Cathedra Bitcoin Inc.

Management Discussion and Analysis
Three months ended March 31, 2023

Introduction

The following management's discussion and analysis ("**MD&A**") of the financial condition and results of the operations of Cathedra Bitcoin Inc. constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2023. The MD&A is intended to help the reader understand Cathedra Bitcoin Inc. ("**Cathedra**", "**we**", "**our**" or the "**Company**"), our operations, financial performance, current and future business environment and the opportunities and risks facing the Company. The risks are explicitly set out in Appendix 1 of this MD&A. In addition, certain statements in this MD&A incorporate forward looking information and readers are advised to review the cautionary note regarding forward looking statements in section 11 of this MD&A.

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited consolidated financial statements ("**Financial Statements**") for the Company for the quarter ended March 31, 2023, and the related notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the reporting period is not necessarily indicative of the results that may be expected for any future period. The financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**"). Further information about the Company and its operations can be obtained from SEDAR on www.sedar.com.

This MD&A contains information up to and including May 30, 2023.

Non-IFRS Measures

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

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

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

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

Contents of the MD&A

1. DESCRIPTION OF THE COMPANY

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

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

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

As of May 30, 2023, the Company's diversified bitcoin mining operations produce approximately 343 PH/s and span three states and seven locations in the United States.

2. OUTLOOK

Company Strategy

Bitcoin mining companies manage portfolios of hash rate. As in the traditional asset management business, diversification can be a powerful tool to improve risk-adjusted performance. Whereas most of the large, publicly traded bitcoin miners continue to pursue a similar strategy to one another—developing and/or renting space at hyperscale datacenters in a single electricity market—Cathedra has optimized its approach to minimize regulatory, market, environmental, or other idiosyncratic risk within its portfolio of hash rate. As of May 30, 2023, the Company's diversified bitcoin mining operations produce approximately 343 PH/s and span three states and seven locations in the United States.

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

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

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

Expressed in Canadian Dollars unless otherwise indicated

Bitcoin Mining Operations

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

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

Site Name	Break-Even Hash Price (US$/PH/s/d)	Monthly Bitcoin (BTC)[1]	Cost Per Bitcoin (US$)[2]	Hash Rate (PH/s)[3]	Power Draw (kW)	Efficiency (J/TH)	Expiration Date
Kentucky A	$44.00	3.08	$14,686	38	1,125	30	Q2 2023
Kentucky B	44.00	4.28	14,686	52	1,566	30	Q3 2023
Tennessee A	44.00	1.90	14,686	23	696	30	Q2 2023
Tennessee B	45.61	1.98	14,378	24	558	23	Q3 2023
Tennessee B	40.13	1.72	13,395	21	452	22	Q1 2024
Kentucky C	56.00	4.02	18,691	49	1,470	30	Q2 2024
Kentucky C	40.13	0.57	13,395	7	151	22	Q2 2024
New Wash.	49.77	3.39	16,613	41	1,285	31	Q2 2025
Legacy Wash.	25.09	7.22	9,305	88	2,000	23	Q4 2025
Total/Average	**$40.89**	**28.16**	**$13,983**	**343**	**9,302**	**27**	

Note: Includes only active bitcoin mining operations and does not account for machines in storage or which are not deployed. Metrics assume 100% up-time.
[1]Represents expected monthly gross bitcoin production assuming current bitcoin mining conditions, reflecting hash price of $75.50/PH/s/d and bitcoin price of US$28,000.
[2] Cost per bitcoin metric assumes network hash rate of 360 EH/s and transaction fees equal to 8.00% of total block reward.
[3] Expected gross hash rate produced by the Company's machines (excludes revenue share component).

Washington Mines

Since 2018, the Company has operated a two-megawatt ("**MW**") bitcoin mine in a leased data center facility in Washington State (the "**Legacy Washington Mine**"). At the Legacy Washington Mine, the Company pays approximately US$0.046 per kilowatt hour ("**kWh**") for electricity from the grid, which is predominantly generated by hydroelectric sources, according to the Washington State Department of Commerce 2019 Fuel Mix Disclosure. In 2023, the local utility increased the electricity rate for bitcoin miners to US$0.046 per kWh from approximately US$0.026 per kWh. Over the past several years, the Company has made several optimizations to the Legacy Washington Mine, installing custom firmware on some machines and replacing older-generation machines with more efficient units. As of May 30, 2023, the Legacy Washington Mine produces approximately 88 PH/s of bitcoin mining hash rate.

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

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

As of May 30, 2023, the New Washington Mine produces approximately 41 PH/s of bitcoin mining hash rate. The Company expects to add approximately 35 PH/s to the New Washington Mine with the completion of an expansion plan in the coming weeks.

North Dakota Mine

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

Under the partnership, the Company commissioned GAM to design and manufacture 12 bitcoin mining containers (the "**GAM Containers**") to house approximately 1,980 MicroBT Whatsminer M31S and 180 MicroBT Whatsminer M32S bitcoin mining machines capable of producing an aggregate 155 PH/s. Together, the Company and GAM deployed these 12 containers over the course of 2021 and 2022 at the gas wells in North Dakota.

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

Kentucky and Tennessee Mines

Throughout 2022 and early 2023, the Company entered into a series of hosting agreements (together, the "**Kentucky and Tennessee Hosting Agreements**") under which the Company deployed approximately 1,991 S19J Pros and 200 S19 XPs at five data centers across Kentucky and Tennessee (the "**Kentucky and Tennessee Mines**") which are owned and managed by third parties. Under each of the Kentucky and Tennessee Hosting Agreements, the Company pays a fixed rate per kilowatt hour ranging from US$0.055 to US$0.070, plus a share of the revenue produced by the Company's machines at each site, ranging from 10% to 15%. Each of the Kentucky and Tennessee Hosting Agreements lasts for an initial term of 12 months.

As of May 30, 2023, Company's operations in Kentucky and Tennessee span five locations and produce approximately 214 PH/s of hash rate.

Underclocking

Since bitcoin mining conditions began to deteriorate in 2022, the Company was among the first publicly traded bitcoin miners to optimize its operations at by "underclocking" certain of its existing machines—reducing power draw to improve machine efficiency, as measured by energy consumed per unit of hash rate produced (joules per terahash, or J/TH). Through underclocking, the Company is able to improve the efficiency on older machines to achieve performance that compares to newer, more expensive models of machines (as measured by J/TH). The Company has used underclocking to improve its cash flow margins and return on invested capital and will continue to do so in the future.

Manufacturing Operations

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

In Q3 2022, in response to a weakening market outlook, the Company paused all major capital expenditures, including those associated with Rover manufacturing. As of May 30, 2023, the Company had completed production of three Rovers, which it intends to deploy at sites with favorable economics in the future. The Company many elect to resume manufacturing Rovers in the future, utilizing the in-house knowledge it developed over the last two years.

Machine Orders

S19J Pro Order

On November 1, 2021, the Company announced the purchase of 4,500 Bitmain Antminer S19J Pro bitcoin mining machines, which were to be delivered in equal monthly installments from April through September 2022. In accordance with its effort to conserve cash in response to a weakening market outlook, the Company elected to forgo making final payment on its third and fourth batches of the S19J Pros, instead taking delivery of a reduced allocation of 522 and 635 machines, respectively, in each month (versus the originally contemplated 750 in each month). In total, 4,187 S19J Pros capable of producing an aggregate 416 PH/s were delivered from May 2022 through April 2023 to the Company's various mining operations.

S19 XP Order

On November 22, 2021, the Company announced the purchase of 600 Bitmain Antminer S19 XP bitcoin mining machines for delivery in equal monthly installments from April through December 2022. By January 2023, the Company had sold 400 of the 600 XPs for total proceeds of approximately US$2,744,000. The net proceeds from the sale were used to reduce the face value of the Company's outstanding convertible debenture.

As of May 30, 2023, the remaining 200 XPs have been installed at the Company's various mining operations where they produce an aggregate approximately 28 PH/s.

Balance Sheet Restructuring and Cost Saving Initiatives

Bitcoin mining and macroeconomic conditions worsened materially throughout 2022. By December 31, 2022, the price of bitcoin had declined by more than 75% from its all-time-high in 2021, and network hash rate hovered near record-highs. In preparation for a prolonged market downturn, in Q2 2022 the Company undertook measures to raise and conserve cash, reduce risk, and strengthen its balance sheet.

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

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

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

On July 11, 2022, the Company announced it had sold the 600 S19 XPs for total proceeds of US$4,116,000 with net proceeds from the sale reducing the $25,000,000 face value of the Company's outstanding convertible debenture. The Company has sold and delivered 400 S19 XPs for total proceeds of US$2,744,000 as of December 31, 2022. The purchase order for the remaining 200 S19 XPs was cancelled.

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

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

In April 2023, Cathedra began retaining a portion of the bitcoin mined by its operations in the Company's treasury once again. As of May 30, 2023, the Company held a cash position of approximately $3,796,365 and a bitcoin position of approximately $664,611 (17.63 bitcoin) for total cash and bitcoin liquidity of $4,460,976.

3. RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2023

Cathedra reports the following financial results for its bitcoin mining operations for the three months ended March 31, 2023:

Operational Highlights

In Q1 2023, the Company mined 64.50 bitcoin, as compared to 64.27 bitcoin mined in Q4 2022.

The Company mined 0.72 bitcoin per day on average in Q1 2023, as compared to 0.70 in Q4 2022; 0.73 in Q3 2022; 0.63 in Q2 2022; 0.64 in Q1 2022; 0.65 in Q4 2021; 0.41 in Q3 2021; 0.12 in Q2 2021; 0.13 in Q1 2021; 0.13 in Q4 2020; and 0.15 in Q3 2020.

The daily average bitcoin price during Q1 2023 was US$22,875, as compared to US$18,060 during Q4 2022; US$21,249 in Q3 2022; US$32,492 in Q2 2022; US$41,299 in Q1 2022; US$53,481 in Q4 2021; US$41,892 in Q3 2021; US$46,716 in Q2 2021; US$44,847 in Q1 2021; US$16,655 in Q4 2020; and US$10,612 in Q3 2020.

The Company's bitcoin mining operations produced 343 PH/s at the end of Q1 2023, as compared to 203 PH/s in Q4 2022; 166 PH/s in Q3 2022; 231 PH/s in Q2 2022; 187 PH/s in Q1 2022; 177 PH/s in Q4 2021; 72 PH/s in Q3 2021; 20 PH/s in Q2 2021; 20 PH/s in Q1 2021; 20 PH/s in Q4 2020; and 20 PH/s in Q3 2020.

Expressed in Canadian Dollars unless otherwise indicated

Financial Highlights

The Company was well capitalized at the end of the quarter, with cash and cash equivalents of $3,453,439 and bitcoin of $379,073 (9.80 bitcoin). Total assets were $24,570,088, consisting primarily of cash and cash equivalents, deposits, investment in associates and property and equipment.

The Company reported total revenue from its bitcoin mining operations in Q1 2023 of $2,016,978, as compared to $1,677,187 in Q4 2022; $1,493,520 in Q3 2022; $2,530,673 in Q2 2022; $3,107,724 in Q1 2022; $4,387,824 in Q4 2021; $2,107,773 in Q3 2021 and $647,742 in Q2 2021.

The table below presents selected unaudited financial results of the Company for Q1 2023, Q4 2022, Q3 2022, Q2 2022, Q1 2022, Q4 2021, Q3 2021 and Q2 2021:

Quarter	Total Revenue ($)	Net Income (Loss) ($)	Comprehensive Income (Loss) ($)	Basic Earnings (Loss) Per Share ($)	Diluted Earnings (Loss) Per Share ($)
Q1 2023	2,016,978	(2,450,061)	(2,150,791)	(0.02)	(0.02)
Q4 2022	1,677,187	(21,538,138)	(21,747,193)	(0.21)	(0.16)
Q3 2022	1,493,520	(7,711,263)	(7,645,892)	(0.08)	(0.08)
Q2 2022	2,530,673	(11,920,198)	(11,946,925)	(0.12)	(0.12)
Q1 2022	3,107,724	(3,861,467)	(3,675,805)	(0.04)	(0.02)
Q4 2021	4,387,824	164,945	1,164,444	0.01	0.01
Q3 2021	2,107,773	(1,486,340)	(1,412,540)	(0.02)	(0.01)
Q2 2021	647,742	(1,614,091)	(1,564,679)	(0.02)	(0.01)

Cathedra had cash flow from mining operations of $642,481 during the quarter, which reflects proceeds from Gross Mining Margin after prepaid expenses. The Company defines Gross Mining Margin (a non-IFRS measure) as the revenue generated from mining activities less operating costs. Operating costs include monthly cash operating expenses, as well as incidental or accrued expenses. Depreciation, being a non-cash cost, is excluded from the Gross Mining Margin calculation. Gross Mining Margin is a non-standard measure of mining efficiency and should not be considered as a substitute for other IFRS operating and profitability measures of performance.

Calculation of Gross Mining Margin	**Q1 2023 ($)**	**Q4 2022 ($)**	**Q3 2022 ($)**	**Q2 2022 ($)**	**Q1 2022 ($)**	**Q4 2021 ($)**	**Q3 2021 ($)**	**Q2 2021 ($)**
Revenue	2,016,978	1,677,187	1,493,520	2,530,673	3,107,724	4,387,824	2,107,773	647,742
Less: Operating costs	1,366,354	1,493,446	1,393,366	1,670,764	1,789,212	2,252,580	966,805	269,440
Gross mining margin	**650,624**	**183,741**	**97,154**	**859,909**	**1,318,512**	**2,135,244**	**1,140,968**	**378,302**
Gross mining margin (%)	**32%**	**11%**	**6%**	**34%**	**42%**	**49%**	**54%**	**58%**
Less: Depreciation	1,194,946	1,901,507	2,163,015	1,913,499	1,657,980	1,275,069	583,152	213,876
Less: B&O taxes	8,143	11,398	5,885	9,149	13,261	11,305	9,281	8,837
Net mining margin	**(552,465)**	**(1,729,164)**	**(2,071,746)**	**(1,062,739)**	**(352,729)**	**848,870**	**548,535**	**155,589**
Cash flow from mining operations	**642,481**	**172,343**	**91,269**	**850,760**	**1,305,251**	**2,123,939**	**1,131,687**	**369,465**

The Company incurred a net loss of $2,240,447 during the quarter (Q1 2022 - net income of $3,861,467). The increase in losses is mainly due to the following non-cash items:

- The Company recorded a share-based compensation expense of $546,462 (Q1 2022 - $1,050,640) in relation to the RSUs granted during the period and RSUs and stock options granted in the previous period.
- The Company recorded a gain on sale of coupons and credits of $264,362 (Q1 2022 - $nil) from the sale of additional coupons and credits received during the period.
- The Company recorded an interest accretion of $878,275 (Q1 2022 - $176,002) in relation to the convertible debt.

Financing Highlights

On March 9, 2023, the Company announced it had entered into an agreement with certain holders of its convertible debentures to settle a portion of the outstanding principal equal to $2,500,000 into 18,518,518 common shares of the Company. The Company announced the shares would be issued at a deemed price of $0.135 per share. The transaction was completed subsequent to March 31, 2023.

4. LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2023, the Company had a working capital surplus of $3,040,282, as compared to $6,006,094 as of December 31, 2022. The Company has sufficient cash balances to fund its current operating and administrative costs.

The net change in the Company's cash position for the three months ended March 31, 2023, was an increase of $229,843, resulting from the following cash flows:

- Cash used in operations of $1,323,438 (as compared to cash used in operations of $11,141,132 during the three months ended March 31, 2022);
- Cash used in financing activities of $45,426 (as compared to cash provided by financing activities of $6,688,139 during the three months ended March 31, 2022);
- Cash provided by investing activities of $1,598,707 (as compared to cashed used in investing activities of $2,285,961 during the three months ended March 31, 2022); and
- Effect of exchange rate changes on cash of $908 (as compared to $268,194 during the three months ended March 31, 2022).

As of May 30, 2023, the Company held a cash position of approximately $3,796,365 and a bitcoin position of approximately $664,611 (17.63 bitcoin) for total cash and bitcoin liquidity of $4,460,976.

Please refer to Note 10 of the Company's consolidated financial statements for details on the Company's lease obligations.

5. OUTSTANDING SHARE DATA

As of May 30, 2023, 137,207,665 common shares; 5,719,205 stock options; 7,284,692 restricted share units; 50,257,200 warrants; and 887,682 broker warrants (each broker warrant can be exercised into one broker unit comprised of one common share and one warrant) were issued and outstanding. There are voluntary and TSX-V-imposed resale restrictions on certain of these securities.

6. OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2023, and the date of this MD&A, the Company has no off-balance sheet arrangements.

Expressed in Canadian Dollars unless otherwise indicated

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

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, 2023, and March 31, 2022, are as follows:

Year ended March 31, 2023	Salaries	Director/ Professional Fees	Share-based compensation	Total
Chief Executive Officer	$ 16,900	$ 5,274	$ 158,365	$ 180,539
Chief Operating Officer and President	25,349	5,274	158,365	188,988
Chief Financial Officer	-	32,700	21,523	54,223
Chief Field Operations and Manufacturing Officer	33,799	-	35,249	69,048
Chief Technology Officer	33,799	-	32,095	65,894
Directors	-	21,093	15,258	36,351
	$ 109,847	$ 64,341	$ 420,855	$ 595,043

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
	$ 196,277	$ 75,000	$ 1,015,671	$ 1,286,948

At March 31, 2023, the Company owes a balance recorded within accounts payable and accrued liabilities:

- $1,759 to the CEO of the Company;
- $1,759 to the COO and President of the Company;
- $14,108 to a company controlled by the CFO of the Company;
- $7,037 to the independent directors of the Company.

At March 31, 2023, the Company has receivables of $78,664 (December 31, 2022 - $95,511), of which $24,119 (December 31, 2022 - $38,035) is non-current, in connection to the payroll tax liabilities for the RSU grants issued to the management of the Company. The balance is repaid every pay period and will be fully paid by December 7, 2024.

8. SUBSEQUENT EVENTS

Subsequent to March 31, 2023:

- The Company announced Roy Sebag had resigned from his position as Chairman of the Board effective April 4, 2023. President and Chief Operating Officer Drew Armstrong, who has served on the Board since September 2021, assumed the role of Chairman. The Board announced it had begun searching for a replacement for Mr. Sebag. Until such time, the Board shall consist of Drew Armstrong (Chairman and President), AJ Scalia (Chief Executive Officer), David Jaques (independent), and Marcus Dent (independent).
- The Company settled $2,500,000 of the outstanding principal amount of convertible loan debentures by issuing 18,518,518 common shares of the Company at a price of $0.135 per common share. The debt is payable to certain debenture holders in respect of 3.5% senior secured convertible debentures of the Company due November 11, 2024, in the aggregate principal amount $25,000,000 issued to the debenture holders on November 11, 2021. After the settlement, the aggregate principal amount outstanding is $19,895,679.
- The Company sold additional coupons received from a third-party vendor for proceeds of 4.81 bitcoin.
- The Company completed the deployment of 490 S19J Pros and 50 S19 XPs under the Kentucky hosting agreement it entered into on February 3, 2023.
- The Company deployed approximately 400 of the total 773 Bitmain S19J Pro machines under the Washington lease agreement it entered into on January 29, 2023.
- The Company announced it had begun retaining a portion of its mined bitcoin on its balance sheet again.

9. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

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

Significant Judgments

Revenue Recognition
The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the

Company receives digital currency 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**"). The Company has previously used daily average bitcoin price data from www.blockchain.com. Although bitcoin price data may vary across different platforms due bitcoin being a decentralized digital currency, the daily average price between the two platform used is fairly consistent. The Company started using bitcoin price data in the beginning of the fiscal year. There has been no material change as a result of the change in source of information on the bitcoin pricing data.

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

Significant Estimates

Fair Value of Financial Instruments

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

Depreciation

Depreciation of the assets in the cryptocurrency data center is based on an estimate of the assets' expected life. In order to determine the useful life of the assets in the cryptocurrency 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.

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.

Going Concern

In order to assess whether it is appropriate for the company to continue as a going concern, management is required to apply judgment and make estimates with respect to future cash flow projections. In arriving at this judgment, there were several assumptions and estimates involved in calculating these future cash flow projections. This includes making estimates regarding the timing and amounts of future expenditures and the ability and timing to raising additional financing.

Expressed in Canadian Dollars unless otherwise indicated

Significant Influence and Control

The Company has 23% interest in the shares of Silvermoon Inc. The Company has determined that it has significant influence in Silvermoon Inc., therefore, the Company accounts for this investment using equity accounting.

Uncertainty of the income/loss recorded in the investment in associates

The financial information of the investment in associates, being a private corporation, was not readily available for the three months ended March 31, 2023. 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
- Valuation of biological assets

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Credit Risk

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

	March 31, 2023	December 31, 2022
Digital currencies	$ 379,073	$ 39,499
Deposit	925,120	3,381,471
Receivables	167,827	157,854
Accrued receivable	-	1,240,733
	$ 1,472,020	$ 4,819,557

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, 2023, the Company had a working capital surplus of $3,197,353 (December 31, 2022 - $6,006,094), the majority of which is comprised of a cash balance of $3,453,439 (December 31, 2022 - $3,224,504), digital currencies balance of $379,073 (December 31, 2022 - $39,499), accrued receivable of $nil (December 31, 2022 - $1,240,733) and deposits of $925,120 (December 31, 2022 - $3,381,471) to settle current liabilities of $2,455,890 (December 31, 2022 - $2,463,752).

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, 2023 is as follows:

	Accounts payable and accrued liabilities	Lease liability	Convertible debt	Total
2023	$ 2,303,837	$ 1,451,821	$ -	$ 3,755,658
2024	-	1,935,761	22,395,680	24,331,441
2025	-	612,774	-	612,774
Total	$ 2,303,837	$ 4,000,356	$ 22,395,680	$ 28,699,873

Market Risk

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

Bitcoin Prices

The Company has digital currencies, Bitcoin, on March 31, 2023, that is subject to market pricing and price volatility. The Company recorded a loss on revaluation of digital currencies in the amount of $1,506 during the period ended March 31, 2023 (December 31, 2022 - $724,553 gain on revaluation). 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

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 year end, the Company's net loss and comprehensive loss after taxes would change by approximately $184,383, 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 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, 2023, 9.80 bitcoin equivalent to $379,073 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 Company's investment in associates, over which it has significant influence, is recorded using the equity method of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

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

11. CAUTION REGARDING FORWARD LOOKING INFORMATION

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

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

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

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

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

APPENDIX 1

Limited Operating History

The Company has only a limited operating history upon which an evaluation of the Company and its prospects can be based. In particular, the Company has a limited history with its mining operations and remains in the early stage of development. The Company is subject to many risks common to venture enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment or meeting other metrics of success.

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

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

Business Risks and Uncertainties

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

Liquidity and Future Financing Risk

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

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

Going Concern Risk

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

Cash Flow Risk

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

Access to Power and Electricity Rate Risks

The Company's operations are dependent on its ability to maintain reliable and economical sources of power in order to run its cryptocurrency mining assets. While the Company believes its source of power is reliable and current regional infrastructure limits the likelihood of power interruptions, any suspension of its power supply could result in a material and adverse effect on the Company. The Company conducts cryptocurrency mining at its data center in the Washington State. The Grant County Public Utility District ("**GCPUD**") is the electricity supplier to the Company's Washington State Operation. The costs of electricity offered by GCPUD is available online, and are summarized in the Rate Schedules. As a result of operations in a single jurisdiction, the Company's current and future operations, anticipated growth, and sustainability of hydroelectricity at economic prices for the purposes of cryptocurrency mining in the Washington State poses certain risks. There is no assurance that a particular electricity rate structure will remain in effect and the Company's electricity supplier, GCPUD, is under no obligation to lock in rates for any period of time.

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

Regulatory Requirements

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

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

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

Cryptocurrency Industry Risks

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

Risk of Loss, Theft or Restriction on Access

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

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

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

Risk of Malicious Actors

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

Risk of Reduced Incentives

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

Facility Development Risk

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

Risk of Non-Availability of Insurance

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

Bitcoin Network Risks

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

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

The acceptance of the Network software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in the Network could result in a "fork" in the blockchain underlying the Network, result in the operation of two separate networks. Without an official developer or group of developers that formally control the Network, any individual can download the Network software and make desired modifications, which are proposed to users and miners on the Network through software downloads and upgrades, typically posted to Bitcoin development forums. A substantial majority of miners and Bitcoin users must consent to such software modifications by downloading the altered software of upgrade;

otherwise, the modifications do not become a part of the Network. Since the Network's inception, modifications to the Network have been accepted by the vast majority of users and miners, ensuring that the Bitcoin network remains a coherent economic system.

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

Momentum Pricing Risk

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

Cryptocurrency Exchange Risk

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

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

Banking Risk

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

Risk of System Failure

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

Technological System Risk

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

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

Competitive Risk

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

Technological Obsolescence Risk

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

Hardware Supply Risk

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

Risk of Equipment Breakdown

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

Profit Risk

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

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

Third-party Risk

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

Intellectual Property Risk

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

Contractual Risk

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

Unforeseen Expenses

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

Geopolitical Risk

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

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

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

Litigation Risk

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

Key Personnel Risk

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