



# Cathedra

## **Cathedra Bitcoin Inc.**

### **Condensed Consolidated Interim Financial Statements**

*(Expressed in Canadian Dollars, unless otherwise noted)*

For the three months ended March 31, 2024 and 2023

(Unaudited)

# Cathedra Bitcoin Inc.

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars, unless otherwise noted)



As at:	Notes	March 31, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 833,112	\$ 726,973
Digital currencies	3	4,339,535	1,840,251
Receivables	10	89,693	87,548
Prepaid expenses		391,859	351,609
Deposits		992,781	972,943
<b>Total current assets</b>		<b>\$ 6,646,980</b>	<b>\$ 3,979,324</b>
<b>Non-current assets</b>			
Deposits		774,818	752,390
Receivables	10	50,555	44,381
Property and equipment	4	9,390,532	10,698,471
Right-of-use asset	5	1,428,468	1,728,176
Investments		1,655,134	1,655,134
<b>Total non-current assets</b>		<b>\$ 13,299,507</b>	<b>\$ 14,878,552</b>
<b>Total assets</b>		<b>\$ 19,946,487</b>	<b>\$ 18,857,876</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6,10	2,671,714	2,177,104
Decommissioning liability		76,381	74,555
Current portion of lease liabilities	5	1,668,299	1,554,238
<b>Total current liabilities</b>		<b>\$ 4,416,394</b>	<b>\$ 3,805,897</b>
<b>Non-current liabilities</b>			
Lease liabilities	5	198,071	629,369
Convertible loan	7	5,290,359	5,167,957
<b>Total liabilities</b>		<b>\$ 9,904,824</b>	<b>\$ 9,603,223</b>
<b>EQUITY</b>			
Share capital	8	49,689,032	49,589,582
Reserves	9	15,386,205	14,679,188
Accumulated other comprehensive income		234,643	1,117,989
Deficit		(55,268,217)	(56,132,106)
<b>Total equity</b>		<b>\$ 10,041,663</b>	<b>\$ 9,254,653</b>
<b>Total liabilities and equity</b>		<b>\$ 19,946,487</b>	<b>\$ 18,857,876</b>

Nature of operations (Note 1)

Events after reporting period (Note 15)

Approved by the Board of Directors and authorized for issue on May 28, 2024:

“Antonin Scalia” Director

“David Jaques” Director

# Cathedra Bitcoin Inc.

Condensed Consolidated Interim Statements of Income or Loss and Comprehensive Income or Loss  
(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



For the three months ended:	Notes	March 31, 2024	March 31, 2023
<b>Revenue</b>	3	4,123,165	2,016,978
<b>Cost of revenue</b>			
Operating costs		(2,105,257)	(1,374,497)
Depreciation	4,5	(1,894,973)	(1,194,946)
<b>Gross income (loss)</b>		<b>\$ 122,935</b>	<b>\$ (552,465)</b>
Realized gain (loss) on sale of digital currencies	3	529,709	(13,188)
<b>Income (loss) before operating expenses</b>		<b>\$ 652,644</b>	<b>\$ (565,653)</b>
<b>Operating expenses</b>			
Director fees	10	42,130	42,419
Depreciation		-	2,720
Interest expense	5,7	268,390	878,275
Management and consulting fees	10	42,167	32,625
Office and administration		134,469	107,942
Professional fees		297,048	129,425
Salaries and wages	10	198,747	137,482
Share-based compensation	9,10	14,841	546,462
Travel		4,569	7,058
<b>Total operating expenses</b>		<b>\$ (1,002,361)</b>	<b>\$ (1,884,408)</b>
<b>Operating loss</b>		<b>\$ (349,717)</b>	<b>\$ (2,450,061)</b>
<b>Other income (expenses)</b>			
Foreign exchange gain (loss)		1,203,945	(49,587)
Interest income		10,011	27,532
Write down of investment		-	(32,693)
Other expense		(350)	-
Gain on sale of coupons and credits		-	264,362
<b>Net income (loss) for the period</b>		<b>\$ 863,889</b>	<b>\$ (2,240,447)</b>
<b>Other comprehensive income (loss)</b>			
Translation adjustment		(883,346)	28,671
Revaluation gain on digital currencies	3	791,625	60,985
<b>Total comprehensive income (loss) for the period</b>		<b>\$ 772,168</b>	<b>\$ (2,150,791)</b>
<b>Basic income / (loss) per common share</b>		<b>\$ 0.00</b>	<b>\$ (0.02)</b>
Weighted average number of common shares outstanding - basic		236,993,320	118,531,698
<b>Diluted income / (loss) per common share</b>		<b>\$ 0.00</b>	<b>\$ (0.02)</b>
Weighted average number of common shares outstanding - diluted		236,993,320	125,973,839

# Cathedra Bitcoin Inc.

## Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



	Number of Shares	Share capital	Revaluation surplus	Reserve - Cumulative translation adjustment	Reserve - Equity reserve	Accumulated deficit	Total equity
<b>Balance - January 1, 2023</b>	<b>118,531,698</b>	<b>\$ 37,455,772</b>	<b>\$ 1,853,101</b>	<b>\$ 208,634</b>	<b>\$ 17,002,818</b>	<b>\$ (51,745,424)</b>	<b>\$ 4,774,901</b>
Share based compensation	-	-	-	-	546,462	-	546,462
Revaluation gain on digital currencies	-	-	60,985	-	-	-	60,985
Translation adjustment	-	-	-	28,671	-	-	28,671
Net loss for the period	-	-	-	-	-	(2,240,447)	(2,240,447)
<b>Balance - March 31, 2023</b>	<b>118,531,698</b>	<b>\$ 37,455,772</b>	<b>\$ 1,914,086</b>	<b>\$ 237,305</b>	<b>\$ 17,549,280</b>	<b>\$ (53,985,871)</b>	<b>\$ 3,170,572</b>
<b>Balance - January 1, 2024</b>	<b>236,029,034</b>	<b>\$ 49,589,582</b>	<b>\$ 1,993,787</b>	<b>\$ 1,117,989</b>	<b>\$ 12,685,401</b>	<b>\$ (56,132,106)</b>	<b>\$ 9,254,653</b>
Shares issued for restricted share units	1,170,000	99,450	-	-	(99,450)	-	-
Share based compensation	-	-	-	-	133,053	-	133,053
Forfeiture of stock options	-	-	-	-	(118,211)	-	(118,211)
Revaluation gain on digital currencies	-	-	791,625	-	-	-	791,625
Translation adjustment	-	-	-	(883,346)	-	-	(883,346)
Net loss for the period	-	-	-	-	-	863,889	863,889
<b>Balance - March 31, 2024</b>	<b>237,199,034</b>	<b>\$ 49,689,032</b>	<b>\$ 2,785,412</b>	<b>\$ 234,643</b>	<b>\$ 12,600,793</b>	<b>\$ (55,268,217)</b>	<b>\$ 10,041,663</b>

# Cathedra Bitcoin Inc.

## Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



For the three months ended:	March 31, 2024	March 31, 2023
<b>OPERATING ACTIVITIES</b>		
Net income (loss) for the period	\$ 863,889	\$ (2,240,447)
<b>Non-cash items:</b>		
Interest and accretion	268,390	878,275
Depreciation	1,894,973	1,197,666
Share-based compensation	133,052	546,462
Forfeiture of stock options	(118,211)	-
Foreign exchange	(1,202,822)	49,587
Loss (gain) on sale of digital currencies	(529,709)	13,188
Gain on acquisition of equipment	-	32,693
Bitcoin paid for services	-	140,710
<b>Changes in non-cash working capital items:</b>		
Prepaid expenses	(40,250)	69,797
Receivables	(8,319)	3,791
Accounts payable and accrued liabilities	493,933	(233,870)
Deposits	(42,266)	(785,366)
Accrued receivable	-	1,240,733
Digital currencies	(3,927,768)	(2,040,695)
<b>Cash flows used in operating activities</b>	<b>\$ (2,215,108)</b>	<b>\$ (1,127,476)</b>
Interest paid	(50,170)	(195,962)
<b>Net cash used in operating activities</b>	<b>\$ (2,265,278)</b>	<b>\$ (1,323,438)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of bitcoin	\$ (567,382)	\$ -
Proceeds from sale of bitcoin, net of fees	3,370,897	1,610,775
Purchase of property and equipment	-	(12,068)
<b>Net cash provided by investing activities</b>	<b>\$ 2,803,515</b>	<b>\$ 1,598,707</b>
<b>FINANCING ACTIVITIES</b>		
Payment on lease obligations	\$ (464,850)	\$ (45,426)
<b>Net cash used in financing activities</b>	<b>\$ (464,850)</b>	<b>\$ (45,426)</b>
Effect of foreign exchange rate fluctuation	32,752	(908)
<b>Increase in cash</b>	<b>\$ 106,139</b>	<b>\$ 228,935</b>
<b>Cash, beginning of period</b>	<b>\$ 726,973</b>	<b>\$ 3,224,504</b>
<b>Cash, end of period</b>	<b>\$ 833,112</b>	<b>\$ 3,453,439</b>

# Cathedra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

*(Unaudited - expressed in Canadian Dollars, unless otherwise noted)*

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### 1. Nature of operations

Cathedra Bitcoin Inc. (the “Company” or “Cathedra”) was incorporated under the Business Corporations Act (Ontario) on July 13, 2011. The Company’s registered and records office is located at 320 – 638 Broughton Street, Vancouver, British Columbia, Canada, V6G 3K3. The Company’s common shares are listed under the symbol “CBIT” on the TSX Venture Exchange and “CBTTF” on the OTCQX Best Market.

As of March 31, 2024, Cathedra’s diversified bitcoin mining operations span two states and four data center locations across the United States.

These condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company has relied on additional equity and debt financing, in addition to operating cash flow, to fund its operations. Although the Company has been successful in the past in obtaining financing and it believes that it will continue to be successful, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on terms that are advantageous to the Company.

### 2. Significant accounting policies

#### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting of the International Financial Reporting Standards” (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), following the same accounting policies, including estimates and judgments and methods of application as those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2023, except as described in the notes to the condensed consolidated interim financial statements. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2023, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on May 28, 2024.

#### Basis of presentation

These condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below.

# Cathedra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2024 and 2023

*(Unaudited - expressed in Canadian Dollars, unless otherwise noted)*

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### **Basis of consolidation**

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, which are controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are included in these financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions are eliminated on consolidation.

As of March 31, 2024, the Company had the following wholly-owned subsidiaries:

- Fortress Blockchain Holdings Corp. incorporated in the province of British Columbia, Canada; and

Fortress Blockchain Holdings Corp. has the following wholly-owned subsidiary:

- Fortress Blockchain (US) Holdings Corp. ("Fortress US") incorporated in Washington, USA.

Fortress US has the following wholly-owned subsidiaries:

- Cathedra Lease Co LLC ("Lease Co") incorporated in New Hampshire, USA.

### **Functional and presentation currency**

Transactions undertaken in foreign currencies are translated into Canadian dollars at daily exchange rates prevailing when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates and non-monetary items are translated at historical exchange rates. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of comprehensive loss. The assets and liabilities of foreign operations are translated into Canadian dollars using the period-end exchange rates. Income, expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from the translation of foreign operations into Canadian dollars are recognized in other comprehensive loss and accumulated in equity.

The functional currency of Cathedra and Fortress Blockchain Holdings Corp. is the Canadian dollar while the functional currency of Fortress US and Lease Co is the US dollar.



### **Comprehensive income (loss)**

Total comprehensive income (loss) comprises all components of profit or loss and other comprehensive income (loss). Other comprehensive income (loss) includes gains and losses from translating the financial statements of an entity's whose functional currency differs from the presentation currency.

Significant accounting policies applied to these condensed consolidated interim financial statements are the same as those applied to the Company's audited financial statements for the year ended December 31, 2023.

### **Amendments to IAS 1 – Presentation of Financial Statements**

In October 2022, the IASB issued amendments to IAS 1, Presentation of Financial Statements titled Non-current Liabilities with Covenants. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override and incorporate the previous amendments, Classification of Liabilities as Current or Non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024 and adoption of these amendments did not have an effect on our financial statements

### **Recent pronouncements not yet effective and that have not been adopted early**

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the IASB or IFRS Interpretations Committee ("IFRIC") that are not yet effective. The standards and amendments issued that are applicable to the Company are as follows:

#### **Amendments to IAS 21 – Lack of Exchangeability**

The amendments to IAS 21 provide additional guidance on when a currency is exchangeable and on how to determine the exchange rate when it is not. The amendments also require the disclosure of additional information when a currency is not considered exchangeable. The amendments are applied prospectively for annual periods beginning on or after 1 January 2025, with early application permitted. No significant impact to the Company's consolidated financial statements is expected.

### **Implementation of IFRS 18 – Presentation and Disclosure of Financial Statements**

The introduction of IFRS 18 will provide all entities applying IFRS with more guidance on the presentation and disclosure of information in general purpose financial statements. The new standard will clarify guidance on how to present and disclose information that faithfully represents an entity's assets, liabilities, equity, revenue and expenses. The new standards are applied retrospectively for annual periods beginning on or after 1 January 2027, with early adoption permitted provided that this fact is disclosed. The Corporation is currently assessing the expected impact of this standard.

### **Implementation of IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information - and IFRS S2 – Climate-related Disclosures**

The adoption of IFRS S1 and S2 will introduce new requirements surrounding sustainability and climate-related disclosures for annual reporting purposes. The Canadian Sustainability Standards Board proposed Canadian-specific modifications to the standards issued by the International Sustainability Standards Board in June 2023. The Canadian specific versions of IFRS S1 and S2 are expected to be available for voluntary



# Cathedra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)

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adoption starting January 1, 2025. The Canadian Securities Administrators have not yet confirmed whether the new standards will be mandatory for Canadian reporting issuers. The Corporation is currently assessing the expected impact of adopting these standards.

### **Critical accounting estimates, judgments and assumptions**

The preparation of the Company's condensed consolidated interim 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 condensed consolidated interim 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 from each specific network in which it participates ("coins"). 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.

#### *Useful life and residual value*

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 mining 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.

# Cathedra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)

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### *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.

### *Uncertainty of the income/loss in the investment*

The financial information of the investment in associates, being a private corporation, was not readily available for the three months ended March 31, 2024. Based on management's estimate of the income/loss on the investment in associates projected from the information provided, the income/loss in the investment in associates is not material.

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

# Cathedra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



### 3. Digital currencies and revenue

For the three months ended March 31, 2024, the Company generated revenue of \$4,123,165 (March 31, 2023 - \$2,016,978).

#### Mining Revenue

Digital currencies are recorded at their fair value on the date they are received as revenues and are revalued to their current market value at each reporting date. Fair value is determined by using the daily price of Bitcoin from Coin Metrics.

<b>Bitcoin</b>	<b>Units</b>	<b>Amount</b>
Bitcoin balance as at December 31, 2022	1.76	\$ 39,449
Revenue from bitcoin mined	64.50	2,016,978
Bitcoin paid for fees and services	(7.33)	(115,067)
Bitcoin received from sale of coupons and credits	4.80	185,313
Bitcoin sold	(53.93)	(1,610,775)
Revaluation and loss from sale of bitcoin	-	(136,825)
<b>Bitcoin balance as at March 31, 2023</b>	<b>9.80</b>	<b>\$ 379,073</b>
Bitcoin balance as at December 31, 2023	32.91	\$ 1,840,251
Revenue from bitcoin mined	57.57	4,123,165
Purchase of bitcoin	6.41	567,382
Bitcoin paid for fees	(2.74)	(218,056)
Bitcoin sold	(49.26)	(3,348,237)
Gain on sale of bitcoin	-	529,709
Revaluation surplus	-	791,625
Translation adjustment	-	53,696
<b>Bitcoin balance as at March 31, 2024</b>	<b>44.89</b>	<b>\$ 4,339,535</b>

# Cathdra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



### 4. Property and equipment

	Facility Asset	Mining Equipment	Equipment Under Production	Office Equipment	Total
<b>Cost</b>					
<b>Balance, December 31, 2023</b>	\$ 4,931,107	\$ 41,630,814	\$ 2,179,126	\$ 8,176	\$ 48,749,223
Reclassification	1,238,662	-	(1,238,662)	-	-
Translation adjustment	162,297	1,071,140	23,039	-	1,256,476
<b>Balance, March 31, 2024</b>	\$ 6,332,066	\$ 42,701,954	\$ 963,503	\$ 8,176	\$ 50,005,699
<b>Accumulated depreciation and impairment</b>					
<b>Balance, December 31, 2023</b>	\$ 3,365,307	\$ 34,677,726	\$ -	\$ 7,719	\$ 38,050,752
Additions	256,449	1,297,894	-	152	1,554,495
Translation adjustment	94,774	915,146	-	-	1,009,920
<b>Balance, March 31, 2024</b>	\$ 3,716,530	\$ 36,890,766	\$ -	\$ 7,871	\$ 40,615,167
<b>Carrying amount</b>					
Balance, December 31, 2023	\$ 1,565,800	\$ 6,953,088	\$ 2,179,126	\$ 457	\$ 10,698,471
<b>Balance, March 31, 2024</b>	\$ 2,615,536	\$ 5,811,188	\$ 963,503	\$ 305	\$ 9,390,532

Depreciation expense of \$1,554,495 is included in cost of revenue.

# Cathdra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



### 5. Right-of-use asset and lease liabilities

On January 29, 2023, the Company entered into an agreement to lease a 2.5-megawatt bitcoin mining facility in Washington State. Under the lease agreement, which lasts for an initial term of 24 months, the Company will make lease payments of US\$108,000 per month, a rate equivalent to US\$0.06 per kilowatt hour, including all electricity costs. The Company also received a right of first opportunity ("ROFO") to purchase the 2.5-megawatt facility and several adjacent facilities on the same premises, which together total 10 megawatts of bitcoin mining capacity. The ROFO expires upon termination or expiration of the lease agreement. The lease commenced in April 2023.

Right-of-use asset	Washington Facility		Country Kennels		Total
<b>Cost</b>					
<b>Balance, January 1, 2023</b>	<b>\$</b>	<b>745,648</b>	<b>\$</b>	<b>-</b>	<b>\$ 745,648</b>
Additions		-		2,724,228	2,724,228
Translation adjustment		(17,507)		(53,314)	(70,821)
<b>Balance, December 31, 2023</b>	<b>\$</b>	<b>728,141</b>	<b>\$</b>	<b>2,670,914</b>	<b>\$ 3,399,055</b>
Translation adjustment		17,837		65,430	83,267
<b>Balance, March 31, 2024</b>	<b>\$</b>	<b>745,978</b>	<b>\$</b>	<b>2,736,344</b>	<b>\$ 3,482,322</b>
<b>Depreciation</b>					
<b>Balance, January 1, 2023</b>	<b>\$</b>	<b>745,648</b>	<b>\$</b>	<b>-</b>	<b>\$ 745,648</b>
Depreciation charge in the year		-		961,312	961,312
Translation adjustment		(17,508)		(18,573)	(36,081)
<b>Balance, December 31, 2023</b>	<b>\$</b>	<b>728,140</b>	<b>\$</b>	<b>942,739</b>	<b>\$ 1,670,879</b>
Depreciation charge in the period		-		340,478	340,478
Translation adjustment		17,838		24,659	42,497
<b>Balance, March 31, 2024</b>	<b>\$</b>	<b>745,978</b>	<b>\$</b>	<b>1,307,876</b>	<b>\$ 2,053,854</b>
<b>Net book value</b>					
Balance, December 31, 2023	\$	1	\$	1,728,175	\$ 1,728,176
<b>Balance, March 31, 2024</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>1,428,468</b>	<b>\$ 1,428,468</b>

Depreciation expense of \$340,478 (March 31, 2023 - \$nil) for the three months ended March 31, 2024 is included in cost of revenue. At March 31, 2024, the Company is committed to minimum lease payments as follows:

	March 31, 2024		December 31, 2023	
<b>Maturity analysis – contractual undiscounted cash flows</b>				
Less than one year	\$	1,867,949	\$	1,823,283
One to five years		203,292		654,252
More than five years		-		-
<b>Total undiscounted lease liabilities</b>	<b>\$</b>	<b>2,071,241</b>	<b>\$</b>	<b>2,477,535</b>
<b>Lease liabilities</b>				
Current	\$	(1,668,299)	\$	(1,554,238)
Non-current	\$	198,071	\$	629,369

# Cathedra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



During the three months ended March 31, 2024, the Company recognized total interest expense of \$95,818 (March 31, 2023 - \$42,491) in connection with its lease liabilities.

### 6. Accounts payable and accrued liabilities

	March 31, 2024	December 31, 2023
Accounts payable	\$ 789,678	\$ 284,571
Accrued liabilities	1,848,779	1,866,927
Due to related parties (Note 10)	33,257	25,606
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 2,671,714</b>	<b>\$ 2,177,104</b>

### 7. Convertible loan

#### Liability Component

Balance, December 31, 2023	\$	5,167,957
Interest expense		50,170
Accretion expense (i)		122,402
Repayment of interest		(50,170)
<b>Balance, March 31, 2024</b>	<b>\$</b>	<b>5,290,359</b>

(i) Accretion expense is included in interest expense in the statement of income or loss.

### 8. Share capital

#### a. Authorized

Unlimited number of common shares without par value.

#### b. Issued and outstanding

On January 17, 2024, the Company issued 1,170,000 common shares on exercise of restricted share units (RSUs).

### 9. Reserves

#### a. Restricted share units

The Company has established a long-term equity incentive plan (the "LTIP"), which was approved by the Company's shareholders at its annual and special meeting of shareholders on September 6, 2022. The LTIP includes a 10% "rolling" option plan permitting a maximum of 10% of the issue and outstanding common shares of the Company as of the date of any option grant to be reserved for option grants, and a fixed plan permitting up to 11,500,000 common shares of the Company to be reserved for reserved for grant of restricted share units ("RSU"). For the three months ended March 31, 2024, the Company recognized share-based compensation expense of \$129,640 (March 31, 2023 - \$502,696).

# Cathedra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



Following is a summary of changes in restricted share units outstanding for the three months ended March 31, 2024:

Balance, December 31, 2022	5,882,141
Granted	1,560,000
Forfeited	(390,000)
Exercised	(2,539,591)
Balance, December 31, 2023	4,512,550
Exercised	(1,170,000)
<b>Balance, March 31, 2024</b>	<b>3,342,550</b>

On January 17, 2024, the Company issued 1,170,000 common shares for 1,170,000 vested RSUs, which were exercised.

### a. Stock options

The Company did not grant stock options during the three months ended March 31, 2024 and 2023.

The following is a summary of changes in stock options:

	Number of stock options	Weighted average exercise price	Weighted average remaining life (years)
Balance, December 31, 2022	5,869,205	0.49	4.13
Forfeited	(2,263,841)	0.48	
<b>Balance, December 31, 2023 and March 31, 2024</b>	<b>3,605,364</b>	<b>0.50</b>	

The weighted average remaining life of outstanding stock options as of December 31, 2023 was 2.21 years.

The stock options outstanding and exercisable as at March 31, 2024 are as follows:

Exercise price (\$)	Number of stock options outstanding	Weighted average remaining life
0.13	10,000	3.57
0.35	88,841	3.13
0.41	177,682	2.77
0.49	250,000	2.41
0.49	2,000,000	2.42
0.50	90,000	3.89
0.51	100,000	0.09
0.53	88,841	2.73
0.56	650,000	2.48
0.60	150,000	3.89
<b>Outstanding</b>	<b>3,605,364</b>	<b>2.51</b>
<b>Exercisable</b>	<b>3,510,523</b>	<b>2.00</b>

The weighted average exercise price of options outstanding and exercisable as March 31, 2024 is \$0.50 (December 31, 2023 - \$0.50).



# Cathedra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



For the three months ended March 31, 2024, the Company recognized share-based compensation expense of \$3,412 (2023 - \$43,766). The Company reversed \$118,211 of share-based compensation expense previously recognized on unvested stock options, which were forfeited.

### b. Warrants

Following is a summary of changes in warrants outstanding for the three months ended March 31, 2024:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2022	54,991,036	0.94
Expired	(3,846,154)	0.50
<b>Balance, December 31, 2023 and March 31, 2024</b>	<b>51,144,882</b>	<b>0.94</b>

The warrants outstanding as at March 31, 2024, are as follows:

Exercise price (\$)	Number of stock options outstanding	Weighted average remaining life
0.54	2,687,500	3.14
0.54	1,200,000	3.19
0.63	887,682	1.99
0.79	2,687,500	3.14
0.79	1,200,000	3.19
0.82	14,794,700	1.99
0.95	16,025,000	2.62
1.04	2,687,500	3.14
1.04	1,200,000	3.19
1.29	2,687,500	3.14
1.29	1,200,000	3.19
1.54	2,687,500	3.14
1.54	1,200,000	3.19
<b>0.94</b>	<b>51,144,882</b>	<b>2.63</b>

## 10. 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 Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Operating Officer and President ("COO"), Chief Fields Operation and Manufacturing Officer ("CMO"), Chief Technology Officer ("CTO"), and Directors of the Company. The remuneration of directors and other members of key management personnel during the three months ended March 31, 2024 and 2023 are as follows:

# Cathdra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



	Three months ended:	
	March 31, 2024	March 31, 2023
Director fees	\$ 42,130	\$ 31,641
Consulting or professional fees (i)	42,167	32,700
Share-based payments (ii)	102,091	420,855
Wages and salaries (iii)	165,797	109,847
<b>Total</b>	<b>\$ 352,185</b>	<b>\$ 595,043</b>

- i. During the three months ended March 31, 2024 the following consulting fees were paid to members of key management:
  - CFO of the company \$42,167 (March 31, 2023 - \$32,700)
- ii. During the three months ended March 31, 2024 the following share based payments were incurred by members of key management:
  - CEO of the Company \$39,429 (March 31, 2023 - \$158,365)
  - CFO of the Company \$5,675 (March 31, 2023 - \$21,523)
  - COO of the Company \$39,429 (March 31, 2023 - \$158,365)
  - CMO of the Company \$9,092 (March 31, 2023 - \$35,249)
  - CTO of the Company \$7,921 (March 31, 2023 - \$32,095)
  - Directors of the Company \$545 (March 31, 2023 - \$15,258)
- iii. During the three months ended March 31, 2024 the following wages and salaries were paid to members of key management:
  - CEO of the Company \$42,150 (March 31, 2023 - \$16,900)
  - COO of the Company \$42,150 (March 31, 2023 - \$25,349)
  - CMO of the Company \$39,347 (March 31, 2023 - \$33,799)
  - CTO of the Company \$42,150 (March 31, 2023 - \$33,799)

At March 31, 2024, the Company owes a balance recorded within accounts payable and accrued liabilities:

- \$33,257 to a company controlled by the CFO of the Company.

At March 31, 2024, the Company has receivables of \$90,981 (December 31, 2023 - \$101,518), of which \$38,000 (December 31, 2023 - \$44,381) is non-current. The outstanding balance will be fully repaid subsequent to period end. The interest rate charged to these loans are 110% of the applicable federal rates derived from the Internal Revenue Agency.

### 11. Financial instruments and 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. Under certain of our hosting agreements, we are obligated to pay security deposits to the hosting provider at the beginning of the term. If one or more of our hosting providers suffers an adverse credit event, we may be unable to recover part or all of the outstanding deposits. We limit our exposure to credit loss by holding our cash with reputable, well-capitalized financial institutions and performing careful due diligence on potential hosting partners prior to entering into a binding agreement

# Cathedra Bitcoin Inc.



## Notes to the Condensed Consolidated Interim Financial Statements Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)

which would require us to pay a security deposit. The carrying amount of financial assets represents the maximum credit exposure for each.

The carrying amount of financial and digital assets represents the maximum credit exposure.

	March 31, 2024		December 31, 2023	
Digital currencies	\$	4,339,535	\$	1,840,251
Deposits		1,767,599		1,725,333
Receivables		140,248		131,929
	\$	<b>6,247,382</b>	\$	<b>3,697,513</b>

The Company's property and equipment were pledged as collateral to the convertible loan holders. There is a risk that the convertible loan holders may be concerned and change credit terms as a result. The Company believes it has no significant credit risk other than what is disclosed.

### 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 at March 31, 2024, the Company had a working capital surplus of \$2,230,586 (December 31, 2023 - \$173,427), the majority of which is comprised of a cash balance of \$833,112 (December 31, 2023 - \$726,973), digital currencies balance of \$4,339,535 (December 31, 2023 - \$1,840,251), and deposits of \$1,767,599 (December 31, 2023 - \$1,725,333) to settle current liabilities of \$4,416,394 (December 31, 2023 - \$3,805,897).

Cash flows related to the accounts payable and accrued liabilities and convertible debt included below may occur at different times or amounts. A maturity analysis of the Company's outstanding obligations at March 31, 2024, is as follows:

	Undiscounted Contractual Cash Flows				
	Total carrying amount	Contractual cash flows	Less than 1 year	1 – 5 years	More than 5 years
As at March 31, 2024	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,671,714	2,671,714	2,671,714	-	-
Lease liabilities	1,866,370	2,071,241	1,867,949	203,292	-
Convertible loan	5,290,359	5,733,728	-	5,733,728	-
<b>Total</b>	<b>9,828,443</b>	<b>10,476,683</b>	<b>4,539,663</b>	<b>5,937,020</b>	<b>-</b>

### 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

The Company has digital currencies, Bitcoin, on March 31, 2024, that is subject to market pricing and price volatility. The Company recorded a gain on revaluation of digital currencies in the amount of \$791,625 during the three months ended March 31, 2024 (March 31, 2023 - \$60,985 gain on revaluation). Digital

# Cathedra Bitcoin Inc.



## Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2024 and 2023

*(Unaudited - expressed in Canadian Dollars, unless otherwise noted)*

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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.

### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits and right of use leases. The interest rate risk on bank deposits is insignificant as the deposits are short term. The interest rate on the Company's convertible loan are fixed in nature and have limited exposure to change in interest rates.

### *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 period end, the Company's net income and comprehensive income would change by approximately \$39,765, resulting from the translation of the US dollar denominated financial instruments.

### *Custody risk*

The Company holds its digital currencies with a third-party 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 undergoes 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. At March 31, 2024, 44.89 bitcoin equivalent to \$4,339,535 are 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 investment in the private company is classified as FVTPL and are recorded at fair value using unobservable inputs and are therefore classified as level 3 within the fair value hierarchy. The net asset value of the private company and is used to adjust the investment to fair value.

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

# Cathedra Bitcoin Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2024 and 2023

(Unaudited - expressed in Canadian Dollars, unless otherwise noted)



### 12. Capital management

The Company's objective when managing capital is to maintain liquidity while providing returns to shareholders and benefits for other stakeholders.

The Company includes equity, comprised of share capital and deficit in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources for its operations and to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company monitors capital on the basis of maintaining sufficient cash flow to comply with financial obligations.

### 13. Supplemental cash flow information

Non-cash transactions for the three months ended March 31, 2024 and 2023 are as follows:

For the three months ended March 31:	2024	2023
Issuance of common shares upon exercise of RSUs	\$ 99,450	\$ -
Transfer of deposits to property and equipment	-	2,683,456

### 14. Segmented information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The following summarizes relevant financial information geographically. The Company's bitcoin mining operations are located in the USA.

	Canada	USA	Total
March 31, 2024	(\$)	(\$)	(\$)
Revenue	-	4,123,165	4,123,165
Cost of revenue	-	4,000,230	4,000,230
Net income/(loss)	548,814	315,075	863,889
Non-current assets	1,663,998	11,635,509	13,299,507
	Canada	USA	Total
March 31, 2023	(\$)	(\$)	(\$)
Revenue	-	2,016,978	2,016,978
Cost of sales	-	2,569,443	2,569,443
Net income/(loss)	(1,494,061)	(746,386)	(2,240,447)
Non-current assets	3,314,105	15,974,867	19,288,972



### 15. Events after reporting period

On April 1, 2024, the Company cancelled 1,310,768 RSUs to extinguish payables owed to the Company.

On March 6, 2024, the Company entered into a binding share exchange agreement (the “Share Exchange Agreement”) providing for a merger with Kungsleden, Inc. (“Kungsleden”), a developer and operator of alternative high-density compute infrastructure. Pursuant to the Share Exchange Agreement, it is expected that Cathedra will acquire all of the outstanding shares of Kungsleden from Kungsleden shareholders in exchange for Multiple Voting Shares (as defined below) of Cathedra, as more particularly set out below (the “Transaction”). The Transaction will constitute a reverse takeover of Cathedra, such that, upon closing, the former Kungsleden shareholders will own (on a non-diluted basis) approximately 77.5% of the equity of Cathedra as it exists on closing (the “Resulting Issuer”) and Kungsleden will become a wholly owned subsidiary of the Resulting Issuer, with the board of the Resulting Issuer directing the operations of Cathedra and Kungsleden. Upon completion of the Transaction, it is expected that the Resulting Issuer will be a Tier 2 Technology issuer listed on the TSX Venture Exchange (the “TSX-V”).

The transaction is expected to establish the Resulting Issuer as a developer and operator of data center infrastructure for the digital economy, with a focus on bitcoin mining.

The Share Exchange Agreement provides that all issued and outstanding common shares of Kungsleden will be exchanged for Multiple voting shares of Cathedra (the “Multiple Voting Shares”), with each common share of Kungsleden being exchanged for approximately 8.17 Multiple Voting Shares of Cathedra (the “Exchange Ratio”), such that the total consideration payable in connection with the Transaction is expected to be approximately 8,170,189 Multiple Voting Shares, which will be convertible into 817,018,900 Subordinate Voting Shares (as defined below). The Multiple Voting Shares are expected to be created pursuant to the Share Structure Alteration (as defined hereinafter), subject to approval by the shareholders of Cathedra, which approval will be sought at a shareholder meeting to be held prior to completion of the Transaction. Immediately following completion of the Transaction, it is expected that Cathedra shareholders will own approximately 22.5% of the stock of the Resulting Issuer, with Kungsleden shareholders owning approximately 77.5%. Based on the 5-day VWAP for the Cathedra shares on the TSX Venture Exchange (the “TSX-V”) as of the last trading day prior to the date of this announcement, the aggregate consideration implies a combined market capitalization of approximately C\$106.2 million. Closing of the Transaction is expected occur in the second quarter of 2024.

Following completion of the Transaction, the shares of the Resulting Issuer will continue to trade on the TSX-V under the ticker “CBIT” and on the OTCQB Venture Market under the ticker “CBTTF.”