserve cash until bitcoin mining conditions improve, the Company elected to forgo making final payment on its third and fourth batches of S19J Pros (respectively, the "**June S19J Pros**" and the "**July S19J Pros**"), instead taking delivery of a reduced allocation of 522 and 635 machines, respectively, in each month (versus the originally contemplated 750 in each month). In August 2022, the 522 June S19J Pros were delivered to and installed at the Kentucky and Tennessee Mines.

The Company will take delivery of its full allocation of 750 machines per month in both August (the "**August S19J Pros**") and September (the "**September S19J Pros**").

In Q3 2022, the Company elected to transport the July S19J Pros, August S19J Pros, and September S19J Pros via ocean freight (rather than air freight) to reduce shipping costs. As of November 25, 2022, the July and August S19J Pros had been shipped and are expected to be delivered in December 2022. The September S19J Pros are expected to be delivered in January 2023. The Company intends to deploy these remaining machines at a site with favorable economics upon their arrival.

S19 XP Order

On July 11, 2022, the Company announced it had sold the 600 S19 XPs, which were scheduled to be delivered in six equal tranches from July through December 2022, for total proceeds of approximately US$4,116,000. The net proceeds from the sale were used to reduce the $25,000,000 face value of the Company's outstanding convertible debenture, further fortifying the Company's balance sheet.

Balance Sheet Restructuring and Cost Saving Initiatives

Bitcoin mining market conditions—and macroeconomic conditions more broadly—have worsened materially since Q4 2021. As of November 28, 2022, the price of bitcoin had declined by more than 75% from its all-time-high in 2021, and network hash rate continues to hover near record-highs. In preparation for a prolonged market downturn, in Q2 2022 the Company undertook measures to raise and conserve cash, reduce risk, and strengthen its balance sheet.

On May 20, 2022, the Company announced the closing of a non-brokered private placement offering with Kingsway Capital and Ten31 consisting of the sale of 17,916,667 units at a purchase price of $0.36 per unit, for gross proceeds of $6,450,000.

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. Cathedra will continue pursuing its long-term goal of accumulating a large bitcoin treasury through its mining operations.

On May 27, 2022, the Company announced it had 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 July 11, 2022, the Company announced it had sold the 600 S19 XPs for total proceeds of US$4,116,000 with net proceeds from the sale reducing the $25,000,000 face value of the Company's outstanding convertible debenture.

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 real estate leases, and eliminating significant other general and administrative costs.

As of November 28, 2022, the Company held approximately $3,320,000 of cash and $50,000 of bitcoin (2.13 bitcoin) for a total of approximately $3,370,000 of cash and bitcoin.

The Company believes these measures will allow it to endure a prolonged economic downturn and reduce its dependence on external financing to sustain its operations. The Company's long-term strategy and goal are unchanged: to build a category-defining business at the intersection of Bitcoin and energy, and to do so by pursuing vertical integration and a diversified approach to operations.

3. RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

Cathedra reports the following financial results for its bitcoin mining operations for the three and nine months ended September 30, 2022:

Operational Highlights

In the three months ended September 30, 2022, the Company mined 67.09 bitcoin, as compared to 57.65 bitcoin mined in the three months ended June 30, 2022.

The Company mined 0.73 bitcoin per day, on average, in Q3 2022, as compared to 0.63 in Q2 2022; 0.64 in Q1 2022; 0.65 in Q4 2021; 0.41 in Q3 2021; 0.12 in Q2 2021; 0.13 in Q1 2021; 0.13 in Q4 2020; and 0.15 during Q3 2020.

The daily average bitcoin price in Q3 2022 was US$21,249, as compared to US$32,492 in Q2 2022; US$41,299 in Q1 2022; US$53,481 in Q4 2021; US$41,892 in Q3 2021; US$46,716 in Q2 2021; US$44,847 in Q1 2021; US$16,655 in Q4 2020; and US$10,612 in Q3 2020.

Financial Highlights

The Company was well capitalized at the end of the quarter, with cash and cash equivalents of $3,059,834 and digital currencies of $18,406. Total assets were $47,611,678, consisting primarily of cash and cash equivalents, deposits, and property and equipment.

The Company reported total revenue from its bitcoin mining operations during Q3 2022 of $1,493,520, as compared to $2,530,673 in Q2 2022; $3,107,724 during Q1 2022; $4,387,824 during Q4 2021; $2,107,773 during Q3 2021; $647,742 during Q2 June 30, 2021; $657,972 during Q1 2021; $264,560 during Q4 2020; and $189,723 during Q3 2020.

The table below presents selected unaudited financial results of the Company for Q2 2022, Q1 2022, Q4 2021, Q3 2021, Q2 2021, Q1 2021, Q4 2020, and Q3 2020:

Expressed in Canadian Dollars unless otherwise indicated

Quarter	Total Revenue ($)	Net Income (Loss) ($)	Comprehensive Income (Loss) ($)	Basic Earnings (Loss) Per Share ($)	Diluted Earnings (Loss) Per Share ($)
Q3 2022	1,493,520	(7,711,263)	(7,645,892)	(0.08)	(0.08)
Q2 2022	2,530,673	(11,920,198)	(11,946,925)	(0.12)	(0.12)
Q1 2022	3,107,724	(3,861,467)	(3,675,805)	(0.04)	(0.02)
Q4 2021	4,387,824	164,945	1,164,444	0.01	0.01
Q3 2021	2,107,773	(1,486,340)	(1,412,540)	(0.02)	(0.01)
Q2 2021	647,742	(1,614,091)	(1,564,679)	(0.02)	(0.01)
Q1 2021	657,972	3,653,598	3,696,819	0.05	0.04
Q4 2020	264,560	5,463,046	5,724,871	0.07	0.07
Q3 2020	189,723	(503,945)	(384,271)	(0.01)	(0.01)

Cathedra had cash flow from mining operations of $91,269 during the quarter, which reflects proceeds from Gross Mining Margin after prepaid expenses. The Company defines Gross Mining Margin (a non-IFRS measure) as the revenue generated from mining activities less operating costs. Operating costs include monthly cash operating expenses, as well as incidental or accrued expenses. Depreciation, being a non-cash cost, is excluded from the Gross Mining Margin calculation. Gross Mining Margin is a non-standard measure of mining efficiency and should not be considered as a substitute for other IFRS operating and profitability measures of performance.

Calculation of Gross Mining Margin	Q3 2022 ($)	Q2 2022 ($)	Q1 2022 ($)	Q4 2021 ($)	Q3 2021 ($)	Q2 2021 ($)	Q1 2021 ($)	Q4 2020 ($)	Q3 2020 ($)
Revenue	1,493,520	2,530,673	3,107,724	4,387,824	2,107,773	647,742	657,972	264,560	189,723
Less: Operating costs	1,393,366	1,670,764	1,789,212	2,252,580	966,805	269,440	238,100	200,704	217,336
Gross mining margin	**97,154**	**859,909**	**1,318,512**	**2,135,244**	**1,140,968**	**378,302**	**419,872**	**63,856**	**(27,613)**
Gross mining margin (%)	**6%**	**34%**	**42%**	**49%**	**54%**	**58%**	**64%**	**24%**	**(15%)**
Less: Depreciation	2,163,015	1,913,499	1,657,980	1,275,069	583,152	213,876	213,607	88,669	84,599
Less: B&O taxes	5,885	9,149	13,261	11,305	9,281	8,837	11,108	3,803	3,301
Net mining margin	**(2,071,746)**	**(1,062,739)**	**(352,729)**	**848,870**	**548,535**	**155,589**	**195,157**	**(28,611)**	**(115,513)**
Cash flow from mining operations	**91,269**	**850,760**	**1,305,251**	**2,123,939**	**1,131,687**	**369,465**	**408,764**	**60,053**	**(30,914)**

Overall, the Company had a net loss of $22,784,114 for the nine months period ended (2021 - $3,525,792). The increase in losses is mainly due to the following non-cash items:

- The Company recorded a share-based compensation expense of $5,028,688 (2021 - $500,423) in relation to the RSUs and stock options granted during the period.

- The Company recorded a write-down of mining equipment of $9,187,044 (2021 - $nil). The write-down was determined based on the assessment of the performance of the mining equipment.

Financing Highlights

On February 3, 2022, the Company entered into an equipment financing agreement with NYDIG ABL ("NYDIG Financing") that would provide up to approximately $21.6 million in proceeds to fund the expansion of the Company's diversified bitcoin mining operations. At closing, the Company received an advance of $7.1 million (incurring a closing fee of $141,798) bearing an interest rate of 14% per annum and to be repaid over the subsequent 24 months. The loan was collateralized by 1,500 S19J Pros purchased by the Company in Q4 2021.

On April 11, 2022, the Company received an advance of $6,760,439 from NYDIG Financing (incurring a closing cost of $135,209) bearing an interest rate of 14% per annum and to be repaid over the subsequent 24 months. The loan was collateralized by 1,500 S19J Pros purchased by the Company in Q4 2021.

On May 20, 2022, the Company announced it had closed a non-brokered private placement offering with Kingsway Capital and Ten31 consisting of the sale of 17,916,667 units at a purchase price of $0.36 per unit, for gross proceeds of $6,450,000. Each unit consists of one common share of the Company and three-quarters of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share for a period of five years following the closing date. A total of up to 13,437,500 warrants underly the units with the following exercise prices per warrant share:

- 2,867,500 warrants at an exercise price of $0.54 per warrant share;
- 2,867,500 warrants at an exercise price of $0.79 per warrant share;
- 2,867,500 warrants at an exercise price of $1.04 per warrant share;
- 2,867,500 warrants at an exercise price of $1.29 per warrant share; and
- 2,867,500 warrants at an exercise price of $1.54 per warrant share.

On May 27, 2022, the Company repaid all principal and interest due on two outstanding equipment loans for a total of $14,622,492 (US$11,479,425) resulting in a loss on extinguishment of debt of $992,666, in accordance with the terms of the loans.

On June 9, 2022, the Company announced it had closed a follow-on non-brokered private placement offering consisting of the sale of 8,000,000 units at a purchase price of $0.36 per unit, for gross proceeds of $2,880,000. Each unit consists of one common share of the Company and three-quarters of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share for a period of five years following the closing date. A total of up to 6,000,000 warrants underly the units with the following exercise prices per warrant share:

- 1,200,000 warrants at an exercise price of $0.54 per warrant share;
- 1,200,000 warrants at an exercise price of $0.79 per warrant share;
- 1,200,000 warrants at an exercise price of $1.04 per warrant share;
- 1,200,000 warrants at an exercise price of $1.29 per warrant share; and
- 1,200,000 warrants at an exercise price of $1.54 per warrant share.

On July 11, 2022, the Company announced it had sold the 600 S19 XPs for total proceeds of US$4,116,000 with net proceeds from the sale reducing the $25,000,000 face value of the Company's outstanding convertible debenture.

4. LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2022, the Company had a working capital surplus of $20,482,663, as compared to $21,527,276 as of June 30, 2022. The Company has sufficient cash balances to fund its current operating and administrative costs.

The net change in the Company's cash position for the nine months ended September 30, 2022, was a decrease of $6,383,784, resulting from the following cash flows:

- Cash provided by operations of $2,786,704 (as compared to $4,954,221 during Q3 2021);
- Cash provided by financing activities of $7,865,123 (as compared to $8,611,256 during Q3 2021) ;

Expressed in Canadian Dollars unless otherwise indicated

- Cash used in purchase of property and equipment of $16,007,888 (as compared to $14,601,120 during Q3 2021); and
- Effect of exchange rate changes on cash of $1,027,723 (as compared to $283,527 during Q3 2021).

As of November 28, 2022, the Company maintained a cash position of approximately $3,320,000.

Please refer to Note 8 of the Company's condensed consolidated interim financial statements for details on the Company's lease obligations.

5. OUTSTANDING SHARE DATA

As of November 28, 2022, 118,531,698 common shares; 5,869,205 stock options; 7,381,692 restricted share units; 58,849,508 warrants; and 887,682 broker warrants (each broker warrant can be exercised into one broker unit comprised of one common share and one warrant) were issued and outstanding. There are voluntary and TSX-V-imposed resale restrictions on certain of these securities.

6. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of the Company's corporate officers.

The remuneration of directors and other members of key management personnel during the period ended September 30, 2022, and September 30, 2021, are as follows:

Year ended September 30, 2022	Salaries	Director/ Consulting Fees	Share-based compensation	Total
Chief Executive Officer	$ 120,291	$ 31,500	$ 1,719,143	$ 1,870,934
Chief Operating Officer and President	120,291	31,500	1,719,143	1,870,934
Chief Financial Officer	-	100,664	128,648	229,312
Chief Field Operations and Manufacturing Officer	144,350	-	269,080	413,430
Chief Technology Officer	132,946	-	227,922	360,868
Directors	-	94,500	337,203	431,703
	$ 517,878	$ 258,164	$ 4,401,139	$ 5,177,181

Year ended September 30, 2021	Salaries	Director/ Consulting Fees	Share-based compensation	Total
Chief Executive Officer	$ 3,817	$ -	$ 138,380	$ 142,197
Chief Operating Officer and President	3,817	-	138,379	142,196
Former Chief Executive Officer	-	77,271	-	77,271
Chief Financial Officer	-	50,000	89,616	139,616
Non-executive directors	-	103,600	134,048	237,648
	$ 7,634	$ 230,871	$ 500,423	$ 738,928

At September 30, 2022, the Company owes a balance recorded within accounts payable and accrued liabilities:

- $17,990 to a company controlled by the CFO of the Company; and

At September 30, 2022, the Company has accrued receivables of $103,660 in connection to the payroll tax liabilities for the RSU grants issued to the management of the Company. The balance will be fully repaid by April 30, 2023.

7. SUBSEQUENT EVENTS

On October 11, 2022, the Company announced that it had entered into a separate hosting agreement under which it deployed the remaining 372 machines from its May batch of Bitmain Antminer S19J Pro machines at a third-party data center in Tennessee. Under the terms of the September Hosting Agreement, which lasts for an initial term of 12 months, the Company pays a fixed rate of seven cents (US$0.07) per kilowatt hour, plus five percent (5%) of gross bitcoin revenue produced by the hosted machines. The installation of the hosted machines was completed on October 10, 2022, increasing the Company's diversified bitcoin mining hash rate to approximately 203 PH/s.

The Company also announced it had concluded its partnership with GAM as planned, retiring the last of its machines and containers in September. The Company tendered four of its containers from the North Dakota site 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.

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 real estate leases, and eliminating significant other general and administrative costs.

The Company granted 385,000 stock options and 587,244 RSUs to an employee and consultants of the Company as compensation for ongoing services rendered to the Company.

8. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Significant Judgments

Revenue recognition

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "**cryptocurrency mining**". As consideration for these services, the Company receives digital currency ("**coins**") from each specific network in which it participates. Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the daily average from https://coinmetrics.io/ ("**Coin Metrics**").

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies, and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in IFRS 15, Revenue from Contracts with Customers, including the stage of completion being the completion and addition of block to a blockchain and the reliability of the measurement of the digital currency received. In the event authoritative guidance is enacted by the IASB or IFRIC, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

Significant Estimates

Fair value of financial instruments

The individual fair value attributed to the different components of a financing transaction is determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of the issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. The valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of the instrument that are not quoted in active market.

Depreciation

Depreciation of the assets in the cryptocurrency data center is based on an estimate of the assets' expected life. In order to determine the useful life of the assets in the cryptocurrency data center, assumptions are required about a range of computing industry market and economic factors, including global hash rates dedicated to proof of work mining, network difficulty, technological changes, release and availability of newer and more efficient hardware and other inputs, and production costs. Based on the data that management has reviewed, management has determined to use the straight-line method of amortization over three years, to best reflect the current expected useful life of mining equipment. Management will review its estimates and assumptions at each reporting date and will revise its assumptions if new information supports the change.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights.

Taxes

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, the deferral and deductibility of certain items and interpretation of the treatment for tax purposes of digital currencies by taxation authorities. Management also makes estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payments of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

Digital currency valuation

Digital currency denominated assets are included in current assets. Digital currencies are carried at their fair value determined by the spot rate based on the daily average from Coin Metrics. The digital currency market is still a new market and is highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies would have a significant impact on the Company's earnings and financial position.

Share-based compensation

The Company utilizes the Black-Scholes Option Pricing Model ("**Black-Scholes**") to estimate the fair value of stock options granted to directors, officers, employees and consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the calculation of the share-based compensation; however, the most significant estimate is the volatility. Expected future volatility can be difficult to estimate as the Company has had limited history, is in a unique industry, and historical volatility is not necessarily indicative of future volatility.

Areas of significant estimates and judgments also include:

- Collectability of receivables
- Completeness of accounts payable and accrued liabilities
- Valuation of right of use assets and lease liability
- Valuation of convertible loans
- Valuation of biological assets
- Going concern

Expressed in Canadian Dollars unless otherwise indicated

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and commodity price risk.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The financial instruments that represent a potential concentration of credit risk consist primarily of cash, digital currencies, deposits and receivables. The Company limits its exposure to credit loss by placing its deposits with Tier-1 Canadian financial institutions. All the receivables are current and relate to Goods and Services Taxes. The carrying amount of financial assets represents the maximum credit exposure.

	September 30, 2022	June 30, 2022
Cash	$ 3,059,834	$ 4,203,484
Digital currencies	18,406	1,773
Deposit	19,695,760	18,755,245
Receivables	1,089,257	226,650
	$ 23,863,257	$ 23,187,152

The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. The Company manages its liquidity risk by ensuring that it has enough cash to meet its financial liabilities. As of September 30, 2022, the Company had a working capital surplus of $20,492,986, the majority of which is comprised of a cash balance of $3,059,834, digital currencies balance of $18,406, deposits of $19,695,760 and receivables of $1,089,257 to settle current liabilities of $3,665,232. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as bitcoin prices, interest rates, foreign exchange rates and equity prices.

Bitcoin prices

As of September 30, 2022, the Company held digital currencies, bitcoin, which is subject to market pricing and price volatility. Digital currencies have a limited history and have had a high degree of price volatility. The historical performance of digital currencies may not be indicative of their future performance. A decline in the fair value of these digital currencies could have a significant impact on the Company's earnings. In addition, the Company may not be able to liquidate its inventory of digital currency at its desired price if required.

The Company does not hedge its bitcoin balances but will actively monitor bitcoin pricing, market volatility and its own balance of bitcoin to determine an appropriate risk mitigation strategy. The Company held 0.48 bitcoin as of September 30, 2022 limiting its risk against the volatility of bitcoin price.

Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on bank deposits is insignificant as the deposits are short-term.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as the entities operated in Canada holds financial assets in US dollars while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

If the US dollar had changed against the Canadian dollar by 10% at year end, the Company's net loss and comprehensive loss after taxes would change by approximately $2,000,000, resulting from the translation of the US dollar denominated financial instruments.

Custody risk

The Company holds its digital currencies with a top tier custodian. The Company's custody strategy is designed to maximize liquidity and efficient sourcing of its digital currencies by making those assets readily available to deploy. The Company constantly monitors its cash and the digital currencies balance it maintains with its custodian.

Prior to onboarding a new custodian, the Company performs extensive due diligence procedures, which include, but are not limited to, internal control procedures to ensure security, availability, integrity and confidentiality of custodian's information and systems. The Company's custodian is SOC 2 Type II certified and undergo a SOC 2 Type II review on an ongoing basis. The Company reviews its custodian's SOC 2 report to ensure they maintain a secure technology infrastructure and that their systems are designed and operating effectively. Additionally, the Company reviews its own complementary user entity controls in conjunction with the custodian's controls to ensure that applicable trust services criteria can be met. The Company has no reason to believe it will incur any expense associated with security breach, computer malware and computer hacking attacks because (i) it has no known or historical experience of claims to use as a basis of measurement, (ii) it accounts for and continually certifies the amount of digital assets within its controls, and (iii) it has established security around custodial private keys to minimize the risk of theft or loss.

Loss of access risk

The loss of access to the private keys associated with the Company's digital currencies holdings may be irreversible and could adversely affect an investment. Digital currencies controllable only by an individual that possesses both the unique public key and private key or key relating to the "digital wallet' in which the cryptocurrency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible, the Company may be unable to access the digital currencies. As of September 30, 2022, all bitcoin was held with the Company's third-party custodian.

Fair value hierarchy

The Company applied the following fair value hierarchy for financial instruments that are carried at fair value. The hierarchy prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels.

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's cash was measured at level 1 fair value.

The carrying value of the Company's receivables and accounts payable and accrued liabilities, accrued GIC interest receivable and interest payable approximates fair value because of the relatively short periods to maturity of these instruments and the low credit risk.

10. CAUTION REGARDING FORWARD LOOKING INFORMATION

This Management Discussion and Analysis contains certain "forward-looking information" within the meaning of Canadian securities legislation. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made and they involve a number of assumptions, risks and uncertainties. Consequently, there can be no assurances that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The forward-looking information includes information about the Company's growth or expansion plans regarding mining digital currencies and businesses that may not come to fruition. Forward-looking information involving the costs and future revenues from mining bitcoin are dependent on market factors, including but not limited to the price of digital currencies, global hash rates and difficulty that are beyond the control of the Company and may differ materially with the Company's assumptions.

Forward-looking information includes information about the Company's plans for future acquisitions; the expected electrical consumption and tariffs at the Company's data center; additional opportunities to be identified in the future to contribute to growth of revenue and computing equipment; the business goals and objectives of the Company, and other forward-looking information including but not limited to information concerning the intentions, plans and future actions of the Company. The forward-looking information in this Management Discussion and Analysis reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company that are all subject to change. In connection with the forward-looking information contained in this Management Discussion and Analysis, the Company has made assumptions about the ability of the Company to mine digital currencies; and there will be no regulation or law that will prevent or significantly hinder the Company from operating its business. The Company has also assumed that no significant events occur outside of the Company's normal course of business. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

11. MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The information provided in the audited financial statements and the accompanying MD&A is the responsibility of management. Management is required to make a number of judgments, assumptions and estimates when preparing these financial statements and MD&A, including estimates to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on prudent judgments and have been properly reflected in the accompanying financial statements but actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Management is responsible for the internal controls over the operations and financial reporting, including internal controls related to maintaining records that reflect the transactions, acquisitions and dispositions of the assets of the Company. As all controls and processes are subject to certain limitations, management acknowledges that the internal controls may not prevent or detect all misstatements due to error or fraud.

APPENDIX 1

Limited Operating History

The Company has only a limited operating history upon which an evaluation of the Company and its prospects can be based. In particular, the Company has a limited history with its mining operations and remains in the early stage of development. The Company is subject to many risks common to venture enterprises, including under-capitalization, cash shortages, 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 other metrics of success.

The Company is dependent on retained earnings for substantially all of its working capital needs, and there is no assurance that additional funding will be available to it for further development and growth. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

The Company incurs substantial expenses in the establishment and operating 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.

Business Risks and Uncertainties

There are a number of risk factors associated with Cathedra and its business. Shareholders should carefully consider each of the risks described below. Cathedra's success will depend on a number of things, including the expertise, ability, judgment, discretion, integrity and execution of its management. The risks and uncertainties below are not the only ones facing Cathedra. Additional risks and uncertainties not presently known to Cathedra or that it currently considers immaterial may also impair the Company's business operations and cause the value of the Company to decline. If any of the following risks actually occur, Cathedra's business may be harmed and its financial condition may suffer significantly.

Liquidity and Future Financing Risk

Cathedra 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 Cathedra 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 Cathedra 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.

Cash Flow Risk

The Company may sell its coins to pay for expenses incurred, irrespective of then-current coin prices. Consequently, Cathedra'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.

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 its data center in the Washington State. The Grant County Public Utility District ("**GCPUD**") is the electricity supplier to the Company's Washington State Operation. The costs of electricity offered by GCPUD is available online, and are summarized in the Rate Schedules. As a result of operations in a single jurisdiction, the Company's current and future operations, anticipated growth, and sustainability of hydroelectricity at economic prices for the purposes of cryptocurrency mining in the Washington State poses certain risks. There is no assurance that a particular electricity rate structure will remain in effect and the Company's electricity supplier, GCPUD, is under no obligation to lock in rates for any period of time.

Any further increases to the Company's electricity costs to the Company's data center operation 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.

Regulatory Requirements

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.

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.

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.

Risk of Malicious Actors

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.

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.

Facility Development Risk

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.

Risk of Non-Availability of Insurance

When 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.

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.

Momentum Pricing Risk

Momentum pricing typically is 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, cryptocurrency prices may be more likely to fluctuate in value due to changing investor confidence in the future appreciation (or depreciation) in their market prices, which could adversely affect the value of the Company's inventory and/or revenues, thereby having a material and adverse effect on the Company's business.

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 commodities. For example, during the past three years, a number of bitcoin exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed cryptocurrency exchanges were not compensated or made whole for the partial or complete loss of their account balances in such exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide the 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.

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 be 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.

Risk of System Failure

The Company's operations will be dependent on its, as well as the third-party operators of the Kentucky and Tennessee mines ("**Third-party Operators**") and WeHash Technology LLP's ("**WeHash**") ability 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.

Competitive Risk

The Company will compete with other users and/or companies that are mining cryptocurrencies and other financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to the Company, or exchange-traded funds (ETFs). Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly, which could limit the market for the Company's Shares and reduce their liquidity.

Technological Obsolescence Risk

To remain competitive, the Company will continue to invest in hardware and equipment required for maintaining the Company's activities. Should competitors introduce new services/software embodying new technologies, the Company recognizes its hardware and equipment and its underlying technology may become obsolete and require substantial capital to replace such equipment.

Hardware Supply Risk

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.

Profit Risk

Further development and acquisitions of server farms and the ongoing operation of the Company's existing data centers will require additional capital and monthly expenses. The Company's operating expenses and capital expenditures may increase in subsequent years as necessary consultants, personnel and equipment associated with the maintenance of the data center in Washington State and any other mining facility 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.

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.

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.

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.

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

Our success is largely dependent on the performance of our proposed directors and officers. Certain members of our 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. Cathedra 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 Cathedra'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.