



**LUXXFOLIO HOLDINGS INC.**

417 - 1080 Mainland Street  
Vancouver, BC V6B 2T4

**ANNUAL INFORMATION FORM**

**FOR THE FINANCIAL YEAR ENDED AUGUST 31, 2024**  
**(unless otherwise noted)**

**DATED AS OF AUGUST 14, 2025**

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## PRELIMINARY NOTES

In this Annual Information Form (“AIF”), references to the “Company”, “Luxxfolio”, “LUXX”, “its”, “we”, “us”, “our”, or related terms in this AIF refer to Luxxfolio Holdings Inc. and include, where the context requires, its subsidiaries.

Common shares without par value in the authorized capital of the Company are referred to as the “Common Shares”, preferred shares without par value in the authorized capital of the Company are referred to as the “Preferred Shares”, Common Share purchase warrants are referred to as “Warrants”, and stock options exercisable to acquire Common Shares are referred to as “Options”.

Market and industry data used throughout this AIF was obtained from various publicly available sources. Although the Company believes that these independent sources are generally reliable, the accuracy and completeness of such information are not guaranteed and have not been verified due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and the limitations and uncertainty inherent in any statistical survey of market size, conditions and prospects.

Unless otherwise stated or indicated, all information in this AIF is as at August 31, 2024.

### Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the Company’s audited consolidated annual financial statements for the years ended August 31, 2024 and August 31, 2023 (the “Financial Statements”), as well as the accompanying management’s discussion and analysis (“MD&A”) for such periods. The Financial Statements and MD&A are available on the System for Electronic Data Analysis and Retrieval (“SEDAR+”) at [www.sedarplus.ca](http://www.sedarplus.ca).

### Currency

Unless otherwise stated or indicated, references to “\$” or “dollars” in this AIF are to Canadian dollars.

### Documents Incorporated by Reference

Incorporated by reference into this AIF are the following documents of the Company:

1. the information contained on pages 14 to 17 under the heading “*Audit Committee*” and on page 10 under the heading “*Approval of New Stock Option Plan*” in the Company’s management information circular dated July 9, 2025 and filed by the Company on SEDAR+ on July 18, 2025 (the “**2025 Information Circular**”); and
2. the information contained on page 9 under the heading “*Approval of Amended and Restated Stock Option Plan*” in the Company’s management information circular dated February 17, 2022 and filed by the Company on SEDAR+ on March 1, 2022 (the “**2022 Information Circular**”).

Copies of the above documents and excerpts thereof, as applicable, have been filed by the Company with the applicable Canadian securities regulatory authorities and may be obtained online under the Company’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## CAUTIONARY NOTES REGARDING FORWARD-LOOKING INFORMATION

The Company cautions readers regarding forward-looking information or statements found in this document, including information incorporated by reference and in any other statement made by, or on behalf of the Company. Such information or statements may constitute “forward-looking information” within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, constitute forward-looking information. Forward-looking information involves statements that are not based on historical information but rather relate to future operations, strategies, financial results or other developments. Forward-looking information is necessarily based upon estimates and assumptions, which are inherently subject to significant business, economic and competitive

uncertainties and contingencies, many of which are beyond the Company's or management's control and many of which, regarding future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by or on the Company's behalf by management. Although the Company and its management has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. All factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking information. Examples of such forward-looking information within this AIF include statements relating to:

- financial, operational and other projections and outlooks, as well as statements or information concerning future operation plans, objectives, performance, revenues, growth, acquisition strategies, profits or operating expenses, including but not limited to the buying and selling of Litecoin;
- expectations regarding the Company's business strategy, plans, and objectives;
- outlook on and the future global size of the cryptocurrency and digital assets industry;
- the prominence, security, and expected value of Litecoin and other digital assets;
- development of laws and regulations governing the cryptocurrency and digital assets industry;
- requirements for additional capital and future financing options and the Company's ability to raise additional capital;
- the Company's ability to continue as a going concern;
- the Company being subject to certain regulatory regimes and compliance thereof; and
- other expectations of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "expects", "estimates", "anticipates", or variations of such words and phrases (including negative and grammatical variations) or statements that certain actions, events or results "may", "could", "might" or "occur".

### **Material Risks and Assumptions**

The forward-looking information in this AIF reflects management's current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by management, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Assumptions underlying the Company's expectations regarding forward-looking statements or information contained in this AIF include, among others, the Company's ability to comply with applicable governmental regulations and standards, the Company's ability to obtain shareholder and regulatory and third party approvals (including with respect to the receipt of required licenses and third party consents, if any), the Company's success in implementing its strategies, achieving the Company's business objectives, the Company's ability to raise sufficient funds from equity financings in the future to support its operations, and general business and global economic conditions (including the market price and demand for minerals). The foregoing list of assumptions is not exhaustive. Many factors, both known and unknown, could cause actual results, performance or achievements to differ, perhaps materially, from the results, performance or achievements that are or may be expressed or implied by such forward-looking information contained in this AIF and documents incorporated by reference, and we have made assumptions based on or related to many of these factors. Such factors include, without limitation:

- general economic conditions;
- the legislative and regulatory environment of the cryptocurrency industry;
- the impact of increasing competition;
- the ability to obtain regulatory and shareholder approvals;
- the Company's ability to successfully acquire and maintain any required regulatory licences and qualifications;
- prices of cryptocurrencies;
- the emerging digital currency and cryptocurrency markets and sectors;
- the Company's ability to maintain good business relationships;
- the Company's ability to meet the specialized skill and knowledge requirements that the Company's business demands;

- the Company’s ability to manage and integrate acquisitions;
- the Company’s ability to raise sufficient debt or equity financing to support the Company’s continued growth;
- the technology, proprietary and non-proprietary software, data and intellectual property of the Company and third parties in the digital currencies and digital asset sector being reliable to conduct the Company’s business;
- claims and legal proceedings arising in the ordinary course of business activities;
- the availability of insurance to cover the risks to which the Company’s activities are subject;
- the limited business history and absence of history of earnings of the Company, including risks related to the Company’s history of losses, which may continue in the future;
- the Company not suffering a material impact or disruption from a cybersecurity incident, cyber- attack or theft of digital assets;
- continued growth in usage of cryptocurrency for various applications;
- continued development of a stable public infrastructure, with the necessary speed, data capacity and security required to operate blockchain networks;
- the Company’s ability to maintain the listing of its Common Shares on the Canadian Securities Exchange (the “CSE”);
- the absence of adverse regulations or laws;
- the absence of material changes in the legislative, regulatory or operating framework for the Company’s existing and anticipated business;
- future demand for and prices of cryptocurrencies;
- the effectiveness of our internal control over financial reporting; and
- those factors identified under the caption “*Risks Factors*” in this AIF and the documents incorporated by reference herein, if any.

Although the Company has attempted to identify important factors and risks that could affect the Company and might cause actual actions, events or results to differ, perhaps materially, from those described in forward-looking information or statements, there may be other factors and risks not identified herein that cause actions, events or results not to occur as projected, estimated or intended. Forward-looking information is made based on management’s reasonable beliefs, estimates and opinions and are given only as of the date they are made. There can be no assurance that forward-looking information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information or statements. The Company does not undertake any obligation to release publicly any revisions to forward-looking information or statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by applicable law.

## **CORPORATE STRUCTURE**

### **Name, Address and Incorporation**

The Company was incorporated on October 10, 2017 pursuant to the provisions of the *Business Corporations Act* (British Columbia) (“**BCBCA**”) under the name “AX1 Capital Corp.” The Company changed its name from “AX1 Capital Corp.” to “Luxxfolio Holdings Inc.” on March 26, 2019.

The head office, principal business address, and registered and records office of the Company is located at 417-1080 Mainland Street, Vancouver, British Columbia, V6B 2T4. The Company is a reporting issuer in all provinces and territories of Canada, except for Quebec.

Effective May 6, 2019, the Common Shares commenced trading on the CSE under the trading symbol “LUXX”. The Company’s Common Shares are also quoted on the OTCQB under the trading symbol “LUXFF”, the Frankfurt Stock Exchange under the trading symbol “LUH”, and the Börse Berlin under the trading symbol “LUH”.

## Inter-Corporate Relationships

As at August 31, 2024, the Company had two wholly-owned subsidiaries, Luxxfolio Network Inc. (“LNI”) and WestBlock Capital Inc. (“WestBlock”), which share the same head and registered office as the Company.

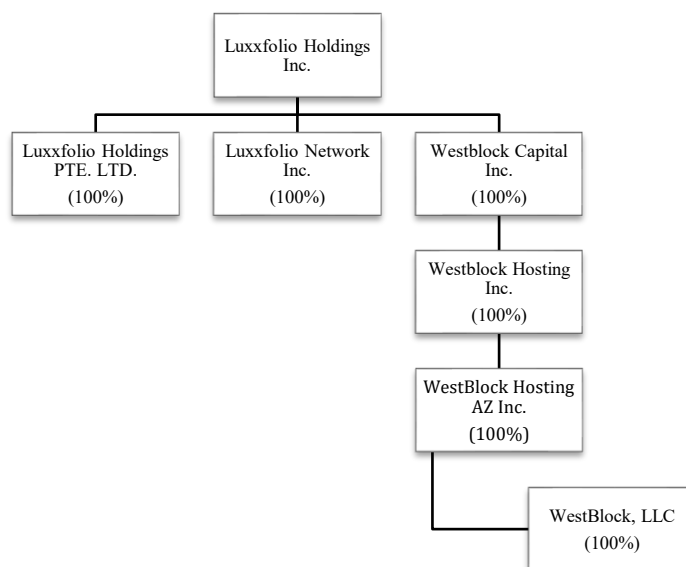
LNI was incorporated on December 4, 2017 pursuant to the provisions of the BCBCA under the name “Blockluxe Network Inc.” LNI changed its name from Blockluxe Network Inc. to Luxxfolio Network Inc. in March 2019. On April 11, 2019, the Company completed a securities exchange with LNI by which the Company exchanged one pre-Consolidation Common Share for each issued and outstanding common share or special warrant of LNI and one Warrant for each issued and outstanding share purchase warrant of LNI (the “LNI Transaction”). Under the LNI Transaction, the Company issued a total of 12,998,656 pre-Consolidation (as defined herein) Common Shares and 608,250 Warrants to LNI securityholders in exchange for their LNI shares and warrants. Upon completion of the LNI Transaction, LNI became a wholly owned subsidiary of the Company and the business of LNI became the business of the Company.

WestBlock, Luxxfolio’s mining division (“LUXX Mining Division”) was acquired by the Company on June 14, 2021 pursuant to a three-cornered amalgamation between WestBlock, Luxxfolio and a wholly-owned subsidiary of the Company, whereby WestBlock amalgamated with 1297718 B.C. Ltd, a wholly-owned subsidiary of the Company (the “WestBlock Acquisition”). WestBlock owned and managed a digital asset mining facility in Shiprock, New Mexico, at which it managed both Company-owned Bitcoin miners and third party servers. In consideration for the WestBlock Acquisition, the Company issued 16,000,000 pre-Consolidation Common Shares and 2,500,000 Warrants.

Both LNI and WestBlock became non-operating subsidiaries on November 30, 2022, following the closure of WestBlock’s Bitcoin mining facility in New Mexico. Further, the Company lost control of its WestBlock subsidiaries and related assets following the notification by the Navajo Tribal Utility Authority that it had seized the Company’s property and restricted access to the mining facility. For more information, see “General Development of the Business – Three Year History – During the Year Ended August 31, 2023.”

As at the date hereof, the Company has three wholly-owned subsidiaries. The Company registered Luxxfolio Holdings Pte. Ltd. (“LUXX Singapore”) under the laws of Singapore on June 23, 2025. The Company does not presently consider LUXX Singapore to be a material subsidiary.

The organizational chart below indicates the inter-corporate relationships between the Company, LNI, WestBlock, and LUXX Singapore as at the date of this AIF.



## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

The following is a summary of the general development of the Company's business over the three most recently completed financial years.

#### *During the Year Ended August 31, 2022*

- On September 2, 2021, the Company announced it had successfully received and installed 100 Bitmain S19J Pro Miners (“**Miners**”) pushing its total operational hash rate above 50 PH/s per second (PH/s). The Company also announced the signing of a term sheet to enter into a definitive agreement to acquire Isotechnics (the “**Isotechnics Transaction**”), a commercial technology services company, to continue accelerating the development of SmartLuxx, a platform design to track and record performance analytics and ownership of real world assets, specifically crypto mining assets. Pursuant to the Isotechnics Transaction, Luxxfolio would acquire Isotechnics in consideration for the issuance of 550,000 pre-Consolidation Common Shares to the principals of Isotechnics on closing and enter into employment agreements with the principals, which each principal receiving 125,000 Options.
- On September 7, 2021, the Company announced that WestBlock, had entered into an asset purchase agreement with Blackcloud Crypto Investments (“**Blackcloud**”) (the “**Blackcloud Transaction**”) to purchase assets of its Ethereum Mining and Hosting Operations, a cryptocurrency mining venture focused on Ethereum mining.
- On September 9, 2021, the Company commenced trading on the FSE under the trading symbol “LUH”.
- On September 23, 2021, the Company announced that its DTC application had been approved by the Depository, Trust and Clearing Corporation in the US, meaning that the Common Shares became available to a broader audience of US investors. The Company also announced that its Common Shares had become available for trading on the Börse Berlin under the symbol “LUH”.
- On October 14, 2021, the Company announced that it had accepted delivery of an additional 75 Miners through a swap agreement with a strategic partner, increasing their hash rate to 122 PH/s. The Company also announced that 2,172,840 of the 2,500,000 Warrants that were set to expire September 30, 2021 were exercised at a price of \$0.40 per Warrant into Common Shares of the Company, resulting in \$869,136 into treasury for the Company.
- On November 16, 2021, the Company announced that it had acquired and accepted delivery of an additional 100 Miners, increasing its hash rate to 131 PH/s.
- On November 26, 2021, the Company announced that it had closed the Blackcloud Transaction announced on September 7, 2021. Pursuant to the Blackcloud Transaction, the Company issued 500,003 pre-Consolidation Common Shares in exchange for 88 Ethereum mining machines located in Alberta, Blackcloud's Hosting Portable Container, and 52 Ethereum coins. The Blackcloud Transaction marked the Company's expansion into Ethereum mining operations.
- On November 29, 2021, the Company announced that it had entered into a bought deal with Ventum Financial Corp. (then PI Financial Corp.), Canaccord Genuity Corp., and M Partners Inc. (the “**Underwriters**”), pursuant to the which the Underwriters agreed to purchase 10,000,000 units (each a “**Unit**”) of the Company at a price of \$0.70 per Unit for gross proceeds of approximately \$7,000,000 (the “**November 2021 Offering**”). Each Unit consisted of one pre-Consolidation Common Share and one half-Warrant. Each Warrant was exercisable to acquire a Common Share at an exercise price of \$1.00 for a period of 24 months from closing. The Company also granted an over-allotment option to the Underwriters to purchase up to an additional 1,500,000 Units for a period of 30 days following the closing, exercisable at the offering price.
- On November 30, 2021, the Company announced that it had entered into an amended agreement with the Underwriters to increase the size of the November 2021 Offering to 13,000,000 Units at a price of \$0.70 per Unit, for aggregate gross proceeds of \$9.1 million. The over-allotment option also increased to 1,950,000 Units.

- On December 1, 2021, the Company announced that WestBlock had purchased an immersion-cooling system which was paid in part by cash and the issuance of 612,000 pre-Consolidation Common Shares at a deemed price of \$0.83 per Common Share. Cypress Hills Partners Inc., through its affiliate CHP Agent Services Inc. (“CHP”) agreed to provide LUXX Mining Division with a senior secured loan facility (the “**Senior Secured Term Loan Facility**”) to finance the cash portion of the purchase price. The Senior Secured Term Loan Facility replaced existing asset-backed facilities with CHP which were assumed on the acquisition of WestBlock.
- On December 7, 2021, the Company announced the closing of the November 2021 Offering. The Underwriters exercised their option to purchase an additional 600,000 Units of the over-allotment option. In total, the Company issued a total of 13,600,000 Units at a price of \$0.70 per Unit, and 250,000 additional Common Share purchase warrants, for gross proceeds of \$9,534,000.
- On December 16, 2021, the Company announced that it had finalized an order of 500 Miners for USD\$3,020,000, financed through a combination of balance sheet working capital and an asset-backed lending structure with their finance partner, NYDIG. This order will increase their hash rate to 360 PH/s.
- On January 21, 2022, the Company announced the appointments of Kelly Klatik as Executive Chairman, Ken MacLean as President, Kien Tran as Chief Operating Officer, and Anthony Wong as Corporate Secretary. Dean Linden, co-founder and founding CEO was to transition to Chief Communication Strategist of the Company.
- On June 9, 2022, the Company announced that BIGG Digital Assets Inc. (“**BIGG**”) had made a strategic investment of \$2,000,000 for 12,500,000 pre-Consolidation Common Shares issued at a price of \$0.16 per Common Share and 12,500,000 Warrants of the Company exercisable into one pre-Consolidation Common Share at a price of \$0.21 for a period of 2 years (the “**BIGG Transaction**”). The BIGG Transaction resulted in BIGG owning approximately 15% of the then outstanding Common Shares. The Company has the option to offer further units with subsequent closings in the BIGG Transaction. As of the date hereof, based on self-reported data available on the System for Electronic Disclosure by Insiders (SEDI), BIGG no longer holds any Common Shares.
- On June 15, 2022, the Company announced that Kelly Klatik would be stepping down as Executive Chair to reduce overhead and increase efficiency. Duties of the Executive Chair were integrated within the current executive team. Mr. Klatik remained a director of the Company.
- On July 15, 2022, the Company closed the sale of 100 Petahash, or approximately 970 cryptocurrency mining machines. As part of the sale, the Company signed an immersion hosting agreement by which the Miners would continue to be hosted by the Company for two years in order to optimize operations and reduce debt.
- On August 10, 2022, the Company announced that it had agreed to a debt settlement arrangement with its major lender, NYDIG, through which the Company would reduce its debt by approximately US\$5,800,000 in exchange for a reduction to its current mining fleet by approximately 1,900 machines (the “**NYDIG Debt Settlement**”). The NYDIG Debt Settlement represented the entirety of the Company’s obligation to the NYDIG, and substantially all of the Company’s long-term debt.

***During the Year Ended August 31, 2023***

- On October 28, 2022, the Company announced that it had repaid \$1,100,000 of the Senior Secured Term Loan Facility with CHP through liquidation of Bitcoin held as collateral (the “**2022 CHP Debt Settlement**”). In addition, the Company closed the previously announced NYDIG Debt Settlement. The NYDIG Debt Settlement and the 2022 CHP Debt Settlement combined resulted in the reduction of the Company’s long term debt from US\$12,500,000 as of May 2022 to US\$1,100,000. In addition, the Company announced that Bradley D. Farquhar had resigned as a director, effective October 26, 2022.
- On November 2, 2022, the Company announced that Kelly Klatik and David Gens had resigned as directors, effective November 1, 2022.
- On November 20, 2022, the Company lost control of WestBlock and the LUXX Mining Division due to access restrictions imposed by the Navajo Tribal Authority for non-payment of an unsecured note due May 2024 and accumulated power supply charges under WestBlock, the operator of the Company’s New Mexico digital asset mining facility.

- On November 21, 2022, the Company announced that WestBlock, LLC was unable to meet current and future obligations, and would idle operations as of November 23, 2022, including termination of its immersion hosting agreements.
- On December 8, 2022, the Company announced that WestBlock and certain of its subsidiaries had received a notice of default under the Senior Secured Term Loan Facility agreement with CHP. CHP demanded immediate repayment of the outstanding debt obligation of approximately \$1,155,000. The Company also announced that Dr. Michael Byron had resigned as a director, effective December 2, 2022, and Geoffrey McCord and Kien Tran were appointed to the Board.
- On December 21, 2022, the Company announced that it had made an application for a temporary management cease trade order (“**MCTO**”) under National Policy 12-203 – *Management Cease Trade Orders* to prohibit trading in securities of the Company by its president, chief financial officer, and certain other insiders of the Company, until certain required filings were filed by the Company, and the MCTO was lifted. The Company expected that it would be unable to file its audited financial statements for the year ended August 31, 2022, and the management’s discussion and analysis and related CEO and CFO certificates for this period. The Company anticipated that it would file the materials on or before February 28, 2023, to remedy the default.
- On January 5, 2023, the Company announced that the British Columbia Securities Exchange (“**BCSC**”) had granted the application for the MCTO. The MCTO was revoked in February of 2023.
- On January 17, 2023 the Company announced that it had entered into a debt settlement agreement on January 16, 2023 with CHP (the “**2023 CHP Debt Settlement Agreement**”). WestBlock, WestBlock Hosting., and WestBlock Hosting Arizona were also parties to the 2023 CHP Debt Settlement Agreement. Pursuant to the 2023 CHP Debt Settlement Agreement, the Company made a payment of US\$99,546.00 to CHP on behalf of WestBlock, and the WestBlock Group transferred all their rights, interest, and title to each of their assets, which included the immersion mining cooling system purchased in December 2021, approximately 655 mining machines, and related equipment. WestBlock, LLC which operated the Company’s Bitcoin mining facility, was not a party to the 2023 CHP Debt Settlement Agreement.
- On July 28, 2023, the Company appointed Geoffrey McCord to the position of Interim CEO.
- On August 8, 2023, the Company announced the appointment of Rodney Stevens and Jason Cihelka as directors of the Company. The Company also appointed Maria Foran as Corporate Secretary of the Company.
- As a result of the NYDIG Debt Settlement, the CHP Debt Settlement, and the 2023 CHP Debt Settlement Agreement, the Company extinguished all secured debt obligations of its operating subsidiaries, however, the Company also lost access to key pieces of equipment necessary for the operation of its mining facility. The Company, having lost access and control of the LUXX Mining Division, wrote off their investment in these entities and no longer recognizes them for accounting purposes. The Company began to actively seek opportunities to restructure and/or refinance the Company business which remained ongoing, reduce operating expenses to conserve available cash resources, and reduce staffing levels to maintain ongoing business operations. Additional information regarding this transition is disclosed in the Company’s audited annual consolidated financial statements and related Management Discussion and Analysis for the year ended August 31, 2023 which are available under the Company’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

***During the Year Ended August 31, 2024***

No material events affecting the development of the Company’s business occurred during the financial year ended August 31, 2024. The Company did not engage in cryptocurrency mining during this time period.

***Subsequent to the Year Ended August 31, 2024***

- On October 4, 2024, the Company announced that Anthony Wong had been appointed as a director. The Company also announced that Jason Cihelka had resigned as a director, effective October 3, 2024.
- On November 28, 2024, the Company announced that the board of directors of the Company (the “**Board**”) had approved plans to initiate a cryptocurrency proof-of-stake (“**PoS**”) strategy. To fund the PoS strategy, the Company announced its intention to undertake a non-brokered private placement offering of units for gross proceeds of \$1 million (the “**November 2024 Offering**”).

- On December 4, 2024, the Company announced that the November 2024 Offering would entail a non-brokered private placement offering of up to 43,333,333 units at a price of \$0.03 per unit for gross proceeds of up to \$1,300,000. Each unit consisted of one pre-Consolidation Common Share of the Company and one Warrant. Each Warrant was exercisable into one pre-Consolidation Common Share for a period of 18 months at an exercise price of \$0.07 per Common Share.
- On December 20, 2024, the Company announced that it had applied to the BCSC for an MCTO in connection with the Company's anticipated failure to file its audited annual financial statements for the year ended August 31, 2024, and the related management's discussion and analysis and CEO and CFO certificates prior to the reporting deadline of December 30, 2024. The MCTO was granted on January 2, 2025 and revoked on February 11, 2025.
- On March 21, 2025, the Company consolidated its outstanding Common Shares on the basis of one post-consolidated Common Share for each ten pre-consolidation Common Shares (the "**Consolidation**"). All outstanding Options and Warrants of the Company were also be adjusted by the Consolidation ratio and the respective exercise prices of outstanding Options and Warrants were adjusted accordingly. In light of the Consolidation, the Company discontinued the November 2024 Offering and instead intended to complete a post-Consolidation private placement of up to 8 million Common Shares at a post-Consolidation price of \$0.15 per Common Share for proceeds of up to \$1,200,000 (the "**March 2025 Offering**").
- On March 25, 2025, the Company announced that it had closed the March 2025 Offering for gross proceeds of \$1,1163,755 by the issuance of 7,758,367 Common Shares at a price of \$0.15 per Common Share. The Company paid a finder's fee of \$64,558 in cash and issued 406,119 finder's Warrants to certain arm's length finders. Each finder's Warrant entitles the holder to purchase one share at a price of \$0.15 for a period of 14 months from the date of issuance. In addition, the Company announced that Geoff McCord had resigned as interim CEO, and would remain the Company's CFO and a director. Rodney Stevens had also resigned as director. Tomek Antoniak was appointed as CEO and director, effective March 25, 2025.
- On June 5, 2025, the Company announced that it had uplisted to the OTCQB Venture Market, enhancing its visibility and accessibility to a broader range of US investors. In addition, the Company announced the resignation of Maria Foran as Corporate Secretary, and the appointment of Stephanie Sharma as Corporate Secretary, effective May 8, 2025.
- On June 25, 2025, the Company announced that Charlie Lee, the creator of Litecoin, a decentralized peer-to-peer cryptocurrency and open-source software project inspired by Bitcoin, and David Schwartz, Director of Strategic Partnerships of the Litecoin Foundation, had joined the Company's advisory board.
- On June 27, 2025, the Company announced a non-brokered private placement (the "**June 2025 Offering**") of up to 10,000,000 units in the capital of the Company at a price of \$0.25 per unit for gross proceeds of up to \$2,500,000. Each unit consists of one Common Share and one-half of one Warrant. Each Warrant would entitle the holder thereof to purchase an additional Common Share at an exercise price of \$0.50 for a period of 24 months from the closing of the June 2025 Offering, provided that the expiry of the Warrants can be accelerated if the closing price of the Company's Common Shares on the CSE is \$0.60 or greater for a minimum of 10 consecutive trading days, and a notice of acceleration is provided in accordance with the terms of the Warrants.
- On July 14, 2025, the Company announced the closing of the June 2025 Offering for gross proceeds of \$2,500,000 through the issuance of 10,000,000 units at a price of \$0.25 per unit. Each unit was comprised of one Common Share and one-half of one Warrant. Each Warrant entitles the holder thereof to purchase an additional Common Share at an exercise price of \$0.50 per Common Share for a period of 24 months from the date of issuance. The Company paid \$142,569 in cash finder's fees and issued 570,276 finder's Warrants in connection with the June 2025 Offering. The finder's Warrants entitle the holder to purchase one Common Share at a price of \$0.50 for a period of 24 months from the date of issuance. The finder's Warrants are also subject to the same acceleration terms as the June 2025 Offering Warrants. In connection with the June 2025 Offering, an insider of the Company subscribed for 40,000 units for aggregate gross proceeds of \$10,000.
- On July 17, 2025, the Company announced an increase in its treasury position in Litecoin, as well as active advancement in stablecoin infrastructure, yield-generating staking mechanisms, and mining operations. As part of this initiative, the Company announced the purchase and deployment of 841 Coinbase Wrapped LTC

("cbLTC"), a wrapped and composable form of Litecoin, into decentralized liquidity protocols to generate on-chain yield from its treasury.

- In addition, the Company announced that Geoff McCord had resigned as CFO and director, and that Geoff Balderson was appointed as CFO and director.

The Company does not anticipate any changes in its business during the year ended August 31, 2025 which would be inconsistent with the development of the business discussed under the heading *Subsequent to the Year Ended August 31, 2024* above.

### **Significant Acquisitions**

The Company did not complete any significant acquisitions during the year ended August 31, 2024.

## **BUSINESS DESCRIPTION**

### **General**

The Company is a digital infrastructure and technology company focused on developing and operating infrastructure for the Litecoin blockchain ecosystem including clean energy crypto mining, on-chain Litecoin treasury, and infrastructure for native stablecoins and smart contracts. Through these initiatives, the Company aims to position itself as an infrastructure leader in the Litecoin economy, leveraging low-fee, high-throughput blockchain technology to support scalable financial applications and decentralized systems. The Company's strategy is structured around three core pillars: (1) establishing an institutional-grade Litecoin treasury and yield strategy; (2) deploying and supporting on-chain infrastructure to enable programmable money on Litecoin through stablecoins and smart contracts; and (3) supporting the network with clean energy mining activities.

The Company previously focused on Bitcoin mining. Until WestBlock's operations were suspended on November 23, 2022, the Company had a single operating line of business, Bitcoin mining, which was conducted at its mining facilities in New Mexico, USA. See "*General Development of the Business – Three Year History – During the Year Ended August 31, 2023.*" Subsequent to the most recently completed financial year, the Company redirected its operations to focus on Litecoin, largely influenced by a downturn in the Bitcoin market which had significantly impacted the profitability and sustainability of the Company's mining operations. The Company initiated a strategic refresh of its digital asset approach, announcing its intention to explore the restart of mining operations with a specific focus on Litecoin. The Company does not anticipate returning to Bitcoin mining. This shift aligns with the Company's broader commitment to the evolving digital payments landscape and the infrastructure that supports it.

Luxxfolio has strategically chosen Litecoin as the foundation for its infrastructure due to its unique combination of programmability, reliability, scalability, and untapped potential. Litecoin has maintained 100% uptime since its launch in 2011 and is built on a Bitcoin-derived codebase. This proven security makes it a dependable platform for long-term infrastructure development. Additionally, Litecoin is increasingly ready for programmability, with emerging tools like Litecoin Computer and MimbleWimble, and growing developer interest demonstrated by the rise of Litecoin ordinals. Despite strong fundamentals, the Company believes that Litecoin remains undervalued and underbuilt compared to Bitcoin and Ethereum, with significantly less infrastructure investment. The Company believes Litecoin's low average transaction fees (typically under \$0.01) and fast, final settlement times make it ideal for global commerce and decentralized applications. These attributes position Litecoin as a secure, efficient, and scalable blockchain, making it the optimal choice for Luxxfolio's treasury, mining, and programmable money initiatives.

The following table sets out Luxxfolio's near-term targeted business milestones and expected timeframe for achieving same:

Q3 2025	Q4 2025	Q1 2026
Increase Litecoin Treasury	Launch full wallet + merchant payment tools	Scale mining with clean energy
Wallet MVP with stablecoin support launches	Mine first LTC block on LUXX infra	Wallet, mining & stablecoin stack goes fully live
Stablecoin infrastructure development and MVP	Assess capital structure development and strategic capitalization options	Host Litecoin Ecosystem Summit
Launch Ecosystem Fund and issue first grants	Support Litecoin events & community	Position as infra leader in Litecoin commerce
Deploy initial Litecoin full nodes	Install miners, begin LTC mining	

While Luxxfolio intends to pursue these milestones, there may be circumstances where, for valid business reasons, a re-allocation of efforts may be necessary or advisable.

**Products and Services**

*Litecoin Treasury and Yield Strategy*

Luxxfolio’s Litecoin treasury strategy is focused on building an institutional-grade reserve of Litecoin to anchor its broader infrastructure and ecosystem initiatives. The Company views Litecoin as a scarce, decentralized, and low-inflation asset that aligns with long-term value preservation. To execute this strategy, Luxxfolio will accumulate Litecoin during favorable market cycles and publish its holdings transparently on-chain. The treasury not only supports operational needs but also backs grants and ecosystem development.

A key aspect of the Company’s treasury strategy involves unlocking yield from idle reserves by staking in cbLTC, with plans to expand to other smart contract platforms, including those built on the Litecoin network. The Company holds a portion of its reserves in Litecoin. These Litecoin holdings are converted into cbLTC, which is a token representing Litecoin held by Coinbase. Coinbase keeps the actual Litecoin safely in its custody, and in return issues cbLTC — a ‘wrapped’ token that represents the same value, but can be used on blockchains that support smart contracts. This makes the Litecoin programmable, meaning it can be used in a variety of decentralized finance (DeFi) applications. The Company uses cbLTC in these programs to earn interest (known as yield) directly on the blockchain. This approach allows the Company to put its reserves to work instead of leaving them idle, while still maintaining full control and public visibility of its holdings. It also helps make better use of the Company’s capital and encourages broader adoption of Litecoin in the DeFi market. The Company does not currently self-custody its Litecoin assets, meaning the Company does not maintain control over the private keys of its cryptocurrency assets. The Company’s digital assets are held in a custody account at Netcoins Inc., a Canadian-based, regulated cryptocurrency trading platform. As at May 31, 2025, the Company held 5,436 units of Litecoin valued at \$650,251 based on the closing price listed on Netcoins Inc. at that date. As at July 17, 2025, the Company had purchased and deployed 841 cbLTC. The Company intends to move to full self-custody in the near future.

*On-Chain Infrastructure, Stablecoins, and Smart Contracts*

Luxxfolio’s stablecoins and contracts strategy is focused on enabling programmable money within the Litecoin ecosystem. Recognizing the growing demand for decentralized financial infrastructure, the Company is actively supporting the development of Litecoin native smart contracts and stablecoin protocols. This includes backing decentralized exchanges, core tooling, and token layers that facilitate non-custodial payments, lending, and commerce infrastructure. Luxxfolio is partnering with ecosystem builders such as Litecoin Computer and LitVM to fund and develop foundational technologies and to transform Litecoin into programmable money. Currently, the Company has begun development and testing of a Litecoin-backed stablecoin smart contract using the AggLayer platform on the Polygon blockchain. Once complete, this code will be adapted for use on the LitVM platform, which is expected to launch by the end of 2025. Luxxfolio is working directly with the LitVM team to ensure compatibility and performance.

In addition to supporting third-party initiatives, Luxxfolio is actively developing its own Litecoin wallet and stablecoin protocol. Luxxfolio is currently developing a proprietary, non-custodial Litecoin wallet which supports native Litecoin transactions, programmable features through Litecoin Computer and LitVM, and merchant payment tools for e-commerce and physical retail. The Company's proprietary wallet is currently in the prototype development stage, with core transaction and security features under active testing. The Company's goal is to release a public beta by Q2 2026, following integration with LitVM and merchant payment systems. A full production launch is targeted for late 2026.

The stablecoin protocol development involves the Company's own fully collateralized stablecoin to be deployed natively on Litecoin. Intended to be integrated with the Company's wallet and merchant infrastructure, the stablecoin protocol will serve as a foundational component for peer-to-peer payments and programmable financial applications. A test launch is currently planned for Q4 2025, with full deployment following in Q1 2026, subject to regulatory and technical readiness.

### *Clean Energy Mining*

Luxxfolio's clean energy mining strategy is designed to sustainably power and secure the Litecoin network while supporting the Company's broader treasury and infrastructure goals. The Company is targeting mining facilities in Manitoba and Alberta, with plans to expand into Texas, strategically selecting locations with access to abundant hydro and wind energy. These operations will be built on clean, low-cost power sources – prioritizing low-cost hydroelectric and wind-based power – resulting in a low-carbon mining footprint that aligns with environmental, social, and governance (ESG) principles. In Manitoba, site assessments and partner negotiations are underway for a clean-energy powered Litecoin mining facility, with equipment procurement and deployment planning anticipated to occur in 2026.

### *Other Initiatives*

The Company engages in other initiatives in the Litecoin community, such as investments in public infrastructure and support for community-led projects. Luxxfolio anticipates launching an "Ecosystem Fund" in late 2025 which will issue milestone-based grants to developers, startups, and tooling providers building on Litecoin, beginning with a pilot cohort of up to five grantees. To strengthen network-level infrastructure, the Company is deploying Litecoin full nodes and plans to sponsor a Litecoin Ecosystem Summit in 2026 to promote developer education and onboarding. Additionally, Luxxfolio is backing the development of Litecoin-native stablecoin protocols by providing early-stage grants and technical support to community-led projects focused on Layer-2 solutions and smart contract tooling on Litecoin. Development partners include open-source contributors to the LitVM and Litecoin Computer frameworks.

## **Specialized Skill and Knowledge**

Various aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include regulated exchanges, investment banking, cryptocurrencies, digital assets, and decentralized finance. The Company engages in collaborative relationships with leading developers and ecosystem contributors in the Litecoin space, and expects to continue to rely upon consultants and others for Litecoin expertise.

As at the date of this AIF, the Company has engaged Charlie Lee, the creator of Litecoin, and David Schwartz, Director of Strategic Partnerships of the Litecoin Foundation, for their Litecoin expertise. Mr. Lee currently serves as an advisor to the Company and provides strategic input into infrastructure development, ecosystem positioning, and protocol-level initiatives.

The Company believes that it has adequate personnel with the specialized skills and knowledge to successfully carry out the Company's business and operations. See "*Risk Factors – Dependence on Key Personnel*" of this AIF for a reference to the risks of losing such specialized skill and knowledge.

## **Competitive Conditions**

The cryptocurrency digital infrastructure and mining industry is highly competitive. Luxxfolio faces competition globally from other online digital asset platforms, as well as emerging blockchain-based platforms offering diversified crypto products and services. Key competitors include Hyper Bit Technologies, a crypto mining and technology firm currently focused on mining Dogecoin and Litecoin and DeFi Technologies Inc., a fintech firm offering access to

decentralized finance through exchange-traded products and digital asset services. The Company also faces competition from companies outside of the cryptocurrency and mining industry, for example from MEI Pharma, Inc., a pharmaceutical company that recently initiated a Litecoin treasury strategy, and Thumzup Media Corporation, a digital marketing company expanding its treasury strategy to include Litecoin and other cryptocurrencies beyond Bitcoin. Luxxfolio may become subject to additional competition as it introduces new products or expands its operations, or as other companies introduce products and services similar to those provided by Luxxfolio.

Luxxfolio believes it holds competitive advantages that enable it to compete effectively. These include its exclusive focus and investment on Litecoin, the adoption of Litecoin as its primary treasury reserve asset, and the development of proprietary on-chain payment infrastructure designed to facilitate crypto-based transactions. To increase its competitive edge, the Company maintains strong connections within the Litecoin community, including through the strategic engagement of Charlie Lee, creator of Litecoin, and David Schwartz, Director of Strategic Partnerships of the Litecoin Foundation.

### **Intangible Properties**

The Company does not currently hold any registered patents, franchises, or circulation lists, nor does it currently rely on any licensed or subscription-based intangible property that would materially impact its segment should they be terminated or lost. However, the Company considers certain unregistered intangible properties to be material to its business strategy and operations. These include its brand identity (Luxxfolio), software related to its Litecoin wallet and payment infrastructure (currently in internal development), and proprietary designs for its treasury reporting, staking workflows, and node deployment architecture.

The Company also considers its relationships with leading developers and ecosystem contributors in the Litecoin space (see “*Business Description – Specialized Skill and Knowledge*”) to be key intangible assets. While not formally registered, these connections, along with shared access to tooling such as Litecoin Computer and LitVM, provide competitive advantage by enabling speed to market, ecosystem alignment, and user trust. These relationships are ongoing and will continue to evolve with the development of the Company’s programmable money infrastructure and mining initiatives.

### **Cycles**

The Company’s operations are not cyclical or seasonal.

### **Economic Dependence**

The Company currently is not party to any contracts upon which its business is substantially dependent.

### **Changes to Contracts**

Management is not aware of any current or anticipated renegotiation or termination of contracts or subcontracts that are reasonably expected to impact the Company’s business in the current financial year.

### **Environmental Protection**

As of the date hereof, there are no financial and/or operational impacts in relation to environmental protection requirements on the capital expenditures, earnings and competitive position of the Company.

### **Employees**

As of the date of this AIF, the Company had 0 employees and 5 contractors.

### **Lending**

As of the date hereof, the Company does not conduct any lending operations, nor does it have in place any investment policies and/or investment restrictions.

## **Foreign Operations**

As of the date hereof, the Company is not dependent upon any foreign operations. The Company has one wholly-owned Singaporean subsidiary, LUXX Singapore, which the Company does not consider material as of the date hereof.

## **Bankruptcy and Similar Procedures**

Within the three most recently completed financial years, there have not been any bankruptcy, receivership or similar proceedings against the Company, and the Company has not been party to any voluntary bankruptcy, receivership or similar proceedings.

## **Reorganizations**

Other than as described under “*Three Year History*”, the Company has not completed any material reorganization within the three most recently completed financial years. The Company does not anticipate any reorganization in the current financial year.

## **Social or Environmental Policies**

The Company has not adopted any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment). However, the Company’s management, with the assistance of its contractors and advisors, ensures its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

## **RISK FACTORS**

An investment in securities of the Company involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. Management of the Company considers the following risks to be most significant for potential investors in the Company, but such risks do not necessarily comprise all those associated with an investment in the Company. Additional risks and uncertainties not currently known to management of the Company may also have an adverse effect on the Company. If any of these risks actually occur, the Company’s business, financial condition, capital resources, results of operations and/or future operations could be materially adversely affected.

In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully considered when assessing risks related to the Company’s business.

### **General Cryptocurrency Risks**

#### *Safeguarding of Digital Assets*

The Company retains a third-party custodian, Netcoins, Inc., to hold the Company’s Litecoin. The custodian is the only party responsible for holding and safeguarding the Company’s cryptocurrency assets and has not appointed a sub-custodian to hold certain cryptocurrency assets. The Company’s use of one custodian means that it is more prone to losses arising out of a failure of the Custodian’s business or the failure of the custodian to properly safeguard the Company’s assets, whether through malfeasance or negligence. The Company’s use of one custodian also means that it may be prone to losses arising out of a single instance of hacking, loss of passwords, compromised access credentials, malware or cyberattacks. Custodians may not indemnify us against any losses of digital assets. Digital assets held by certain custodians may be transferred into “cold storage” or “deep storage,” in which case there could be a delay in retrieving such digital assets. The Company may also incur costs related to the third-party custody and storage of its digital assets. Any security breach, incurred cost or loss of digital assets associated with the use of a custodian could materially and adversely affect our trading execution, the value of our and the value of any investment in our Common Shares.

Furthermore, there is, and is likely to continue to be, uncertainty as to how laws will be applied with respect to custody of cryptocurrencies and other digital assets held on behalf of clients. The Company may also incur costs related to the third-party custody and storage of its digital assets. Any security breach, incurred cost or loss of digital assets associated with the use of a custodian could materially and adversely affect the value of the Company's assets and the value of any investment in the Common Shares.

#### *Focused Business Strategy and Concentration of Investments*

Since the start of the current fiscal year, the Company has been focused on holding Litecoin, seeking Litecoin price appreciation, while also investing in projects, protocols, technologies, and businesses related to the Litecoin ecosystem and decentralized technologies. The specific focus is inherently more risky than traditional investments and could cause the Company to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences when compared with a company that has a more diversified business model. Other than as described herein, there are no restrictions on the proportion of the Company's funds and no limit on the amount of funds that may be allocated to Litecoin or any other investment. The Company may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavorable performance of Litecoin or any other single investment. Completion of one or more investments may result in a highly concentrated investment in a particular company, commodity or geographic area resulting in the performance of the Company depending significantly on the performance of such company, commodity or geographic area.

#### *Technology Malfunctions*

The Company relies heavily on the use of proprietary and non-proprietary software, data, and intellectual property of third parties. The operation of any element in its network, or any other electronic platform, may be severely and adversely affected by the malfunction of technology. For example, an unforeseen software or hardware malfunction could occur as a result of a virus or other outside force, or as result of a design flaw in the design and operation of the network or platform. In addition, the technology of the service providers may be inactive for periods of time, known as "downtime". Further, if the Company's software, hardware, data or other intellectual property is found to infringe on the rights of any third party, the underlying value of the assets of the Company could be materially and adversely affected.

The security procedures and operational infrastructure of the Company may be breached due to the actions of outside parties, error or malfeasance of an employee of the Company, or otherwise, and, as a result, an unauthorized party may obtain access to the Company's asset accounts or data. Additionally, outside parties may attempt to fraudulently induce employees of the Company to disclose sensitive information in order to gain access to the infrastructure of the Company. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of the Company's platform occurs, the market perception of the effectiveness of its security protocols could be harmed and the value of the Company's Common Shares could be materially adversely affected.

*Regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of cryptocurrencies in a manner that adversely affects the Company's operations.*

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies with certain governments deeming them illegal while others have allowed their use and trade. On-going and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate.

Governments may, in the future, restrict or prohibit the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency mining companies to additional regulation. The effect of any future regulatory change on the Company or any cryptocurrency that the Company may mine is impossible to predict, but such change could be substantial and adverse to the Company.

### *Digital Asset Risk*

There is no assurance that any digital assets will maintain their value over the long term. Even if growth in the demand of any such asset occurs in the near or medium term, there is no assurance that such demand will continue to grow over the long term. A contraction in demand for digital assets may result in increased volatility or a reduction in prices, which could materially and adversely affect the value of the Company's assets, the demand for its services, and the value of any investment in the Company's Common Shares.

*The value of cryptocurrencies and digital assets may be subject to volatility and 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. Market prices of cryptocurrencies and digital assets 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 such assets, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of the cryptocurrencies and/or digital assets on the Company's balance sheet and thereby affect the Company's shareholders.

The profitability of the Company's operations may in the future be significantly affected by changes in prices of cryptocurrencies and other digital assets. The prices of these assets are highly volatile, can fluctuate substantially and are affected by numerous factors beyond the Company's control, including use of such cryptocurrencies and other digital assets in various industries, demand, inflation and expectations with respect to the rate of inflation, global or regional political or economic events. If the price of cryptocurrencies and/or other digital assets should decline and remain at low market levels for a sustained period, the Company could determine that it is not economically feasible to continue activities.

Negative media coverage (highlighting for example, financial scandals related to crypto exchanges, regulatory actions and lawsuits against industry participants) and downward pricing may adversely affect investor confidence, and ultimately, the value of the Company's digital currency inventory which may have a material adverse effect on the Company, including an adverse effect on the Company's profitability from current operations.

*Cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure.*

The Company maintains its holdings of cryptocurrencies at its licensed custodian and may from time to time, allocate a portion of its cryptocurrency to exchanges to facilitate trading of cryptocurrencies and options to buy or sell cryptocurrencies. To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices.

Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. For example, during the past six years, a number of cryptocurrency exchanges have been closed due to fraud, business failure or security breaches.

The Company may also be exposed to volatility in the cryptocurrency industry generally, including in sectors of the crypto industry that do not directly apply to the Company's business but that are integral to the cryptocurrency industry as a whole. Negative developments in any aspect of the crypto industry, including trading platforms, individual coins and exposure of scams, appear to affect the market perception of the industry as a whole. As a result, the value of the Company's stock and digital assets may be subject to greater volatility stemming from industry developments not directly related to its business.

### *Energy Costs in the Regions Where We Operate May Increase*

A key factor in the Company's profitability of its mining operations is the cost of electricity in the regions where the Company has mining operations. Energy costs generally are subject to government regulation, natural occurrences (including weather) and local supply and demand for energy. The availability and pricing of energy may be negatively affected by governmental or regulatory changes in energy policies in the provinces where we operate. In addition, the Company is exposed to negative impacts of changes in tax policy, such as, but not limited to, being precluded from claiming back input taxes or other specific taxes imposed on cryptocurrency mining, as well as risks of losing any existing energy rebates or tax rebates across all jurisdictions.

The Company intends to conduct mining in the provinces of Alberta and Manitoba, each of which has regulated electrical power suppliers and there can be no assurance that electricity can be provided on terms which are economic for the Company's current and future operations, anticipated growth, and sustainability.

### *Possibility of Less Frequent or Cessation of Monetization of Cryptocurrencies*

A decision by the Company to cease monetization of cryptocurrencies or to monetize cryptocurrencies less frequently could increase the risk of cryptocurrencies held decreasing in value and the risk of loss or theft of cryptocurrencies. This in turn, may increase the level of audit risk for the Company's auditors in the area of auditing the existence and ownership rights of crypto-asset holdings. If the Company's auditors deem the audit risk too high, there is risk that the current auditors would withdraw from the audit which, in turn, would increase the risk of the Company's ability to comply with the requirement for reporting annual audited financial statements as part of its ongoing continuous disclosure requirements as a publicly listed company.

### *Limited History of De-centralized Financial System*

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

### *Cryptocurrency Network Difficulty and Impact of Increased Global Computing Power*

Network difficulty is a measure of how difficult it is to solve the cryptographic hash that is required to validate a block of transactions and earn a cryptocurrency reward from mining. If the network difficulty increased at a significantly higher rate than the Company's hashrate and the price of cryptocurrency did not increase at the same rate as network difficulty, then the profitability of the Company's operations would be significantly affected. There can be no assurance that cryptocurrency prices will increase in proportion to the rate of increase of network difficulty as network difficulty is subject to volatility in growth. Also, as new and more powerful and energy-efficient mining servers are deployed, the global network hashrate will continue to increase, meaning our respective percentage of the total daily rewards will decline unless additional hashrate is deployed at pace with the growth of global hashrate. As a result, to compete in this highly competitive industry, the Company believes it will need to continue to acquire new miners, both to replace those lost to ordinary wear and tear and other damage, and to increase its hashrate to keep up with a growing global network hashrate.

*Banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment.*

A number of companies that provide 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 cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services

may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming 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 cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of the Company's cryptocurrency inventory.

*The impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain.*

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 cryptocurrency inventory.

As an alternative to fiat currencies that are backed by central governments, 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.

#### *Political and Regulatory Risk*

The Company's primary operations are located in Canada and will be subject to changes in political conditions and regulations within such jurisdictions. In addition, regulatory action globally, and particularly in the United States, may negatively affect the value of Litecoin, which is the focus of our mining operations. Enforcement actions by the SEC or other regulators against trading platforms and exchanges may indirectly negatively affect the Company if these actions have the effect of limiting access to Litecoin. Changes, if any, in mining or investment policies or shifts in political attitude could adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on price controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, electricity use and safety. For example, cryptocurrency mining involves considerable computing power, which is likely to increase. This computing power necessitates a high consumption of energy. Although the energy costs used by the Company are typically determined and controlled by a regulator, there is no certainty that tariffs or other regulatory costs will not be imposed, which may reduce the profitability of mining cryptographic currencies.

On-going and future regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of cryptocurrencies in a manner that adversely affects the Company's operations. The effect of any future regulatory change on the Company or any cryptocurrency that the Company may mine is impossible to predict, but such change could be substantial and adverse to the Company. The jurisdictions in which the Company operates may in the future curtail or outlaw, the acquisition, use or redemption of cryptocurrencies. See also "*Risk Factors - Energy Costs in the Regions Where we Operate May Increase*".

#### *Permits and Licenses*

The operations of the Company may 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.

#### *Server Failures*

There is a risk of serious malfunctions in servers or central processing units and/or their collapse. While malfunctions in central servers, or central processing units can only occur on a specific server farm or part of it or for short periods of time, such server crashes or failures may cause significant economic damage to the Company.

### *Global Financial Conditions*

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

### *Tax Consequences*

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

### *Environmental Regulations*

All of the Company's operations will be subject to environmental regulations, which can make operations expensive or prohibitive. The continued evolution of environmental regulations may lead to the imposition of stricter standards, more diligent enforcement, and heavier fines and penalties for noncompliance. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

### *Environmental Liability*

The Company may be subject to potential risks and liabilities associated with pollution of the environment through its use of electricity to mine cryptocurrencies. In addition, environmental hazards may exist on a property in which the Company directly or indirectly holds an interest which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

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

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may adversely affect the Company's operations. A significant portion of cryptocurrency demand may be attributable to speculation. The failure of retail and commercial marketplaces to adopt cryptocurrency payment methods may result in increased volatility and/or a reduction in market prices, either of which may adversely impact the Company's operations and profitability. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;

- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of cryptocurrencies.

*Acceptance and/or widespread use of cryptocurrency is uncertain.*

Currently, there is relatively small use of cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect the Company's operations, investment strategies, and profitability.

As relatively new products and technologies, cryptocurrencies and their underlying networks have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact the Company's operations, investment strategies, and profitability.

### **Company Cryptocurrency Risks**

*The Company may be required to sell its inventory of cryptocurrency to pay suppliers.*

The Company may sell its inventory of cryptocurrency to pay necessary expenses, irrespective of then-current cryptocurrency prices. Consequently, the Company's inventory of cryptocurrency may be sold at a time when the price is low, resulting in a negative effect on the Company's profitability.

*Evolving cryptocurrency regulatory requirements and the impact on the Company's business plan*

The complexity surrounding the Company's business and the rapidly evolving nature of the industry that the Company will operate in will require the Company to make frequent judgments on how to approach specific laws, rules, and regulations pertaining to business activities and the products and services the Company offers to customers. There is a risk that regulators or governmental bodies may not agree with the Company's conclusions regarding its business model and activities, which may subject the Company to financial penalties, place limitations on the Company's products and services, damage the Company's reputation, or place other regulatory restrictions on operations, all of which may adversely affect the Company's business, operational results, and financial condition. If the Company is considered an investment fund, it will materially impact the Company's ability to raise capital, build an inventory of cryptocurrency and execute its business plan.

### *Facility Developments*

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

*The Company's operations, investment strategies, and profitability may be adversely affected by competition from other methods of investing in cryptocurrencies.*

The Company competes with other users and/or companies that are mining cryptocurrencies and other potential financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to the Company. 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 Common Shares and reduce their liquidity.

Regulation of cryptocurrency outside of Canada has led some companies to consider Canada as a jurisdiction in which to operate. This may increase competition to the Company. Such competition could erode the Company's expected market share and could adversely impact the Company's profitability. Increased competition could result in increased network computing resources and consequently increased hash difficulty.

*The Company's coins may be subject to loss, theft or restriction on access.*

There is a risk that some or all of the Company's coins could be lost or stolen. Access to the Company's coins could also be restricted by cybercrime (such as a denial of service attack) against a service at which the Company maintains a hosted online wallet. Any of these events may adversely affect the operations of the Company and, consequently, its investments and profitability.

The loss or destruction of a private key required to access the Company's digital wallets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to the Company's digital wallets could adversely affect its investments

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, which wallet's public key or address is reflected in the network's public blockchain. The Company will publish the public key relating to digital wallets in use when it verifies the receipt of cryptocurrency transfers and disseminates such information into the network, but it will need 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 will not be capable of being restored by network. Any loss of private keys relating to digital wallets used to store the Company's cryptocurrency inventories could adversely affect its investments and profitability.

*Incorrect or fraudulent coin transactions may be irreversible.*

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect the Company's investments. Incorrectly executed transactions may be the result of computer or human error, despite rigorous controls to prevent such errors.

Coin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible and the Company may not be capable of seeking compensation for any such transfer or theft. Although the Company's transfers of coins will regularly be made by experienced members of the management team, it is possible that, through computer or human error, or through theft or criminal action, the Company's coins could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

*If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations.*

As the number of coins awarded for solving a block in the blockchain decreases, the incentive for miners to continue to contribute processing power to the network will transition from a set reward to transaction fees. Either the

requirement from miners of higher transaction fees in exchange for recording transactions in the blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for the relevant coins and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of the relevant cryptocurrency that could adversely impact the Company's cryptocurrency inventory and investments.

If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce collective processing power, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent of the processing power. Any reduction in confidence in the confirmation process or processing power of the network may adversely impact the Company's mining activities, inventory of coins, and future investment strategies.

*The price of coins may be affected by the sale of coins by other vehicles investing in coins or tracking cryptocurrency markets.*

To the extent that other vehicles investing in coins or tracking cryptocurrency markets form and come to represent a significant proportion of the demand for coins, large redemptions of the securities of those vehicles and the subsequent sale of coins by such vehicles could negatively affect cryptocurrency prices and therefore affect the value of the inventory held by the Company.

*Risk related to technological obsolescence and difficulty in obtaining hardware.*

To remain competitive, the Company will continue to invest in hardware and equipment at its facilities required for maintaining the Company's mining 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. There can be no assurance that mining hardware will be readily available when the need is identified.

The Company's equipment will require replacement from time to time. Shortages of graphics processing units may lead to unnecessary downtime as the Company searches for replacement equipment to ensure operations are running smoothly. Moreover, there can be no assurance that new and unforeseeable technology, either hardware-based or software-based, will not disrupt the existing cryptocurrency industry. For example, the arrival of quantum computers, which are capable of solving certain types of mathematical problems fundamental to cryptocurrency more quickly and efficiently than traditional computers, may have a significant effect on the cryptocurrency industry.

*Risks Related to Insurance.*

The Company intends to insure its assets in accordance with technology industry practice. However, the Company's operations are not insured. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company.

*Property and Other Insurance Risks*

The Company's operations and computing equipment, including its mining operations, are subject to all of the hazards and risks normally encountered for computing equipment, blockchain and digital asset companies. Such hazards include the loss of computing and mining equipment resulting from natural disasters, including floods, fires, inclement weather, mudslides, earthquakes, or other similar events beyond the control of the Company or its suppliers, any of which could result in damage to, or destruction of, computing and/or mining equipment, damage to life or property, environmental damage, and possible legal liability for which the Company may not be insured or is underinsured for. Further, any failure in the Company's software, including its ability to effectively manage our server farms, could have a material adverse effect on the Company's business, results of operations and financial condition. There is a risk of serious malfunctions in servers or central processing units and/or their collapse.

While the Company will maintain insurance against risks in the operation of its business and in amounts that it believes to be reasonable, such insurance will contain exclusions and limitations on coverage. If we incur losses that are material, our business, operating results and financial condition could be adversely affected, and we may not have recourse to an insurer. Even in the case of a loss for which that the Company maintains insurance, there is no guarantee that any such insurance coverage will be sufficient or that insurance proceeds will be paid to us. The Company is unable to obtain insurance covering the loss of its cryptocurrency assets.

*Hazards associated with high-voltage electricity transmission and industrial operations may result in suspension of our operations or the imposition of civil or criminal penalties.*

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

## **General Risk Factors**

### *Current Global Market Conditions*

In recent years, global financial markets have experienced increased volatility, and global financial conditions have been subject to increased instability. Trade wars, import tariffs, public protests, rising consumer debt levels, epidemics, pandemics, or outbreaks of new infectious disease or viruses (including most recently, the COVID-19 pandemic), wars and global conflicts, including but not limited to Russia and Ukraine, Israel and Hamas, and Israel and Iran, and the risk of sovereign debt defaults in many countries have caused and continue to cause significant uncertainties in the markets. These have a profound impact on the global economy. Many industries, including the cryptocurrency sector, were impacted by these market conditions. Access to financing for cryptocurrency companies continues to be negatively impacted by liquidity constraints. These factors may impact the ability of the Company to obtain equity or debt financing and, if available, to obtain such financing on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations and planned growth could be adversely impacted and the trading price of the securities of the Company may be adversely affected.

### *Limited Operating History*

The Company has only a limited operating history upon which an evaluation of the Company and its prospects can be based. In particular, the Company has a limited history with its Litecoin mining operations and remains in the early stage of development. The Company is subject to many risks common to venture enterprises, including undercapitalization, 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 incurs substantial expenses in the establishment and operation of its business. A significant portion of the Company's financial resources have been and will continue to be, directed to the development of its business and related activities. The success of the Company will ultimately depend on its ability to generate cash from its business. There is no assurance that the required funds will be available for future expansion of the Company's business. If the Company does not have access to the required funds to continue the operation and development of its business and operational activities, and to the extent that it does not generate cash flow and income, the Company's long-term viability may be materially and adversely affected.

### *Internal Controls*

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not

absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation.

The Company may fail to achieve and maintain the adequacy of its internal controls over financial reporting as such standards are modified, supplemented, or amended from time to time, and the Company may not be able to ensure that it can conclude on an ongoing basis that its internal controls over financial reporting are effective. The Company's failure to maintain effective internal controls over financial reporting could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price of its Common Shares. No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgment. The challenges involved in implementing appropriate internal controls over financial reporting will likely increase with the Company's plans for ongoing development of its business and this will require that the Company continues to improve its internal controls over financial reporting.

#### *Future Capital Needs, Uncertainty of Additional Financing and Dilution*

The ability of the Company 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 the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management.

The Company currently anticipates that the internally generated funds will be sufficient for working capital requirements. However, the Company will need to raise additional funds in order to support more rapid expansion, develop new or enhanced services and products, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. The Company may be required to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Company, or at all. Even if such funding is available, the Company cannot predict the size of future issues of Common Shares or securities convertible into Common Shares or the effect, if any, that future issues and sales of Common Shares will have on the price of the Common Shares.

Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Company will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the common shares. If adequate funds are not available on acceptable terms the Company may be unable to develop or enhance its business, take advantage of future opportunity or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

#### *Management of Growth*

The Company intends to experience rapid growth in the scope of its operations. This growth may result in increased responsibilities for the Company's existing personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will need to continue to implement and improve its operational, financial and management information systems, as well as hire, manage and retain its employees and maintain its corporate culture including technical and customer service standards. There can be no assurance that the Company will be able to manage such growth effectively or that its management, personnel or systems will be adequate to support the Company's operations.

#### *Specialized Skill and Knowledge*

Various aspects of the Company's business require specialized skills and knowledge. The Company's management team and Board provide much of the specialized skill and knowledge. The Company also retains outside consultants and advisors as additional specialized skills and knowledge are required. However, it is possible that delays and

increased costs may be experienced by the Company in locating and/or retaining skilled and knowledgeable employees and consultants in order to proceed with its planned development of a Litecoin treasury and mining operations.

#### *Dependence on Key Personnel*

The Company is dependent upon the efforts, skill and business contacts of key members of management, the Board, employees and consultants for among other things, the information and deal flow they generate during the normal course of their activities and the synergies that exist amongst their various fields of expertise and knowledge. Accordingly, the Company's success may depend upon the continued service of these individuals who are not obligated to remain consultants to the Company. The loss of the services of any of these individuals could have a material adverse effect on the Company's revenues, net income and cash flows and could harm its ability to maintain or grow existing assets and raise additional funds in the future.

#### *Social Media and Reputational Risks*

As a result of the increased usage and the speed and global reach of social media and other web-based tools, including artificial intelligence (AI), used to generate, publish and discuss user or AI generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity (for example, with respect to the Company's handling of environmental matters or the Company's dealings with community groups), whether true or not. The Company places a great emphasis on protecting its image and reputation, but the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, cash flows and growth prospects of the Company.

#### *Outbreaks of Contagious Disease and Public Health Crises*

The Company's business, operations and financial condition could be subject to a material adverse effect by the outbreak of epidemics, pandemics or other health crises (e.g., the outbreak of COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020). The international response to the spread of COVID-19 led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit risk and inflation. Any future emergence and spread of similar pathogens could have an adverse effect on global economic conditions which may have a material adverse effect on the Company, and the operations of suppliers, contractors and service providers.

#### *Conflicts of Interest*

Some of the directors and officers of the Company are or may be engaged in the search for additional business opportunities on behalf of other entities, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the BCBCA. Some of the directors and officers of the Company are or may become directors or officers of other companies engaged in business ventures in the cryptocurrency industry.

#### *Liquid Market or Securities*

Even though currently the Company's Common Shares, which trade on the CSE, OTCQX, FSE, and Börse Berlin, have an active and liquid market, there can be no assurance that an active and liquid market for the Common Shares will continue or be maintained.

### *Interest Rate Risk*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company will be exposed to interest rate changes on its investments that are expected to pay interest, and any credit facilities it may have that bear interest at a floating rate. Changes in the prime lending rate would affect earnings and could adversely affect the Company's profitability.

### *Currency Exchange Risk*

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

### *Exercise of Convertible Securities will result in Dilution of Shareholders' Ownership*

As at the date of this AIF, the Company has outstanding Options and Warrants. If all these securities are exercised and converted into Common Shares, such issuance will cause ownership dilution to shareholders of the Company. Dilution may result in a decline in the market price of the Common Shares.

### *Trading Price of Common Shares and Volatility*

In recent years, the securities markets, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur, and the trading price of the Company's shares may be subject to large fluctuations and may decline below the price at which an investor acquired its shares. The trading price may increase or decrease in response to a number of events and factors, which may not be within the Company's control nor be a reflection of the Company's actual operating performance, underlying asset values or prospects. Accordingly, investors may not be able to sell their securities at or above their acquisition cost.

### *Future Sales May Affect the Market Price of the Common Shares*

In order to finance future operations, the Company may raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares.

### *Public Company Obligations Create Certain Regulatory Risks for the Company*

The Company is subject to evolving corporate governance and public disclosure regulations that have increased both the Company's compliance costs and the risk of non-compliance, which could adversely impact the Company's Common Share price. The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including without limitation the Canadian Securities Administrators, the CSE, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements.

**Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.**

## DIVIDENDS AND DISTRIBUTIONS

The Company has not paid any dividends to its shareholders in its three most recently completed financial years and as at the date of this AIF. Payment of any future dividends or distributions, if any, will be at the discretion of the Board after considering various factors, including operating results, financial condition, and current and projected cash requirement.

## DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares without par value. The Company has 26,930,164 Common Shares and no Preferred Shares issued and outstanding as fully paid and non-assessable as of the date of this AIF.

### Common Shares

The following is a summary of the material provisions that are attached to the Common Shares.

The holders of the Common Shares are entitled to receive dividends, on a pro rata basis, if, as and when declared by the Board at its discretion, to receive notice of any meetings of shareholders of the Company, and to attend and to cast one vote per Common Share at such meetings. Holders of the Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Upon the liquidation, dissolution or winding up of the Company, the common shareholders are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any preemptive, subscription, redemption, surrender, or conversion rights, nor do they contain any sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital.

### Preferred Shares

The Company is authorized to issue an unlimited number of Preferred Shares. As of the date hereof no Preferred Shares have been issued.

### Stock Option Plan

#### Old Stock Option Plan

As at August 31, 2024, the Company had a 10% "rolling" amended and restated stock option plan (the "**Old Stock Option Plan**") which was adopted by the Board on February 22, 2022 and approved by shareholders at the Company's annual general and special meeting held on March 24, 2022.

Pursuant to the Old Stock Option Plan, the Company may, from time to time and at the discretion of the Board, grant non-transferable Options to directors, officers, employees, technical consultants, and other participants to purchase Common Shares. The number of Common Shares reserved for issuance under all share-based compensation arrangements shall not exceed 10% of the issued and outstanding Common Shares at any given time. These Options may be exercisable for a period of up to ten years from the date of grant. Additionally, within any one-year period, the number of Common Shares issuable pursuant to granted Options: (i) to any one individual shall not exceed 5% of the issued and outstanding Common Shares; and (ii) to a consultant or an employee performing investor relations activities shall not exceed 1% of the issued and outstanding Common Shares.

Additional information about the Old Stock Option Plan can be found on page 9 under the heading "*Approval of Amended and Restated Stock Option Plan*" in the 2022 Information Circular dated February 17, 2022 and filed by the Company on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) on March 1, 2022.

## New Stock Option Plan

As at the date of this AIF, the Company has a 20% “rolling” or “evergreen” stock option plan (the “**New Stock Option Plan**”) which was adopted by the Board on July 3, 2025 and by the Company’s shareholders at the Company’s annual general and special meeting held on August 13, 2025.

Pursuant to the New Stock Option Plan, the Company may, from time to time and at the discretion of the Board, grant non-transferable Options to directors, officers, employees, consultants, and other participants to purchase Common Shares. The number of Common Shares reserved for issuance under the New Stock Option Plan shall not exceed 20% of the issued and outstanding Common Shares at any given time. These Options may be exercisable for a period of up to ten years from the date of grant. Additionally, within any one-year period, the number of Common Shares issuable pursuant to granted Options: (i) to any one individual shall not exceed 5% of the issued and outstanding Common Shares; and (ii) to a consultant or an employee performing investor relations activities shall not exceed 1% of the issued and outstanding Common Shares.

Additional information about the New Stock Option Plan can be found on page 10 under the heading “*Approval of New Stock Option Plan*” in the 2025 Information Circular dated July 9, 2025 and filed by the Company on SEDAR+ at www.sedarplus.ca on July 18, 2025.

## **Options**

During the year ended August 31, 2024, the Company did not grant any Options. As at the date of this AIF, the following Options are outstanding under the Old Stock Option Plan:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
10,000	\$0.75	December 16, 2025
10,000	\$0.08	December 16, 2025
15,000	\$4.50	March 10, 2026
9,000	\$4.50	January 19, 2027
183,000	\$0.15	August 3, 2028
700,000	\$0.25	June 24, 2030
800,000	\$0.25	June 24, 2035
<b>Total:</b>	<b>1,727,000</b>	

## **Warrants**

The Company may issue Warrants from time to time entitling the holder thereof to purchase Common Shares, including Warrants issued to finders and brokers. Each Warrant entitles the holder to purchase one Common Share of the Company.

During the year ended August 31, 2024, the Company did not issue any Warrants. A total of 19,650,000 Warrants expired during the same period. There were no share purchase warrants outstanding as at August 31, 2024.

As of the date of this AIF, the following Warrants are outstanding:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
5,000,000	\$0.50	July 14, 2027
570,276 <sup>(1)</sup>	\$0.50	July 14, 2027
406,119 <sup>(1)</sup>	\$0.15	March 25, 2027
<b>Total:</b>	<b>5,976,395</b>	

**Note:**

(1) Finder’s Warrants.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Common Shares are listed and posted for trading on the CSE under the trading symbol “LUXX” and are quoted on the OTCQX under the trading symbol “LUXXF”, on the FSE under the trading symbol “LUH”, and on the Börse Berlin under the trading symbol “LUH”.

The following table sets out the high and low sale prices and the aggregate volume of trading of the Common Shares on the CSE on a monthly basis for the financial year ended August 31, 2024 and up to the date of this AIF:

Month	High	Low	Volume
	(\$)	(\$)	
<b>2025</b>			
August 1 - 13, 2025	0.69	0.48	491,275
July 2025	0.89	0.285	2,938,465
June 2025	0.51	0.215	538,475
May 2025	0.25	0.15	274,634
April 2025	0.21	0.15	283,051
March 2025	0.40	0.15	870,316
February 2025	0.25	0.10	499,731
January 2025	0.35	0.20	319,099
<b>2024</b>			
December 2024	0.50	0.20	363,994
November 2024	0.60	0.10	1,096,101
October 2024	0.15	0.05	238,914
September 2024	0.15	0.10	34,717
August 2024	0.15	0.10	226,099
July 2024	0.20	0.15	80,743
June 2024	0.20	0.15	107,460
May 2024	0.30	0.10	653,307
April 2024	0.30	0.10	268,454
March 2024	0.90	0.10	957,242
February 2024	0.15	0.10	147,745
January 2024	0.20	0.10	261,580
<b>2023</b>			
December 2023	0.15	0.10	455,776
November 2023	0.15	0.10	186,772
October 2023	0.15	0.10	151,329
September 2023	0.15	0.10	28,792

### Prior Sales

During the financial year ended August 31, 2024 and up to the date of this AIF, the Company issued the following securities that were not listed or quoted on any stock exchange:

Date of Issuance	Number of Securities Issued	Issue/Exercise Price
July 14, 2025	5,000,000 Warrants	\$0.50
July 14, 2025	570,276 finder’s Warrants	\$0.50
June 25, 2025	1,500,000 Options	\$0.25
March 25, 2025	406,119 finder’s Warrants	\$0.15

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Company's knowledge, no securities of the Company are held in escrow, or are subject to a contractual restriction on transfer as of the date of this AIF.

### DIRECTORS AND EXECUTIVE OFFICERS

#### Name, Occupation and Security Holdings

The following table sets out the names, province or state and country of residence, positions with or offices held with the Company, and principal occupation for the past five years of each of the Company's directors and executive officers for the fiscal year ended August 31, 2024 and as at the date hereof, as well as the period during which each has been a director of the Company. The term of office of each director of the Company expires at the annual general meeting of shareholders each year or until their successors are elected or appointed. The number of Common Shares and percentage interest in the total issued and outstanding Common Shares of the Company held by each director and officer, noted in the table below, is stated as at the date of this AIF.

Name, Position and Province/State and Country of Residence	Principal Occupation During the Past Five Years <sup>1</sup>	Director/Officer Since	Number and Percentage of Common Shares <sup>2</sup>	
<b>Alexandros Tziliou<sup>3</sup></b> <i>Director</i> Vancouver, British Columbia	Director of Perihelion Holdings Ltd.; Capital Markets Specialist.	August 13, 2025	Nil.	Nil.
<b>Geoffrey Balderson<sup>3</sup></b> <i>Director</i> Vancouver, British Columbia	President of Harmony Consolidated Services Ltd since March 2015.	July 17, 2025	Nil.	Nil.
<b>Stephanie Sharma</b> <i>Corporate Secretary</i> Langley, British Columbia	Corporate and regulatory specialist at Greystone Corporate Services Inc.	May 8, 2025	Nil.	Nil.
<b>Tomek Antoniuk<sup>3</sup></b> <i>Director, CEO</i> Surrey, British Columbia	CEO of the Company since March 25, 2025.	March 25, 2025	40,000	0.15%
<b>Anthony Wong<sup>4</sup></b> <i>Former Director</i> Vancouver, British Columbia	General Counsel and previously Vice-President, Operations and Corporate Affairs of Cypress Hills Partners.	October 3, 2024	176,700	0.66%
<b>Maria Foran<sup>5</sup></b> <i>Former Corporate Secretary</i> Bedford, Nova Scotia	Vice-President, Operations at Smiledog. Operations, sales operations, and corporate affairs consultant.	August 8, 2023	16,025	0.06%
<b>Jason Cihelka<sup>6</sup></b> <i>Former Director</i> Vancouver, British Columbia	Founder and CTO of Isotechnics.	August 8, 2023	Nil.	Nil.
<b>Rodney Stevens<sup>7</sup></b> <i>Former Independent Director</i> Vancouver, British Columbia	Chartered Financial Analyst.	August 8, 2023	Nil.	Nil.
<b>Geoffrey McCord<sup>8</sup></b> <i>Former CFO, Former Interim CEO, Former Director</i> Toronto, Ontario	CFO and Director of Luxxfolio. President of Thorn Tree Capital Corp. since 2006.	December 7, 2022	14,550	0.55%

**Notes:**

- (2) Information as to principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors, officers, and nominees individually.
- (3) The Company has relied on information filed on the System for Electronic Disclosure by Insiders (SEDI) as at the date of this AIF.
- (4) Member of the Audit Committee.
- (5) Mr. Wong did not stand for re-election at the Company's annual general and special meeting on August 13, 2025.
- (6) As at August 31, 2024, Ms. Foran acted as Corporate Secretary. Ms. Foran resigned as Corporate Secretary effective May 8, 2025.
- (7) Mr. Cihelka resigned as a director effective October 3, 2024.
- (8) Mr. Stevens resigned as a director on March 25, 2025
- (9) Mr. McCord resigned as Interim CEO effective March 25, 2025, then as CFO and a director effective July 17, 2025.

As of the date of this AIF, the directors and officers of the Company, as a group, own or control or exercise direction over Common Shares, representing 0.93% of the current issued and outstanding Common Shares.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the best of management of the Company's knowledge, other than as disclosed herein, no director or officer of Luxxfolio as of the date of this AIF, is or has been, within the past 10 years, a director, chief executive officer or chief financial officer of any company that, while the person was acting in that capacity:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the above, "order" means (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Alex Tzilios has been subject to a Cease Trade Order ("CTO") imposed by the BCSC since May 1, 2025 for failure to file annual financial statements in the time required by XR Immersive Tech Inc.

Geoff Balderson has been subject to the following MCTOs and CTOs for failure to file various continuous disclosure documents:

Name of Reporting Issuer	Exchange	Order	Issued (MM/DD/YY)	Revoked/Resigned (MM/DD/YY)
Argentum Silver Corp.	TSXV	MCTO	11/02/15	12/16/15
		MCTO	11/03/16	12/05/16
Core One Labs Inc.	CSE	MCTO	06/16/20	08/26/20
		CTO	07/15/20	08/26/20
		MCTO	05/03/21	06/29/21
		MCTO	05/03/22	07/11/22
		CTO	08/02/24	05/05/25 (Resigned)
Vinergy Capital Inc.	CSE	MCTO	06/29/21	08/03/21
Lida Resources Inc.	CSE	MCTO	12/30/21	03/04/22
Humanoid Global Holdings Corp. (Formerly New Wave Holdings Inc.)	CSE	MCTO	07/30/21	10/29/21
		CTO	10/07/21	10/29/21
Lords & Company Worldwide Holdings Inc.	CSE	MCTO	03/31/22	05/10/22
		MCTO	03/31/23	05/23/23
Thoughtful Brands Inc.	CSE	MCTO	05/04/21	Present
		CTO	07/08/21	07/15/22
Goldeneye Resources Corp.	TSXV	CTO	09/02/22	12/20/22
Bettermoo(d) Food Corporation	CSE	MCTO	09/29/22	01/16/23
		MCTO	29/11/24	12/23/24
Grounded People Apparel Inc.	CSE	MCTO	06/29/23	08/04/23

Alerio Gold Corp.	CSE	MCTO	01/02/24	10/07/24
Plant Veda Foods Ltd.	CSE	MCTO	04/30/24	Present
Nexco Resources Inc.	CSE	MCTO	01/02/25	Present
Medbright AI Investments Inc.	TSXV	MCTO	06/29/21	08/3/21
		CTO	07/07/25	The company has since been suspended from trading.

### Penalties or Sanctions

None of our directors or executive officers, or to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of our Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Company also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under British Columbia corporate law. Directors who are in a position of conflict will abstain from voting on any matters relating to the conflicting company.

### PROMOTERS

No person has been a “promoter” (as such term is defined in the *Securities Act* (British Columbia)) of the Company within the last two years.

### LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the best knowledge of the Company’s management, there are no legal proceedings involving the Company or its property as of the date of this AIF and the Company knows of no such proceedings currently contemplated.

No penalties or sanctions have been imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the Company’s financial year, no penalties or sanctions have been imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision and no settlement agreements have been entered into by the Company before a court relating to securities legislation or with a securities regulatory authority during the financial year.

### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, none of the directors or executive officers of the Company, nor any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

On June 9, 2022, the Company announced a transaction with BIGG which resulted in BIGG owning approximately 15% of the Company’s Common Shares. As of the date hereof, based on self-reported data available on the System for Electronic Disclosure by Insiders (SEDI), BIGG no longer holds any Common Shares.

## **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The Company's auditor is Kenway Mack Slusarchuk Stewart LLP of 150 13 Ave SW, Suite 300, Calgary, Alberta T2R 0V4.

The Company's registrar and transfer agent for its Common Shares is Computershare Investor Services Inc., of 3<sup>rd</sup> Floor 510 Burrard St., Vancouver, British Columbia, V6C 3B9.

## **MATERIAL CONTRACTS**

There are no material contracts that have been entered into by the Company during the financial year ended August 31, 2024 or more recently, or before the financial year ended August 31, 2024 but that are still in effect, except for contracts entered into in the ordinary course of business.

## **INTERESTS OF EXPERTS**

The Company's independent auditor during the financial year ended August 31, 2024 was Kenway Mack Slusarchuk Stewart LLP. Kenway Mack Slusarchuk Stewart LLP has advised the Company that it is independent of the Company in accordance with the Rules of Professional Conduct with Guidance of the Chartered Professional Accountants of Alberta.

## **AUDIT COMMITTEE INFORMATION**

The Company's Audit Committee is responsible for oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. Additional information about the Audit Committee can be found on pages 14 to 17 under the heading "*Audit Committee*" in the 2025 Information Circular dated July 9, 2025 and filed on SEDAR+ on July 18, 2025, which is incorporated by reference herein, and in the Company's audit committee charter attached as Schedule "A" hereto.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is contained in annual financial statements, management's discussion and analysis, proxy circulars and interim financial statements of the Company, available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**SCHEDULE "A"**  
**AUDIT COMMITTEE CHARTER**

[See attached.]

SCHEDULE "A"

**AUDIT COMMITTEE CHARTER**

**Luxxfolio Holding Inc.**

The purpose of the Audit Committee of the Board of Directors (the "Board") of Luxxfolio Holding Inc. (the "Company") is to assist the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, and reporting practices of the Company, and such other duties as directed by the Board. The Audit Committee's role includes a particular focus on the qualitative aspects of the financial reporting to shareholders, on the Company's processes to manage business and financial risk, and on compliance with significant applicable legal, ethical, and regulatory requirements.

1. Members of the Audit Committee

The number of members of the Committee will be at least three, the majority of whom are not officers or employees of the Company or any of its affiliates or subsidiaries and all of whom are, in the view of the Board, free of any relationship that would interfere with the exercise of independent judgement. Qualification for committee membership shall, in addition, comply with applicable securities regulatory requirements including:

- Each member of the audit committee must be financially literate, that is having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- At least one member must have accounting or related financial management expertise to analyze and interpret a full set of financial statements, including the related notes.

2. Communication and Reporting

The Audit Committee is expected to maintain free and open communications with the external auditors and the Company's management. This communication shall include meetings, at least annually, with the external auditors. The Committee shall meet at least quarterly with management to discuss the accounts, records and financial position of the Company. The Audit Committee chairperson shall report on Audit Committee activities to the Board.

### 3. Authority

The Audit Committee has the authority to investigate any matter brought to its attention, with full power to retain outside counsel or other advisors and experts for this purpose and shall be empowered to set and approve the compensation for any such advisors employed in this way. In performing its functions and duties the members of the Committee may inspect all the books and records of the Company.

### 4. Responsibilities

The Audit Committee shall:

- recommend annually to the Board the independent auditors to be appointed by the shareholders of the Company and the compensation of the independent auditors;
- review with the independent auditors the annual audit plan including, but not limited to, the scope of the work to be carried out by the independent auditors, any significant problems that the auditors are able to foresee, the impact on the financial statements and the Company of any new or proposed changes in accounting principles;
- review the annual financial statements, including notes, with the independent auditors and recommend them to the Board for approval prior to release to the public or filing with securities regulatory authorities;
- review all Management Discussion and Analysis and earnings press releases before the Company publicly discloses this information;
- report immediately to the Board any instances of fraud or misappropriation of assets that come to the attention of the Committee;
- receive from the independent auditors a formal written statement delineating all relationships between the auditors and the Company, consistent with applicable accounting standards, and actively engage in a dialogue with the auditors with respect to any disclosed relationships or services that may have an impact on their objectivity and independence;
- take, or recommend that the full Board take, appropriate action to oversee the independence of the auditors;
- as to management of the Company generally: (i) ensure that an adequate internal control structure and procedures for financial reporting are established and maintained; (ii) periodically assess the effectiveness of such structures and procedures, as well as secure appropriate reports or attestations from the independent auditors in respect thereof; and (iii) review budgets and periodically assess actual spending compared with budgeted amounts;

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- be directly responsible for overseeing the work of the independent auditors, including the resolution of disagreements between management and the independent auditors regarding financial reporting;
  - pre-approve all non-audit services to be provided to the Company or its subsidiaries by the independent auditors;
  - establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
  - undertake and perform such other duties as may be required of the Committee by applicable law or regulation.

The Committee is responsible for the duties set forth in this charter but is not responsible for the preparation of the financial statements. Management has the responsibility for preparing the financial statements. Management is also responsible for establishing, documenting, maintaining, and reviewing systems of internal control and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulation.