



Cathedra

Cathedra Bitcoin Inc.

Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Cathedra Bitcoin Inc. for the three months ended March 31, 2022 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an auditor.



Cathedra Bitcoin Inc.

Condensed Consolidated Interim Statements of Financial Position

(In Canadian Dollars)

(Unaudited)

	March 31, 2022	December 31, 2021 (Audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 2,972,858	\$ 9,443,618
Digital currencies (Note 3)	12,361,543	9,924,292
Receivables	148,602	90,197
Accrued GIC interest receivable	-	6,055
Prepaid expenses	15,356	19,749
Deposits (Note 5)	27,797,289	18,749,494
Biological assets (Note 4)	104,910	163,297
	43,400,558	38,396,702
Deposits (Note 5)	196,488	199,331
Property and equipment (Note 6)	19,044,998	18,715,533
Intangible assets	4,351	4,797
Right-of-use asset (Note 7)	510,231	552,560
Investments (Note 9)	312,925	312,925
Deferred income tax assets	183,220	185,889
Total assets	\$ 63,652,771	\$ 58,367,737
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 2,752,758	\$ 2,484,412
Interest payable (Note 11)	-	148,151
Income taxes payable	1,316,493	1,316,493
Current portion of loan payable (Note 10)	7,205,015	555,720
Current portion of lease liability (Note 7)	129,642	128,934
	11,403,908	4,633,710
Non-current liabilities		
Lease liability (Note 7)	407,727	447,538
Loan payable (Note 10)	349,632	349,632
Convertible loan (Note 11)	18,946,236	18,349,701
Total liabilities	31,107,503	23,780,581
Equity		
Share capital (Note 12)	30,214,923	29,570,903
Reserves (Note 12)	12,906,170	11,730,611
Deficit	(10,575,825)	(6,714,358)
Total equity	32,545,268	34,587,156
Total liabilities and equity	\$ 63,652,771	\$ 58,367,737

Nature of operations (Note 1)

Subsequent events (Note 18)

Approved by the Board of Directors and authorized for issue on May 27, 2022:

“Antonin Scalia” Director

“David Jaques” Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.



Cathedra Bitcoin Inc.

Condensed Consolidated Interim Statements of Income and Comprehensive Income

(In Canadian Dollars)

(Unaudited)

	<i>Three months period ended March 31, 2022</i>	<i>Three months period ended March 31, 2021</i>
Revenue (Note 3)	\$ 3,107,724	\$ 657,972
Cost of revenue		
Operating costs	(1,802,473)	(206,648)
Depreciation (Notes 6 and 7)	(1,657,980)	(213,603)
Gross profit (loss)	(352,729)	237,721
Revaluation gain on digital currencies	-	1,772,620
Gain on sale of digital currencies	-	2,076,303
Operating expenses		
Agricultural expenses	20,940	-
Director fees (Note 13)	52,500	42,000
Depreciation (Note 6)	20,531	429
Interest expense	176,002	13,707
Management and consulting fees (Note 13)	33,298	21,094
Office and administration	1,082,553	61,335
Professional fees (Note 13)	158,512	55,709
Salaries and wages (Note 13)	191,630	-
Share-based compensation (Note 12 and 13)	1,050,640	-
Transaction costs	-	31,145
Travel	14,024	55
	(2,800,630)	(225,474)
Operating income (loss)	(3,153,359)	3,861,170
Interest income	1,304	20,799
Gain on purchase of equipment	102,917	-
Foreign exchange (losses)	(812,329)	(228,371)
	(708,108)	(207,572)
Net income (loss)	(3,861,467)	3,653,598
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Translation adjustment	37,384	43,221
Revaluation gain on digital currencies	148,278	-
	185,662	43,221
Net comprehensive income (loss)	\$ (3,675,805)	\$ 3,696,819
Basic earnings (loss) per share	\$ (0.04)	\$ 0.05
Weighted average number of common shares outstanding - basic	86,222,684	70,549,912
Diluted earnings (loss) per share	\$ (0.02)	\$ 0.04
Weighted average number of common shares outstanding - diluted	206,370,542	84,538,391

The accompanying notes are an integral part of these condensed consolidated interim financial statements.



Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

Condensed Consolidated Interim Statements of Changes in Equity

(In Canadian Dollars)

	Number of shares	Capital amount	Revaluation surplus (Restated Note 3)	Reserve - Cumulative translation adjustment	Reserve - Equity reserved	Accumulated deficit (Restated Note 3)	Total
Balance, December 31, 2020	69,727,984	\$ 21,172,219	\$ 3,541,228	\$ 880,552	\$ 1,407,500	\$ (10,973,698)	\$ 18,168,341
Units issued for private placement (Note 13)	14,794,700	9,320,661	-	-	-	-	9,320,661
Share issuance costs (Note 13)	-	(1,305,842)	-	-	578,705	-	(727,137)
Exercise of stock options (Note 13)	1,700,000	383,865	-	-	(125,865)	-	258,000
Share based compensation	-	-	-	-	1,024,147	-	1,024,147
Equity portion of convertible loan (Note 12)	-	-	-	-	6,799,640	-	6,799,640
Translation adjustment	-	-	-	37,384	-	-	37,384
Realized revaluation gain on digital currencies transfer	-	-	(3,541,228)	-	-	3,541,228	-
Revaluation gain on digital currencies	-	-	1,128,548	-	-	-	1,128,548
Net income for the year	-	-	-	-	-	718,112	718,112
Balance, December 31, 2021	86,222,684	\$ 29,570,903	\$ 1,128,548	\$ 917,936	\$ 9,684,127	\$ (6,714,358)	\$ 36,727,696

	Number of shares	Capital amount	Revaluation surplus (Restated Note 3)	Reserve - Cumulative translation adjustment	Reserve - Equity reserved	Accumulated deficit (Restated Note 3)	Total
Balance, December 31, 2021	86,222,684	\$ 29,570,903	\$ 1,128,548	\$ 917,936	\$ 9,684,127	\$ (6,714,358)	\$ 34,587,156
Shares issued for purchase of assets	1,000,000	455,000	-	-	-	-	455,000
Exercise of stock options	900,000	189,020	-	-	(66,520)	-	122,500
Translation adjustment	-	-	-	43,161	-	-	43,161
Revaluation gain on digital currencies	-	-	148,278	-	-	-	148,278
Share based compensation	-	-	-	-	1,050,640	-	1,050,640
Net income for the period	-	-	-	-	-	(3,861,467)	(3,861,467)
Balance, March 31, 2022	88,122,684	\$ 30,214,923	\$ 1,276,826	\$ 961,097	\$ 10,668,247	\$ (10,575,825)	\$ 32,545,268

The accompanying notes are an integral part of these condensed consolidated interim financial statements.



Cathedra Bitcoin Inc.
Condensed Consolidated Interim Statements of Cash Flows
(In Canadian Dollars)
(Unaudited)

	<i>Three months ended March 31, 2022</i>	<i>Three months ended March 31, 2021</i>
Operating activities		
Net income (loss)	\$ (3,861,470)	\$ 3,653,598
Depreciation	1,678,511	214,032
Share-based compensation	1,050,640	-
Revaluation of digital currencies	-	(1,772,620)
Interest accretion	999,763	13,707
Interest income	(1,304)	(20,440)
Gain on acquisition of equipment	(102,917)	-
Foreign exchange	812,329	32,528
Change in non-cash working capital components		
Deposits	(9,209,103)	-
Receivables	(59,063)	(32,252)
Prepaid expenses	4,165	4,012
Biological assets	58,387	-
Accounts payables and accrued liabilities	303,328	95,478
Interest payable	(148,151)	-
Digital currencies	(2,447,451)	4,267,061
Cash flows provided by (used in) operating activities	(10,922,336)	6,455,104
Interest paid	(226,155)	-
Interest received	7,359	-
Net cash flows provided by (used in) operating activities	(11,141,132)	6,455,104
Investing activities		
Purchase of property and equipment (Note 6)	(2,285,961)	(655,994)
Cash used in investing activities	(2,285,961)	(655,994)
Financing activities		
Proceeds on issuance of units (Note 13)	-	9,320,661
Proceeds from exercise of stock options (Note 13)	122,500	-
Proceeds from loan payable, net of transaction costs (Note 11)	6,608,190	-
Share issuance costs (Note 13)	-	(715,714)
Payment on lease liability	(42,551)	(42,560)
Cash provided by financing activities	6,688,139	8,562,387
Change in cash during the year	(6,738,954)	14,361,497
Effect of exchange rate changes on cash	268,194	51,226
Cash, beginning of year	9,443,618	7,048,050
Cash, end of year	\$ 2,972,858	\$ 21,460,773
Cash and cash equivalents consists of:		
Cash	\$ 2,972,858	\$ 14,975,158
Guaranteed investment certificate	\$ -	\$ 6,485,615

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



1. Nature of Operations

Cathedra Bitcoin Inc. (formerly Fortress Technologies 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” (formerly “FORT”) on the TSX Venture Exchange and “CBTTF” on the OTCQX Best Market.

In Washington State, Cathedra operates a 2.0-megawatt (“MW”) 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”). In North Dakota, the Company owns 12 bitcoin mining containers totaling approximately 7.3 MW and 155 PH/s of bitcoin mining hash rate (the “North Dakota Mine”). These containers are powered by natural gas that would otherwise be flared.

As of May 27, 2022, the Company had approximately 207 PH/s of active bitcoin mining hash rate across its various operations.

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, 2021 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, 2021, 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 27, 2022.

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, 2022

(In Canadian Dollars)

(Unaudited)



2. Significant Accounting Policies (cont'd)

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, 2022, the Company had the following wholly-owned subsidiaries:

- Fortress Blockchain Holdings Corp. incorporated in the province of BC;
- The Good Shepherd Land and Livestock Company Limited ("TGS") incorporated in England and Wales, UK;

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:

- Hephaestus Bitcoin SPV LLC ("Hephaestus") incorporated in Washington, USA;
- Chronos SPV LLC (formerly Chronos Bitcoin SPV LLC) ("Chronos") incorporated in Washington, USA;
- and
- Entelechy Bitcoin SPV LLC ("Entelechy") incorporated in Washington, USA.

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

The functional currency of Fortress and Fortress Blockchain Holdings Corp. is the Canadian dollar while the functional currency of Fortress US, Hephaestus, Chronos and Entelechy is the US dollar and TGS is the UK Sterling.

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



2. Significant Accounting Policies (cont'd)

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.

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 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.

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



2. Significant Accounting Policies (cont'd)

Critical Accounting Estimates, Judgments and Assumptions (cont'd)

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 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, 2022

(In Canadian Dollars)

(Unaudited)



2. Significant Accounting Policies (cont'd)

Critical Accounting Estimates, Judgments and Assumptions (cont'd)

Significant Estimates (cont'd)

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 <https://coinmetrics.io/> ("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

3. Digital Currencies and Revenue

For the period ended March 31, 2022, the Company recorded revenue of \$3,107,724 (March 31, 2021 - \$644,813).

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.

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



3. Digital Currencies and Revenue

Bitcoin	Units	Amount
Balance of Bitcoin as at December 31, 2020	168.20	\$ 6,179,792
Revenue from Bitcoin mined	120.24	7,801,311
Bitcoin purchased	90.00	3,824,165
Bitcoin paid for fees and services	(28.13)	(2,013,900)
Bitcoin sold	(180.00)	(6,390,352)
Bitcoin donated	(1.06)	(68,857)
Revaluation of Bitcoin	-	592,134
Balance of Bitcoin as at December 31, 2021	169.25	9,924,292
Revenue from Bitcoin mined	57.84	3,107,724
Bitcoin paid for fees and services	(18.30)	(754,675)
Bitcoin received from equipment purchase	5.41	318,100
Revaluation of Bitcoin	-	(233,898)
Balance of Bitcoin as at March 31, 2022	214.20	\$ 12,361,543

4. Biological Assets

	Livestock
Balance at December 31, 2020	\$ -
Additions and purchases – immature biological assets	163,297
Changes in fair value unrealized	-
Balance at December 31, 2021	\$ 163,297
Inventory transferred to cost of sales	(58,387)
Changes in fair value unrealized	-
Balance at March 31, 2022	\$ 104,910

5. Deposits

As of March 31, 2022, the Company has a deposit balance of \$27,993,777 (December 31, 2021 – \$18,948,825).

The total is comprised of \$97,469 (December 31, 2021 - \$98,888) deposit held by Grant County Public Utility District, \$97,719 (December 31, 2021 - \$99,143) rent and damage deposit for the Washington Mine and \$1,300 (December 31, 2021 - \$1,300) deposit for the Company's Vancouver office as long-term deposits and \$27,797,289 deposit for bitcoin miners.

On October 29, 2021, the Company has purchased 4,500 Bitmain Antminers which are expected to be delivered from April through September 2022.

On November 16, 2021, the Company has purchased an additional 600 Bitmain Antminers which are expected to be delivered from July through December 2022. The Company is required to pay 40% of the total purchase price.

Cathdra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

Notes to the Consolidated Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)



6. Property and Equipment

	Land (\$)	Livestock Equipment (\$)	Facility Asset (\$)	Miners (\$)	Equipment (\$)	Miners (not- available for use) (\$)	Equipment under production (\$)	Office Equipment (\$)	Total (\$)
Cost									
Balance, December 31, 2020	-	-	2,735,632	949,937	-	-	-	6,351	3,691,920
Additions	1,720,602	185,525	402,949	13,141,516	1,458,857	977,864	131,391	1,825	18,020,529
Translation adjustment	(702)	13,544	(12,205)	118,900	(2,183)	(1,464)	1,034	-	116,924
Balance, December 31, 2021	1,719,900	199,069	3,126,376	14,210,353	1,456,674	976,400	132,425	8,176	21,829,373
Additions	-	6,215	-	1,209,712	60,883	(976,400)	1,979,046	-	2,279,456
Translation adjustment	(71,780)	(8,308)	(44,881)	(211,510)	(21,786)	-	(14,960)	-	(373,225)
Balance, March 31, 2022	1,648,120	196,976	3,081,495	15,208,555	1,495,771	-	2,096,511	8,176	23,735,604
Accumulated depreciation									
Balance, December 31, 2020	-	-	246,037	692,421	-	-	-	5,595	944,053
Additions	-	15,956	506,534	1,558,969	82,160	-	-	908	2,164,527
Translation adjustment	-	(105)	4,323	811	231	-	-	-	5,260
Balance, December 31, 2021	-	15,851	756,894	2,252,201	82,391	-	-	6,503	3,113,840
Additions	-	6,810	147,929	1,416,412	72,102	-	-	152	1,643,405
Translation adjustment	-	(654)	(12,828)	(51,004)	(2,153)	-	-	-	(66,639)
Balance, March 31, 2022	-	22,007	891,995	3,617,609	152,340	-	-	6,655	4,690,606
Carrying amount									
Balance, December 31, 2021	-	-	2,489,595	257,516	-	-	-	756	2,747,867
Balance, March 31, 2022	1,648,120	174,969	2,189,500	11,590,946	1,343,431	-	2,096,511	1,521	19,044,998

Depreciation expense of \$1,657,980 (March 31, 2021 - \$340,712) for the period ended is included in cost of revenue.

During the year-ended December 31, 2021, the Company tested its Cash Generating Unit for impairment (“CGU”). Management assessed for any indicators of impairment and did not note any indicators of impairment regarding its CGUs.

Cathedra Bitcoin Inc.

(formerly Fortress Technologies Inc.)

Notes to the Consolidated Financial Statements

Year ended December 31, 2021

(In Canadian Dollars)



7. Right-of-use asset and lease liability

On December 15, 2020, the Company extended its lease for its Washington Mine for an additional five years. Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

Washington Mine		Total
Cost		
Balance, December 31, 2020	\$	700,944
Additions		-
Translation adjustment		2,973
Balance, December 31, 2021		697,971
Additions		-
Translation adjustment		10,019
Balance, March 31, 2022	\$	687,952
Depreciation		
Balance, December 31, 2020	\$	5,841
Additions		138,042
Translation adjustment		(1,528)
Balance, December 31, 2021		145,411
Additions		34,860
Translation adjustment		(2,550)
Balance, March 31, 2022	\$	177,721
Net book value		
Balance, December 31, 2021	\$	552,560
Balance, March 31, 2022	\$	510,231

Depreciation expense of \$34,860 (March 31, 2021 - \$34,867) for the period ended is included in cost of revenue.

The present value of future lease payments was measured using an incremental borrowing rate of 8% per annum.

Lease liability		
Balance, December 31, 2021	\$	576,472
Additions		-
Interest expense on lease liability		50,765
Payments on lease liability		(31,242)
Translation adjustment		(58,626)
Balance, March 31, 2022		537,369
Less: Current portion		129,642
Non-current portion	\$	407,727

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



7. Right-of-use asset and lease liability (cont'd)

Lease liability	
Balance, December 31, 2020	\$ 698,487
Additions	-
Interest expense on lease liability	50,765
Payments on lease liability	(117,732)
Translation adjustment	(55,048)
Balance, December 31, 2021	576,472
Less: Current portion	128,934
Balance, December 31, 2021	\$ 447,538

At March 31, 2022, the Company is committed to minimum lease payments as follows:

Maturity analysis	March 31, 2022
Less than one year	\$ 167,946
One to three years	454,854
Three to five years	-
Total undiscounted lease liabilities	622,800
Amount representing implicit interest	(85,431)
Lease liability	\$ 537,369

8. Accounts payable and accrued liabilities

	March 31, 2022	December 31, 2021
Accounts payable	\$ 1,801,971	\$ 1,490,469
Accrued liabilities	880,367	938,934
Due to related parties (Note 13)	70,420	55,009
	\$ 2,752,758	\$ 2,484,412

9. Investments

On November 12, 2021, the Company had subscribed for limited liability company interests in Low Time Preference Fund II, LLC, for a total value of \$312,925 (US\$250,000). The 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.

Cathedral Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



10. Loan payable

On July 26, 2021, the Company entered into an equipment financing agreement for total proceeds of \$97,060 (US\$56,280) bearing nil% interest rate which will be repaid over the next 36 months.

On December 21, 2021, the Company entered into an equipment financing agreement with NYDIG ABL for total proceeds of \$837,670 (US\$648,000) bearing an interest rate of 15% per annum which will be repaid over the next 18 months. The loan payable is collateralized by the bitcoin mining machines purchased for the Washington Mine during the year ended December 31, 2021.

On February 3, 2022, the Company entered into an equipment financing agreement with NYDIG ABL (“NYDIG Financing”) that will provide approximately US\$17 million (Cdn\$21.6 million) in proceeds to fund the expansion of the Company’s diversified bitcoin mining operations. The Company advanced US\$5,562,000 (Cdn\$7.1 million) incurring a closing fee of US\$111,240 bearing an interest rate of 14% per annum which will be repaid over the next 24 months. The loan payable is collateralized by the 4,500 bitcoin miners purchased (Note 5).

	Total
Balance, December 31, 2020	\$ -
Additions	934,730
Interests	3,800
Payments	(13,236)
Transaction fee	(3,806)
Translation adjustment	(16,136)
Balance, December 31, 2021	\$ 905,352
Additions	7,089,881
Interests	164,693
Payments	(300,561)
Transaction fee	(154,462)
Translation adjustment	(150,256)
Balance, March 31, 2022	7,554,647
Less: Current portion	3,999,622
Non-current portion	\$ 3,555,025

11. Convertible loan

On October 20, 2021, the Company completed its non-brokered private placement of 20,000 of 3.5% senior secured convertible debenture units (the “Convertible Debenture Units”), for aggregate gross proceeds of \$20,000,000, due 36 months following the date of issuance (“Convertible Loan”). On November 5, 2021, the Company completed an additional 5,000 Convertible Units, for aggregate gross proceeds of \$5,000,000 Convertible Loan. The Company incurred total transaction cost of \$163,610. As at March 31, 2022, the interest payable is \$nil (December 31, 2021 - \$155,556).

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



11. Convertible loan (cont'd)

Each Convertible Debenture Unit consists of (i) \$1,000 principal amount of senior secured convertible debenture of the Company (each, a “Debenture”); and (ii) 641 common share purchase warrants of the Company (each, a “Warrant”), with each Warrant exercisable for one common share of the Company (a “Common Share”). Each Warrant shall entitle the holder to acquire one Common Share (a “Warrant Share”) at an exercise price of CDN\$0.95 per Warrant Share for a period of 60 months from the date of issuance. Upon the Offering being fully subscribed, there would be CDN\$25,000,000 principal of Debentures outstanding convertible for approximately 32,051,282 Common Shares, and approximately 16,025,000 Warrants exercisable for 16,025,000 Common Shares. Interest will be payable quarterly.

The Company allocated the proceeds of \$25,000,000 first to derivative component for \$18,155,564, with the residual value to the equity component for \$6,844,436.

Liability Component

	Total
Value on initial recognition	\$ 18,155,564
Transaction costs	(118,814)
Accretion expense	312,951
Balance, December 31, 2021	\$ 18,349,701
Interest expense	218,750
Interest paid	(218,750)
Accretion expense	596,535
Balance, March 31, 2022	\$ 18,946,236

Equity Component

	March 31, 2022
Convertible loan – equity	\$ 6,844,436
Transaction costs	(44,796)
Total	\$ 6,799,640

12. Share Capital

a. Authorized

Unlimited number of common shares without par value

b. Issued and outstanding

On February 1, 2022, the Company issued 1,000,000 common shares with a fair value of \$0.445 per common share pursuant to the purchase and sale agreement for the equipment and financial assets entered into on September 24, 2021 and amended on January 13, 2022 with the CEO and COO of the Company. The Company recognized a gain on the acquisition of the equipment of \$102,917.

During the period ended March 31, 2022, the Company issued 900,000 common shares for stock options exercised for total proceeds of \$189,020.

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



12. Share Capital (cont'd)

b. Issued and outstanding

On March 26, 2021, the Company completed a private placement for total gross proceeds of \$9,300,000 in exchange for 14,794,700 units of the Company. Each unit is composed of one common share of the Company and one common share purchase warrant ("Warrant"). Each Warrant is exercisable to acquire one common share at a price of \$0.82 per Warrant at any time on or before the date which is 60 months after the closing date of the offering.

As consideration for the services of the broker, the Company issued 887,682 broker warrants. Each broker warrant entitles the holder to acquire an additional unit at a price of \$0.63 for a period of 60 months, expiring on March 26, 2026. Each unit is composed of one common share of the Company and one common share purchase warrant ("Warrant"). Each Warrant is exercisable to acquire one common share at a price of \$0.82 per Warrant at any time on or before March 26, 2026. The value of the broker warrants was estimated at \$578,704 using the relative fair value model. In addition, the Company paid cash commissions the brokers of \$559,240 and other cash share issuance costs of \$167,898.

During the year ended December 31, 2021, the Company issued 1,700,000 common shares for stock options exercised for total proceeds of \$258,000.

c. Escrow shares

Pursuant to the reverse takeover transaction ("RTO") dated August 16, 2018, a portion of the common shares, warrants and options issued as part of the transaction are subject to escrow restrictions. Pursuant to the escrow agreements, the shares were released 25% respectively on August 20, 2018 and 6 and 12 months after the date of the Final Exchange Bulletin respecting the RTO and the remaining 25% will be released 18 months thereafter.

As at March 31, 2022, the Company has nil common shares in escrow (March 31, 2021 – 750,000).

d. Restricted share units

The Company has established a Restricted Share Unit Plan (the "RSU Plan"). Currently, the RSU Plan has a limit of 8 million shares, which is not rolling. The Board may, in its own discretion, at any time, and from time to time, grant RSUs to any employee, director or consultant of the Company or its subsidiaries (collectively, "Eligible Persons"), other than persons conducting investor relations activities, subject to the limitations set forth in the RSU Plan. The Board may designate one or more performance periods under the RSU Plan. In respect of each designated performance period and subject to the terms of the RSU Plan, the Board may from time to time establish the grant date and grant to any Eligible Person one or more RSUs as the Board deems appropriate. Under the RSU Plan, the number of shares issuable pursuant to the RSUs to any Eligible Person shall not exceed 1.5% of the issued and outstanding shares at the time of the award and 2.5% of the issued and outstanding shares in any twelve month period. For the three months period ended March 31, 2022, the Company recognized share-based compensation expense of \$797,662 (March 31, 2021 - \$nil).

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



12. Share Capital (cont'd)

d. Restricted share units (cont'd)

Following is a summary of changes in restricted share units outstanding for the period ended March 31, 2022:

	Outstanding
Balance, December 31, 2021	7,587,244
Cancelled	(1,161,732)
Granted	1,574,488
Balance, March 31, 2022	8,000,000

e. Stock options

During the three months ended March 31, 2022, the Company:

- granted 88,841 stock options exercisable at \$0.53 expiring five years from the date of the grant to management. 20% of 88,841 stock options vest six months after the date of grant and every six months thereafter. The fair value per options granted was \$0.38 and the share-based compensation expense recognized for period ended March 31, 2022 was \$8,068.
- granted 88,841 stock options exercisable at \$0.53 expiring five years from the date of the grant to management. 20% of 88,841 stock options vest six months after the date of grant and every six months thereafter. The fair value per options granted was \$0.37 and the share-based compensation expense recognized for period ended March 31, 2022 was \$7,705.
- granted 88,841 stock options exercisable at \$0.53 expiring five years from the date of the grant to a consultant of the Company. 20% of 88,841 stock options vest six months after the date of grant and every six months thereafter. The fair value per options granted was \$0.34 and the share-based compensation expense recognized for period ended March 31, 2022 was \$6,496.
- extended the expiry date of stock options that were granted to a director of the Company from February 6, 2022 to April 6, 2022 resulting in a share based compensation expense of \$23,201.

During the year ended December 31, 2021, the Company:

- granted 100,000 stock options exercisable at \$0.51 expiring three years from the date of the grant vesting immediately to management. The fair value per options granted was \$0.38 and the share-based compensation expense recognized for the year ended December 31, 2021, was \$38,015;
- granted 250,000 stock options exercisable at \$0.485 expiring five years from the date of the grant to management. 100,000 stock options vest immediately on the date of the grant and 50,000 on each six month anniversary of the date of grant thereafter. The fair value per options granted was \$0.38 and the share-based compensation expense recognized for the year ended December 31, 2021 was \$71,428. An additional \$15,646 share-based compensation expense was recognized for the period ended March 31, 2022.

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



12. Share Capital (cont'd)

e. Stock options (cont'd)

- granted 650,000 stock options exercisable at \$0.56 expiring five years from the date of the grant to management. The stock options vest immediately on the date of the grant. The fair value per options granted was \$0.52 and the share-based compensation expense recognized for the year ended December 31, 2021 was \$276,759;
- granted 2,000,000 stock options exercisable at \$0.49 expiring five years from the date of the grant vesting vest three months after the date of the grant and every three months thereafter to a director. The value per option granted was \$0.40 and the share-based compensation expense recognized for the year ended December 31, 2021 was \$492,807. An additional \$183,094 share-based compensation expense was recognized for the period ended March 31, 2022.; and
- granted 88,841 stock options exercisable at \$0.53 expiring five years from the date of the grant to management. 20% of 88,841 stock options vest six months after the date of grant and every six months thereafter. The fair value per options granted was \$0.44 and the share-based compensation expense recognized for year ended December 31, 2021 was \$974. An additional \$8,768 share-based compensation expense was recognized for the period ended March 31, 2022.

The following weighted average assumptions were used in the valuation of stock options granted in the Black-Scholes Option Pricing model:

	2022	2021
Risk-free interest rate	0.48% - 1.29%	0.48% - 1.29%
Expected life (years)	5.00	4.94
Annualized volatility	122.60%	120.27%
Dividend rate	0.00%	0.00%

The following is a summary of changes in stock options:

	Options outstanding	Weighted-average exercise price (\$)
Balance, December 31, 2020	5,424,928	0.29
Granted	3,088,841	0.51
Exercised	(1,700,000)	0.15
Expired	(138,428)	0.65
Balance, December 31, 2021	6,675,341	0.46
Granted	327,682	0.41
Forfeited	(150,000)	0.60
Exercised	(900,000)	0.14
Balance, March 31, 2022	5,953,023	0.50

The stock options outstanding and exercisable as at March 31, 2022, are as follows:

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



12. Share Capital (cont'd)

e. Stock options (cont'd)

Outstanding	Exercisable	Exercise price (\$)	Expiry date
384,500	384,500	0.500	February 19, 2028
1,050,000	1,050,000	0.600	February 19, 2028
102,000	102,000	0.600	August 15, 2028
1,000,000	1,000,000	0.150	April 6, 2022
100,000	100,000	0.510	May 3, 2024
250,000	100,000	0.485	August 27, 2026
2,000,000	1,000,000	0.490	September 1, 2026
650,000	650,000	0.560	September 24, 2026
88,841	-	0.530	December 21, 2026
88,841	-	0.410	January 7, 2027
88,841	-	0.410	January 10, 2027
150,000	-	0.410	February 7, 2027
5,953,023	4,386,500		

For the period ended March 31, 2022, the Company recognized share-based compensation expense of \$296,006 (2021 - \$nil). The weighted average remaining life of the stock options is 4.88 years.

f. Warrants

Following is a summary of changes in warrants outstanding for the period ended March 31, 2022:

	Warrants	Weighted-average exercise price (\$)
Balance, December 31, 2020	7,692,308	0.50
Issued	31,707,382	0.88
Balance, December 31, 2021 and March 31, 2022	39,399,690	0.81

The warrants outstanding as at March 31, 2022, are as follows:

Outstanding	Exercise price (\$)	Expiry date
3,846,154	0.50	December 21, 2022
3,846,154	0.50	January 7, 2023
14,794,700	0.82	March 26, 2026
887,682	0.63	March 26, 2026
16,025,000	0.95	November 11, 2026
39,399,690	0.81	

The weighted average remaining life of the warrants is 3.62 years.

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



13. 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 March 31, 2022, and 2021, are as follows:

Year ended March 31, 2022	Salaries	Director/Professional Fees	Share-based compensation	Total
Chief Executive Officer	\$ 46,307	\$ 10,500	\$ 364,896	\$ 421,703
Chief Operating Officer and President	46,307	10,500	364,896	421,703
Chief Financial Officer	-	22,500	15,646	38,146
Chief Field Operations and Manufacturing Officer	54,770	-	33,420	88,190
Chief Technology Officer	48,893	-	30,519	79,412
Directors	-	31,500	206,294	237,794
	<u>\$ 196,277</u>	<u>\$ 75,000</u>	<u>\$ 1,015,671</u>	<u>\$ 1,286,948</u>

Year ended March 31, 2021	Salaries	Professional Fees	Share-based compensation	Total
Former Chief Executive Officer	\$ -	\$ 21,094	\$ -	\$ 21,094
Chief Financial Officer	-	15,750	-	15,750
Non-executive directors	-	42,000	-	42,000
	<u>\$ -</u>	<u>\$ 78,844</u>	<u>\$ -</u>	<u>\$ 78,844</u>

At March 31, 2022, the Company owes a balance recorded within accounts payable and accrued liabilities:

- \$10,500 to the CEO of the Company;
- \$10,500 to the COO and President of the Company;
- \$7,875 to a company controlled by the CFO of the Company;
- \$10,045 for the CTO of the Company;
- \$31,500 to the independent directors of the Company.

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



14. 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. The Company limits its exposure to credit loss by placing its deposits with Tier-1 Canadian financial institutions. All the receivables are current and relates to Goods and Services Taxes. The carrying amount of financial assets represents the maximum credit exposure.

	March 31, 2022	December 31, 2021
Cash	\$ 2,972,858	\$ 9,443,618
Digital currencies	12,361,543	9,924,292
Deposit	27,797,289	18,749,494
Receivables	148,602	90,197
	\$ 43,280,292	\$ 38,207,602

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 at March 31, 2022, the Company had a working capital surplus of \$31,996,650, the majority of which is comprised of a cash balance of \$2,972,858, digital currencies balance of \$12,361,543 and deposits of \$27,797,289 to settle current liabilities of \$11,403,908. 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.

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



14. Financial Instruments and Risk Management (cont'd)

Bitcoin

The Company has digital currencies, Bitcoin, on March 31, 2022, that is subject to market pricing and price volatility. The Company recorded a gain on revaluation of digital currencies in the amount of \$148,278 during the period ended March 31, 2022. 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.

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 \$215,000, 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.

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



14. Financial Instruments and Risk Management (cont'd)

Custody risk (cont'd)

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. At March 31, 2022, all bitcoin were 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.

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



14. Financial Instruments and Risk Management (cont'd)

The Company's cash is 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.

15. 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.

16. 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 and its livestock business is located in UK.

March 31, 2022	Canada	USA	UK	Total
Revenue	\$ -	\$ 3,107,724	\$ -	\$ 3,107,724
Cost of sales	\$ -	\$ 3,460,453	\$ -	\$ 3,460,453
Operating expenses	\$ 3,052,880	\$ 414,048	\$ 41,813	\$ 3,508,741
Net income/(loss)	\$ (3,052,880)	\$ (766,777)	\$ (41,813)	\$ (3,681,470)
Non-current assets	\$ 540,939	\$ 17,883,834	\$ 1,827,440	\$ 20,252,213

March 31, 2021	Canada	USA	UK	Total
Revenue	\$ -	\$ 657,972	\$ -	\$ 657,972
Cost of sales	\$ -	\$ 420,251	\$ -	\$ 420,251
Operating expenses	\$ 411,559	\$ 21,847	\$ -	\$ 433,406
Net income/(loss)	\$ 3,437,364	\$ 216,234	\$ -	\$ 3,653,598
Non-current assets	\$ 328	\$ 3,837,396	\$ -	\$ 3,837,724

Cathedra Bitcoin Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2022

(In Canadian Dollars)

(Unaudited)



17. Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

18. Subsequent Events

Subsequent to March 31, 2022,

- The Company completed a non-brokered private placement offering (the "Offering") with Kingsway Capital and Ten31 (collectively, the "Investors") for the sale of up to 17,916,667 units ("Units") at a purchase price of \$0.36 per Unit, for gross proceeds of approximately \$6,450,000. Each Unit consists of one common share of the Company (a "Unit Share") and three-quarters of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one common share (a "Warrant 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 C\$0.54 per Warrant Share
 - 2,867,500 Warrants at an exercise price of C\$0.79 per Warrant Share
 - 2,867,500 Warrants at an exercise price of C\$1.04 per Warrant Share
 - 2,867,500 Warrants at an exercise price of C\$1.29 per Warrant Share
 - 2,867,500 Warrants at an exercise price of C\$1.54 per Warrant Share

The Company intends to use the proceeds from the Offering for general corporate purposes and working capital.

- On April 11, 2022, the Company advanced \$6,760,439 (US\$5,356,500) from the NYDIG Financing, incurring a closing cost of \$135,209 (US\$107,130) bearing an interest rate of 14% per annum which will be repaid over the next 24 months. The loan is collateralized by the 1,500 bitcoin miners purchased.
- 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 insulates itself from additional declines in the price of bitcoin and maintains 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.