UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

☒ **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2022 **Commission File Number 001-40370**

Bitfarms Ltd.
(Exact name of Registrant as specified in its charter)

Canada	7379	N/A
(Province or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

18 King Street East
Suite 902
Toronto, Ontario M5C 1C4
Canada
(647) 259-1790
(Address and telephone number of Registrant's principal executive offices)

Cogency Global Inc.
122 E. 42nd Street, 18th Floor
New York, New York 10168
(800) 221-0102
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	BITF	Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: There were 224,200,000 of the Registrant's common shares outstanding as of December 31, 2022.

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

EXPLANATORY NOTE

Bitfarms Ltd. (the “Registrant”) is a Canadian issuer whose common shares are listed on the Toronto Stock Exchange and is eligible to file this annual report (the “Annual Report”) pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), on Form 40-F pursuant to the U.S.-Canadian Multijurisdictional Disclosure System. The Registrant is a “foreign private issuer” as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Registrant are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3. This Annual Report is incorporated by reference into the Registrant’s Registration Statement on Form F-10 (File No. 333-258788).

FORWARD LOOKING STATEMENTS

This Annual Report and the exhibits incorporated by reference herein contain forward-looking statements or information (collectively, "forward-looking statements"). All statements, other than statements of historical fact, incorporated by reference are forward-looking information. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases including, but not limited to, and including grammatical tense variations of such words as: "may", "anticipates", "is expected to", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Registrant has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the Registrant.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of the date they are made and are based on information currently available and on the then current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest;
- the ability to service debt obligations and maintain flexibility in respect of debt covenants;
- economic dependence on regulated terms of service and electricity rates;
- the speculative and competitive nature of the technology sector;
- dependency in continued growth in blockchain and cryptocurrency usage;
- lawsuits and other legal proceedings and challenges;
- conflict of interests with directors and management;
- government regulations;
- other risks described in this Annual Report and the exhibits incorporated by reference herein; and
- other factors beyond the Registrant's control.

Other factors which may cause the actual results, performance or achievements of the Registrant to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information include, among others, risks relating to: valuation and price volatility of cryptocurrencies; Bitcoin halving event; possibility of BTC mining algorithms transitioning to proof of stake validation; the Registrant's limited operating history; future capital needs, uncertainty of additional financing and dilution; the Registrant's indebtedness; share price fluctuations; employee retention and growth; cybersecurity threats and hacking; possibility of cessation of monetization of cryptocurrencies; limited history of de-centralized financial system; technological obsolescence and difficulty in obtaining hardware; cryptocurrency network difficulty and impact of increased global computing power; competition; uncertainty of acceptance and/or widespread use of cryptocurrency; economic dependence on regulated terms of service and electricity rates risks; increases in commodity prices or reductions in the availability of such commodities; future profits/losses and production revenues/expenses; server failures; erroneous transactions and human error; the continued development of existing and planned facilities; third party supplier risks; political and regulatory risk; environmental regulations; environmental liability; hazards associated with high-voltage electricity transmission and industrial operations; adoption of ESG practices and the impacts of climate change; permits and licenses; risks of non-availability of insurance; continuing COVID-19 pandemic risk; and potential of Registrant being classified as a passive foreign investment company. Particular factors which could impact future results of the business of the Registrant include but are not limited to: the construction and operation of blockchain infrastructure may not occur as currently planned, or at all; expansion may not materialize as currently anticipated, or at all; the digital currency market; the ability to successfully mine digital currency; revenue may not increase as currently anticipated, or at all; it may not be possible to profitably liquidate the current digital currency inventory, or at all; a decline in digital currency prices may have a significant negative impact on operations; the volatility of digital currency prices; the anticipated sustainability of hydroelectricity at economical prices for the purposes of cryptocurrency mining in the Province of Québec, Washington state and Paraguay; the ability to complete current and future financings; any regulations or laws that will prevent the Registrant from operating its business; historical prices of digital currencies and the ability to mine digital currencies that will be consistent with historical prices.

A description of assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Registrant's disclosure documents, such as the Registrant's Annual Information Form for the year ended December 31, 2022, dated March 20, 2023, on the SEDAR website at www.sedar.com, attached hereto as Exhibit 99.1. Although the Registrant has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained this Annual Report and the exhibits incorporated by reference herein are expressly qualified by this cautionary statement. The forward-looking statements contained in this Annual Report and the exhibits incorporated by reference herein represents the expectations of the Registrant as of the date of this Annual Report or the applicable exhibit incorporated by reference herein and, accordingly, is subject to change after such date. However, the Registrant expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Registrant is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Registrant prepares its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and the audit is subject to Public Company Accounting Oversight Board auditing standards. IFRS differs in certain respects from United States generally accepted accounting principles ("U.S. GAAP") and from practices prescribed by the Securities and Exchange Commission (the "SEC"). Therefore, the Registrant's financial statements filed with this Annual Report may not be comparable to financial statements prepared in accordance with U.S. GAAP.

CURRENCY

Unless otherwise indicated, all dollar amounts in this Annual Report on Form 40-F are in United States dollars.

ANNUAL INFORMATION FORM

The Registrant's Annual Information Form for the year ended December 31, 2022 is attached as Exhibit 99.1 to this Annual Report on Form 40-F and is incorporated by reference herein.

AUDITED ANNUAL FINANCIAL STATEMENTS

The Registrant's audited annual consolidated financial statements as at and for the years ended December 31, 2022 and 2021, is attached as Exhibit 99.2 to this Annual Report on Form 40-F and are incorporated by reference herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Registrant's Management's Discussion and Analysis for the year ended December 31, 2022 is attached as Exhibit 99.3 to this Annual Report on Form 40-F and is incorporated by reference herein.

DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this Annual Report, the Registrant carried out an evaluation, under the supervision of the Registrant's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, the Registrant's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Annual Report, the Registrant's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Registrant in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

While the Registrant's principal executive officer and principal financial officer believe that the Registrant's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the Registrant's disclosure controls and procedures or internal control over financial reporting will prevent all errors or fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management's Report on Internal Control Over Financial Reporting

Management of the Registrant, under the supervision of the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining an adequate system of "internal control over financial reporting" as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management, including the Chief Executive Officer and the Chief Financial Officer, have assessed the effectiveness of the Registrant's internal control over financial reporting in accordance with Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management, including the Chief Executive Officer and the Chief Financial Officer, have determined that the Registrant's internal control over financial reporting was effective as of December 31, 2022.

Changes in Internal Control Over Financial Reporting

Management has not identified any change in the Registrant's internal control over financial reporting that occurred during the fiscal year ending December 31, 2022, that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

Under the Jumpstart Our Business Startups Act, "emerging growth companies" are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002, which generally requires that a public company's registered public accounting firm provide an attestation report relating to management's assessment of internal control over financial reporting. As of December 31, 2022, the Registrant qualifies as an "emerging growth company" and, therefore, has not included in, or incorporated by reference into, this Annual Report such an attestation report as of the end of the period covered by this Annual Report.

NOTICES PURSUANT TO REGULATION BTR

The Registrant was not required by Rule 104 of Regulation BTR to send any notices to any of its directors or executive officers during the fiscal year ended December 31, 2022.

AUDIT COMMITTEE

Identification of the Audit Committee

The Board of Directors has a separately designated standing Audit Committee established for the purpose of overseeing the accounting and financial reporting processes of the Registrant and audits of the financial statements of the Registrant in accordance with Section 3(a)(58)(A) of the Exchange Act and Rule 5602(c) of the NASDAQ Stock Market Rules. As of the date of this Annual Report, the Registrant's Audit Committee is comprised of Brian Howlett, Pierre Seccareccia and Andres Finkielsztain. Messrs. Howlett, Seccareccia and Finkielsztain are considered independent based on the criteria for independence prescribed by Rule 10A-3 of the Exchange Act and Rule 5605(a)(2) of the listing rules of the Nasdaq Stock Market LLC (the "Nasdaq Stock Market Rules").

The Board of Directors has also determined that each member of the Audit Committee is financially literate, meaning each such member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Registrant's financial statements.

Audit Committee Financial Expert

The Board of Directors has determined that Pierre Seccareccia qualifies as a financial expert (as defined in Item 407(d)(5)(ii) of Regulation S-K under the Exchange Act) and Rule 5605(c)(2)(A) of the Nasdaq Stock Market Rules; and (ii) is independent (as determined under Exchange Act Rule 10A-3 and Rule 5605(a)(2) of the Nasdaq Stock Market Rules).

The SEC has indicated that the designation or identification of a person as an audit committee financial expert does not make such person an "expert" for any purpose, impose any duties, obligations or liability on such person that are greater than those imposed on members of the audit committee and the board of directors who do not carry this designation or identification, or affect the duties, obligations or liability of any other member of the audit committee or board of directors.

CODE OF ETHICS

The Registrant has adopted a Code of Business, Conduct and Ethics that applies to directors, officers and employees of, and consultants to, the Registrant (the "Code"). The Code is posted on the Registrant's website at https://bitfarms.com/investors/corporate-governance/governance-documents. The Code meets the requirements for a "code of ethics" within the meaning of that term in General Instruction 9(b) of Form 40-F.

All waivers of the Code with respect to any of the employees, officers or directors covered by it will be promptly disclosed as required by applicable securities rules and regulations. Since adopted by the Registrant, and until December 31, 2022, the Registrant did not waive or implicitly waive any provision of the Code with respect to any of the Registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets out the fees billed to the Registrant by PricewaterhouseCoopers LLP for professional services rendered for the fiscal years ended December 31, 2022 and December 31, 2021. During each of those periods, PricewaterhouseCoopers LLP was the Registrant's only external auditor.

	Year Ended December 31, 2022	Year Ended December 31, 2021
Audit Fees	$ 651,000	$ 510,000
Audit-Related Fees	$ 310,000	$ 189,000
Tax Fees	$ 23,000	$ 46,000
All Other Fees	nil	nil
Total Fees Paid	$ 984,000	$ 745,000

Audit Fees: Audit fees consist of fees billed for professional services rendered for the audit of our year-end financial statements services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings.

Audit-Related Fees: Audit-related services consist of fees billed by PricewaterhouseCoopers LLP for assurance and related services, including quarterly reviews, that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees." These services include attestation services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

Tax Fees: Tax fees consist of fees billed by PricewaterhouseCoopers LLP for professional tax services. These services also include assistance regarding federal, state, and local tax compliance.

All Other Fees: Other fees would include fees for products and services provided by PricewaterhouseCoopers LLP other than the services reported above.

PRE-APPROVAL OF SERVICES PROVIDED BY INDEPENDENT AUDITOR

The audit committee pre-approves all audit and non-audit services to be provided to the Registrant by its independent registered public accounting firm. The audit committee sets forth its pre-approval and/or confirmation of services authorized by the audit committee in the minutes of its meetings.

NASDAQ CORPORATE GOVERNANCE

A foreign private issuer that follows home country practices in lieu of certain provisions of the Nasdaq Stock Market Rules must disclose the ways in which its corporate governance practices differ from those followed by U.S. domestic companies. As required by Nasdaq Rule 5615(a)(3), the Registrant discloses on its website, www.bitfarms.com, each requirement of the Nasdaq Stock Market Rules that it does not follow and describes the home country practice followed in lieu of such requirements.

BOARD DIVERSITY MATRIX

The director diversity matrix required by Nasdaq Marketplace Rule 5606 is available on the Registrant's website, www.bitfarms.com, in the "Governance" section under the "Investors" tab.

MINE SAFETY DISCLOSURE

None.

DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking. The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff, and to furnish promptly, when requested to do so by the SEC staff, information relating to the securities registered pursuant to Form 40-F or transactions in said securities.

B. Consent to Service of Process. The Registrant has previously filed a Form F-X in connection with its common shares. Any change to the name or address of the Registrant's agent for service shall be communicated promptly to the Commission by amendment to the Form F-X referencing the file number of the Registrant.

EXHIBIT INDEX

The following documents are being filed with the Commission as Exhibits to this Registration Statement:

Exhibit	Description
99.1	Annual Information Form for the year ended December 31, 2022
99.2	Audited Consolidated Financial Statements as at and for the years ended December 31, 2022 and 2021
99.3	Management's Discussion and Analysis for the year ended December 31, 2022
99.4	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934, as amended
99.5	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934, as amended
99.6	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of PricewaterhouseCoopers LLP
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereto duly authorized.

BITFARMS LTD.

By: /s/ L. Geoffrey Morphy

Name: L. Geoffrey Morphy

Title: President and Chief Executive Officer

Date: March 20, 2023

Exhibit 99.1

BITFARMS LTD.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

March 20, 2023

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GLOSSARY OF DEFINED TERMS

In this Annual Information Form, the following capitalized words and terms shall have the following meanings:

"**Additional Server Farms**" means the additional server farms that the Company had planned for and that started operating on or before December 31, 2022, namely the Sherbrooke Expansion, Argentina Expansion, Paraguay Expansion and Washington Expansion;

"**AIF**" means this annual information form dated March 20, 2023;

"**ANDE**" means the National Electricity Administration of Paraguay;

"**Argentina Expansion**" means the existing and planned construction of a server farm facility in stages in Argentina;

"**ASIC**" means application specific integrated circuit;

"**ATM Agreement**" means the at-the-market offering agreement dated August 16, 2021, between the Company and H.C. Wainwright & Co.;

"**August SFBS Prospectus**" means the final base shelf short form prospectus filed by the Company on August 12, 2021;

"**Backbone**" means Backbone Hosting Solutions Inc.;

"**Backbone Argentina**" means Backbone Hosting Solutions S.A.U. (Argentina);

"**Backbone Paraguay**" means Backbone Hosting Solutions Paraguay S.A.;

"**Bitcoin Halving**" has the meaning ascribed thereto in *RISK FACTORS – BTC Halving Event;*

"**Bitfarms**" means the operating business name and trademarked name of Backbone;

"**Bitfarms Canada**" or the "**Company**" means Bitfarms Ltd., a corporation incorporated pursuant to the laws of Canada and continued under the Ontario Business Corporation Act listed on the TSX and NASDAQ under the symbol BITF, including all subsidiaries thereof;

"**Bitfarms Canada Board**" or the "**Board**" means the board of directors of Bitfarms Canada;

"**Bitfarms Shares**" or "**Common Shares**" means the common shares in the capital of Bitfarms Canada;

"**Bitfarms Israel**" means Bitfarms Ltd., a corporation incorporated pursuant to the laws of Israel;

"**BMS**" means Backbone Mining Solutions, Inc.;

"**Botnet**" means a number of Internet-connected devices, each of which is running one or more bots (a computer program that does automated tasks). Botnets can be used to perform distributed denial-of-service attack, steal data, send spam, and allows the attacker to access the device and its connection;

"**BTC"** or "**Bitcoin**" means Bitcoin, a decentralized digital currency that can be sent from user to user on the BTC network without the need for intermediaries to clear transactions;

"**Bunker**" means the property leased by the Company in Sherbrooke in 2021 with the expansion project completed in 2022, as described in *DESCRIPTION OF BUSINESS - Recently Completed Development and Future Growth Plans – The Bunker*;

“**CEO**” means Chief Executive Officer;

“**CFO**” means Chief Financial Officer;

“**CLYFSA**” means Compañía Luz y Fuerza S.A., an electricity distribution company located in the city of Villarrica, Paraguay;

“**Coinbase Custody**” means Coinbase Trust Company, LLC;

“**Compensation Committee**” has the meaning as provided in *DIRECTORS AND OFFICERS – Committees of the Board of Directors – Compensation Committee*;

“**CORE IR Agreement**” means the agreement between the Company and CORE IR for investor relations, public relations and shareholder communications services entered into on March 12, 2021, and terminated in September 2021;

“**Cryptocurrency**” means a form of encrypted and decentralized digital currency, transferred directly between peers across the Internet, with transactions being settled, confirmed and recorded in a distributed public ledger through Mining. Cryptocurrency is either newly “minted” through an initial coin/token offering or Mined, which results in a new coin generated as a reward to incentivize miners for verifying transactions on the blockchain;

“**Current Facilities**” means the ten operational Mining facilities operated by the Company in the Province of Québec, Washington State, Paraguay and Argentina as of March 20, 2023, namely the facilities at Farnham, Saint-Hyacinthe, Cowansville, Magog, Sherbrooke (Bunker, Leger, and Garlock), Villarrica, Washington State and Rio Cuarto;

“**December 2021 Debt Facility**” means the US$100 million credit facility between the Company and Galaxy Digital entered into on December 30, 2021 and repaid and retired on December 2022;

“**De la Pointe Property**” means the Company’s former 78,000 square foot facility located in Sherbrooke, Quebec, which ceased production and was sold on December 2022;

“**Digital Asset Management Program**” means the Company’s BTC holding strategy implemented in January 2021 as described in *DESCRIPTION OF BUSINESS - Business and Strategy - Digital Asset Management Program*;

“**Dominion**” means Dominion Capital;

“**Dominion Facility**” has the meaning as provided for in *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2020 – Debt Financing*;

“**Environmental and Social Responsibility Committee**” has the meaning as provided in *DIRECTORS AND OFFICERS – Committees of the Board of Directors – Environmental and Social Responsibility Committee*;

“**February 2021 Offering**” means the February 2021 private placement of 11,560,695 Common Shares and associated warrants;

“**February 2022 BlockFi Loan Facility**” means the US$32 million credit facility between the Company and BlockFi Lending LLC., a private lender entered into on February 24, 2022 and repaid and retired on February 2023;

“**Fiscal 2020**” means the fiscal year ended December 31, 2020;

“**Fiscal 2021**” means the fiscal year ended December 31, 2021;

“**Fiscal 2022**” means the fiscal year ended December 31, 2022;

“**Fiscal 2023**” means the fiscal year ended December 31, 2023;

“**Foundry Loans #1, #2, #3 and #4**” which are fully repaid, has the meaning as provided for in *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2021 – Debt Financing*;

“**FPPS**” means Full Pay Per Share, the formula-driven rate at which the Company sells computational power to Mining Pools;

“**Garlock**” means the building acquired by the Company on March 11, 2022 located in Sherbrooke, Quebec;

“**GMSA**” means Generacion Mediterranea S.A., one of the subsidiaries of Grupo Albanesi, an Argentine private corporate group focused on the energy market which provides natural gas and electrical energy to its clients.

“**Governance and Nominating Committee**” has the meanings as provided in *DIRECTORS AND OFFICERS – Committees of the Board of Directors – Governance and Nominating Committee*;

“**Grant PUD**” means the Grant County Power Utility District in Washington State;

“**Hash**” means the output of a hash function, i.e., the output of the fundamental mathematical computation of a particular cryptocurrency’s computer code which Miners execute, and “**Petahash**” or “**PH**” and “**Exahash**” or “**EH**” mean, respectively, $1x10^{15}$ and $1x10^{18}$ Hashes;

“**Hosting Agreement**” has the meaning as provided for in *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2021 – Development of Operations*;

“**Hydro-Magog**” means the regional public utility company that manages the generation and distribution of electricity in the region of Magog, Québec;

“**Hydro-Québec**” means “Commission hydroélectrique du Québec”, the provincial public utility company that manages the generation and distribution of electricity in the Province of Québec;

“**Hydro-Sherbrooke**” means the regional public utility company that manages the generation and distribution of electricity in the region of Sherbrooke, Québec;

“**Ingenia**” means Ingenia Grupo Consultor and Gieco S.A., as described in *DESCRIPTION OF BUSINESS - Argentina Expansion.*;

“**Initial Draw**” means the initial US$60 million draw on the December 2021 Debt Facility;

“**Israel**” means the State of Israel;

“**January 7, 2021 Offering**” means the January 2021 private placement offering of 8,888,889 Common Shares and associated warrants;

“**January 13, 2021 Offering**” means the January 2021 private placement offering of 5,586,593 Common Shares and associated warrants;

“**July 2021 Hosting Agreement**” means the hosting agreement entered into by the Company for 12 MW in Washington State, US entered into on November 11, 2021 and terminated upon the closing of the November 2021 Washington Acquisition;

“**June 2022 NYDIG Financing**” means the equipment financing agreement dated June 17, 2022 between the Company and NYDIG for initial funding of US$37,000,000;

“**Leger**” means the Company’s 36,000 square foot facility in Sherbrooke, Quebec;

“**Lender Warrants**” has the meaning as provided for in *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2020 – Debt Financing*;

“**LHA IR Agreement**” has the meaning as provided for in *GENERAL DEVELOPMENT OF THE BUSINESS - Fiscal 2021*;

“**LPZ**” means LPZ Hosting S.A.S, as described in *DESCRIPTION OF BUSINESS - Argentina Expansion.*;

“**May 2021 Offering**” means the May 2021 private placement of 14,150,940 Common Shares and associated warrants;

“**MD&A**” means management’s discussion and analysis;

“**MOU**” means the nonbinding memorandum of understanding entered into by the Company on October 26, 2020, to secure 200 MW of electricity in South America;

“**Miner**” means a computer configured for the purpose of performing blockchain computer operations. See *DESCRIPTION OF BUSINESS*;

“**Mine**” or “**Mining**” means the process of using Miners to provide the service of verifying and validating cryptographic blockchain transactions and being rewarded with cryptocurrency in return for such service. See *DESCRIPTION OF BUSINESS*;

“**Mining Pool**” refers to when cryptocurrency Miners aggregate their processing power over a network and Mine transactions together. See *DESCRIPTION OF BUSINESS - Principal Market Overview;*

“**Nasdaq**” means the Nasdaq Stock Market;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**NEO**” or “**Named Executive Officer**” has the meaning ascribed to that term in Form 51-102F6 *Statement of Executive Compensation*;

“**November 2021 Washington Acquisition**” means the Company’s acquisition of a bitcoin mining production facility in Washington State, US on November 11, 2021;

“**NYDIG**” means NYDIG ABL LLC;

“**OBCA**” means the Ontario Business Corporations Act;

“**Power Producer**” has the meaning ascribed to that term in *DESCRIPTION OF BUSINESS - Recently Completed Development and Future Growth Plans - Argentina Expansion*;

“**PROA**” means Proyectos y Obras Americanas S.A.

“**PSU**” means power supply unit;

“**Régie**”, “**Municipal Electrical Networks**”, “**Preferential Rate**”, “**Phase 1**”, “**Phase 2**” and “**Phase 3**” have the meanings as provided in *DESCRIPTION OF BUSINESS - Supply of Electrical Power, Electricity Rates, Terms of Service and the Régie de l’Énergie*;

"**Rio Cuarto Facility**" means the facility located in the Province of Córdoba, Argentina, for which the Company entered into an eight-year lease agreement in July 2021;

"**Server farms**" means specialized computers often held in large warehouses where the computers, also known as Miners, validate and verify transactions on a public blockchain. Digital coins or tokens are issued by the applicable cryptocurrency network when miners solve hash functions;

"**Sherbrooke Expansion**" means the planned and completed construction of server farm facilities in stages in Sherbrooke, Québec;

"**Stage**" has the meaning as provided for in *DESCRIPTION OF BUSINESS – Recently Completed Development and Future Growth Plans – Sherbrooke Expansion*;

"**Tranche #2 Restructuring**" has the meaning as provided for in *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2020 – Debt Financing*;

"**Tranche #3 Restructuring**" has the meaning as provided for in *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2020 – Debt Financing*";

"**TSX**" or the "**Exchange**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange;

"**Villarrica Facility**" means the Company's 10 MW facility located in Villarrica, Paraguay;

"**Volta**" means 9159-9290 Québec Inc., a wholly owned subsidiary of the Company, which also operates under the name Volta Électrique Inc.; and

"**Warrants**" has the meaning ascribed thereto in "PRIOR SALES".

GENERAL

In this annual information form ("**AIF**"), Bitfarms Ltd., together with its subsidiaries, as the context requires, is referred to as the "**Company**" and "**Bitfarms Canada**". All information contained in this AIF is as of March 20, 2023, unless otherwise stated.

Reference is made in this AIF to the Financial Statements, together with the auditor's report thereon, and MD&A for Bitfarms Canada for Fiscal 2022. The Financial Statements and MD&A are available for review on the SEDAR website located at www.sedar.com.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities, and legal and regulatory matters. Specific forward-looking statements in this AIF include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives, future liquidity, and planned capital investments. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "maintain", "achieve", "grow", "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. The Company's expectation of operating and financial performance is based on certain assumptions including assumptions about operational growth, anticipated cost savings, operating efficiencies, anticipated benefits from strategic initiatives, future liquidity, and planned capital investments. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements. Such risks and uncertainties include:

- BTC Halving events;
- Counterparty risk;
- the availability of financing opportunities and risks associated with economic conditions, including BTC price and BTC network difficulty;
- the speculative and competitive nature of the technology sector;
- dependency on continued growth in blockchain and cryptocurrency usage;
- limited operating history and share price fluctuations;
- cybersecurity threats and hacking;
- controlling shareholder risk;
- risk related to technological obsolescence and difficulty in obtaining hardware;
- economic dependence on regulated terms of service and electricity rates;

- increases in commodity prices or reductions in the availability of such commodities could adversely impact the Company's results of operations;
- permits and licenses;
- server failures;
- global financial conditions;
- tax consequences;
- environmental regulations and liability;
- erroneous transactions and human error;
- facility developments;
- non-availability of insurance;
- loss of key employees;
- lawsuits and other legal proceedings and challenges;
- conflict of interests with directors and management;
- political and regulatory risk;
- Corruption;
- Foreign corrupt practices;
- Political instability;
- adoption of ESG practices and the impacts of climate change;
- third-party supplier risks;
- COVID-19 pandemic, and other endemic and pandemics which could occur such as SARS, Avian flu, etc.; and
- other factors beyond the Company's control.

The above is not an exhaustive list of the factors that may affect the Company's forward-looking statements. For a more comprehensive discussion of the factors that could affect the Company, refer to the risks discussed above and those contained in the section *RISK FACTORS*. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed, implied or projected in its forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this AIF. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CURRENCY

Unless otherwise indicated, all references to "$", "US$" or "dollars" refer to United States dollars and references to CAD$ refer to Canadian dollars.

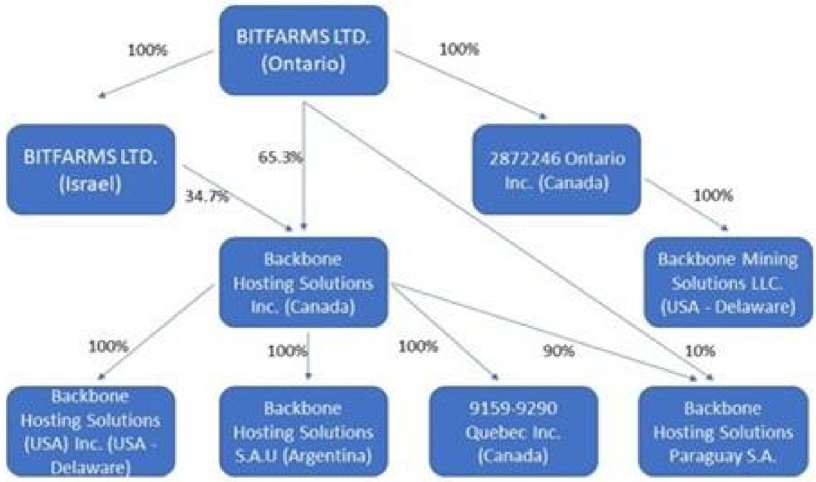
CORPORATE STRUCTURE

Name, Address and Incorporation

Bitfarms Canada was incorporated under the Canada Business Corporations Act on October 11, 2018, and continued under the Business Corporations Act (Ontario) (**"OBCA"**) on August 27, 2021. Bitfarms Canada has its registered and head office located at 18 King St. E, Suite 902, Toronto, ON M5C 1C4. The Company's common shares are listed under the symbol "BITF" on the Toronto Stock Exchange (the "**TSX**") and on the Nasdaq Stock Market (the "**Nasdaq**") in the United States.

Intercorporate Relationships

Bitfarms Canada has the following main controlled subsidiaries:



GENERAL DEVELOPMENT OF THE BUSINESS

Three-year History

Fiscal 2020

Board and Management Changes

In Fiscal 2020, the following changes to the Company's board of directors (the "**Board**") and Management were made:

- On March 11, 2020, Wes Fulford resigned as CEO and as a director of the Company and was issued 500,000 common shares in consideration for past services rendered and to satisfy certain historical entitlements. These common shares have a deemed value of $0.54 per share.

- On April 17, 2020, Brian Howlett was appointed as a director of the Company.
- Effective May 15, 2020, Wendi Locke and Sophie Galper-Komet resigned as directors of the Company.
- On May 19, 2020, Geoffrey Morphy was appointed as a director of the Company.
- On June 1, 2020, the Company expanded the responsibility of John Rim by appointing him as Chief Operating Officer in addition to Chief Financial Officer and expanded the responsibility of Nicolas Bonta by appointing him as Chief Development Officer and Chairman. Ryan Hornby resigned as Executive Vice President and General Counsel of the Company effective June 1, 2020.
- On August 31, 2020, Geoffrey Morphy was appointed Executive Vice-President – Finance, Administration & Corporate Development. Mr. Morphy resigned his position as a director of the Company to facilitate his role as a senior officer. John Rim gave notice of his resignation as Chief Operating Officer and CFO of the Company effective September 30, 2020. In addition, Andres Finkielsztain was appointed as a director of the Company.
- On October 28, 2020, Mauro Ferrara was appointed Interim Chief Financial Officer and Corporate Secretary.
- On December 29, 2020, Nicolas Bonta was appointed Executive Chairman, Brian Howlett was appointed Lead Director, Emiliano Grodzki was appointed Chief Executive Officer, Mathieu Vachon was appointed Chief Information Officer and Geoffrey Morphy was appointed President.

Debt Financing

The Company had previously entered into a secured debt financing facility with Dominion Capital ("**Dominion**") for up to $20 million (the "**Dominion Facility**") on March 14, 2019. The Dominion Facility was structured into four separate loans in tranches of $5.0 Million, with each such tranche bearing interest at 10% per annum on the initial principal balance of each tranche. The Company also agreed to issue 1,666,667 warrants ("**Lender Warrants**") to purchase Bitfarms' common shares at US$0.40 for each loan tranche drawn. In September 2020, the Company entered into an agreement with Dominion to amend its second loan tranche and third loan tranche. The amendment in respect of the second loan tranche of $5.0 Million resulted in the extension of the maturity date from the original due date of April 17, 2021, to November 1, 2021 (the "**Tranche #2 Restructuring**"). As consideration for the Tranche #2 Restructuring, the Company issued 1,000,000 common shares to Dominion, and reduced the term of the 1,666,667 warrants exercisable at US$0.40 from April 16, 2024, to November 1, 2021.

The amendment in respect of the third loan tranche of $5.0 Million, due June 20, 2021, resulted in this tranche being made convertible, at the option of Dominion, into common shares at a fixed conversion of US$0.59 per share, representing a premium of approximately 100% to the then current market price of the common shares (the "**Tranche #3 Restructuring**"). Further, pursuant to the Tranche #3 Restructuring, the previously issued 1,666,667 warrants exercisable at US$0.40 per common share, expiring on June 20, 2024, were cancelled and 1,666,667 new warrants were issued at an exercise price of US$0.304 per share with an expiry date of June 20, 2021.

As of February 2021, the Dominion Facility has been repaid in its entirety and all Lender Warrants have been exercised.

Development of Operations

A summary of the development of computing power in Fiscal 2020 is as follows:

Installed:	Equipment:
June 2020	Purchased: 1,847 MicroBT's WhatsMiner M20S adding 133 PH of computing power
September 2020	Leased: 1,000 MicroBT's WhatsMiner M31S+ adding 82 PH of computing power
November 2020	Leased: 2,000 MicroBT's WhatsMiner M31S adding 144 PH of computing power
December 2020	Leased: 1,000 MicroBT's WhatsMiner M31S units adding 74 PH of computing power

On October 26, 2020, the Company announced that it signed a nonbinding memorandum of understanding ("**MOU**") with a private energy producer to secure exclusive use of up to 210 MW of electricity in South America.

Fiscal 2021

Board and Management Changes

In Fiscal 2021, the following changes to the Board and Management were made:

- Mathieu Vachon resigned as the Chief Information Officer and director of the Company on January 14, 2021.
- On March 31, 2021, Darcy Donelle was appointed as Vice-President of Corporate Development.
- On June 3, 2021, the Company announced Jeffrey Lucas was appointed as Chief Financial Officer of the Company effective June 14, 2021, and was issued 364,050 incentive stock options exercisable into one common share at a price of CAD$5.45 for a period of five years, pursuant to the Company's stock option plan.
- On June 3, 2021, the Company announced Ben Gagnon was appointed Chief Mining Officer and Nathaniel Port, Director of Finance, was appointed Senior Vice President of Finance and Accounting, both effective June 1, 2021.
- On September 6, 2021, Darcy Donelle resigned as the Vice-President of Corporate Development.
- On November 1, 2021, Patricia Osorio was appointed as Vice-President of Corporate Affairs.
- On November 1, 2021, Benoit Gobeil was appointed as Senior Vice President of Operations and Infrastructure.
- On December 9, 2021, Geoff Morphy was appointed as Chief Operating Officer in addition to his role as President of the Company.

Private Placements

On January 7, 2021, the Company closed a private placement (the "**January 7, 2021 Offering**") for gross proceeds of approximately CAD$20.0 million, comprised of 8,888,889 common shares along with warrants to purchase an aggregate of up to 8,888,889 common shares at a purchase price of CAD$2.25 per common share and associated warrant. The warrants have an exercise price of CAD$2.75 per common share and an exercise period of three years. The net proceeds of the private placement were used by the Company principally to acquire additional miners, expand infrastructure, and improve its working capital position. H.C. Wainwright & Co. acted as the agent and received (i) a cash commission equal to 8.0% of the gross proceeds of the January 7, 2021 Offering and (ii) 711,111 broker warrants, with each broker warrant exercisable for one common share of the Company at a price of CAD$2.81 at any time on or before January 8, 2024.

On January 11, 2021 the Company received notice from Dominion of its election to convert $5.0 Million, the principal amount of the third loan tranche, into an aggregate of 8,474,577 common shares at a conversion price of U.S.$0.59 per common share.. The conversion to equity took place in January 2021.

On January 13, 2021, the Company closed a private placement (the "**January 13, 2021 Offering**") for gross proceeds of approximately CAD$20.0 million, comprised of 5,586,593 common shares along with warrants to purchase an aggregate of up to 5,586,593 common shares at a purchase price of CAD$3.58 per common share and associated warrant. The warrants have an exercise price of US$3.10 per common share and exercise period of three and a half years. The net proceeds of the private placement were used by the Company principally to acquire additional miners, expand infrastructure, and improve its working capital position. H.C. Wainwright & Co. acted as the agent and received (i) a cash commission equal to 8.0% of the gross proceeds of the January 13, 2021 Offering and (ii) 446,927 broker warrants, with each such broker warrant exercisable for one common share of the Company at a price of US$3.53 at any time on or before July 15, 2024.

Ten percent of the gross proceeds of the January 7, 2021 Offering and January 13, 2021 Offering were utilized to reduce the amount of the respective outstanding Loans due in March and November 2021.

On February 10, 2021, the Company closed a private placement (the "**February 2021 Offering**") for gross proceeds of approximately CAD$40.0 million, comprised of 11,560,695 common shares along with warrants to purchase an aggregate of up to 11,560,695 common shares at a purchase price of CAD$3.46 per common share and associated warrant. The warrants have an exercise price of US$3.01 per common share and exercise period of three and one-half years. The net proceeds of the private placement were used by the Company principally to acquire additional miners, expand infrastructure, and improve its working capital position. H.C. Wainwright & Co. acted as the agent and received (i) a cash commission equal to 8.0% of the gross proceeds of the February 2021 Offering and (ii) 924,856 broker warrants, with each broker warrant exercisable for one common share of the Company at a price of US$3.39 at any time on or before August 12, 2024.

On May 20, 2021, the Company closed a private placement (the "**May 2021 Offering**") for gross proceeds of approximately CAD$75.0 million, comprised of 14,150,940 common shares along with warrants to purchase an aggregate of up to 10,613,208 common shares at a purchase price of CAD$5.30 per common share and associated warrant. The warrants have an exercise price of US$4.87 per common share and an exercise period of three years (through May 20, 2024). The net proceeds were used by the Company principally to acquire additional miners, expand infrastructure and improve its working capital position. H.C. Wainwright & Co. acted as the agent and received (i) a cash commission equal to 8.0% of the gross proceeds of the May 2021 Offering, and (ii) 1,132,076 non-transferrable broker warrants each exercisable for one common share at a price of US$5.49 at any time on or before May 20, 2024.

Debt Financing

In April and May 2021, the Company entered into four loan agreements for the acquisition of 2,465 WhatsMiner Miners, referred to herein as "Foundry Loans #1, #2, #3 and #4", respectively.

On December 30, 2021, the Company secured a US$100 million credit facility with Galaxy Digital LLC (the "**December 2021 Debt Facility**"). The December 2021 Debt Facility is a revolving, multi-draw credit facility that renews annually. The Company made an initial US$60 million draw with a six-month term at an interest rate of 10.75% per annum (the "**Initial Draw**"). The credit facility is secured by Bitcoin, with the minimum value of Bitcoin pledged as collateral calculated as 143% of the amount borrowed. The Initial Draw and the December 2021 Debt Facility were used for general corporate purposes and for the Company's global growth initiatives. The December 2021 Debt Facility was fully repaid in December 2022.

Nasdaq Listing

On May 7, 2021, the Company announced that its application to list its common stock on the Nasdaq Global Market was approved by the Nasdaq.

On June 17, 2021, in connection with the Company's listing on the Nasdaq, the Company received "Depository Trust Company" (also known as "DTC") eligibility for the common shares.

On June 21, 2021, trading of the common shares on the Nasdaq commenced under the symbol "BITF".

Prospectus Filings

On March 12, 2021, the Company filed a preliminary base shelf short form prospectus.

On August 12, 2021, the Company filed a final base shelf short form prospectus (the "**August SFBS Prospectus**") relating to the offering for sale of such number of securities of the Company as would result in aggregate gross proceeds of up to US$500 million, over a 25-month period.

On August 16, 2021, the Company filed a prospectus supplement to the August SFBS Prospectus qualifying the distribution of up to US$500 million Common Shares pursuant to an at-the-market offering agreement (the "**ATM Agreement**") dated August 16, 2021, between the Company and H.C. Wainwright & Co.

IR Agreement

On March 12th, 2021, the Company entered into an agreement to retain the services of CORE IR, an investor relations, public relations and shareholder communications firm (the "**CORE IR Agreement**"). Under the Core IR Agreement, the Company agreed to pay US$15,000 per month for an initial term of twelve months and made a one-time grant to CORE IR of 15,000 incentive stock options exercisable at a price of CAD$6.35 per share for a period of two years. The CORE IR Agreement was terminated as of October 2021. See *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2022 – Development of Operations.*

On September 17, 2021, the Company announced the entering into of an agreement, subject to TSX Venture Exchange ("**TSXV**") approval, to retain the services of LHA Investor Relations, to handle the Company's public relations and shareholder communications (the "**LHA IR Agreement**"). Under the LHA IR Agreement, the Company agreed to pay US$20,000 per month for an initial term of six months.

Digital Asset Management Program

In early January 2021, the Company implemented a program (the "**Digital Asset Management Program**"), pursuant to which the Company added approximately 3,201 BTC to its balance sheet during the year ended December 31, 2021. See *DESCRIPTION OF BUSINESS - Business and Strategy - Digital Asset Management Program* .

Development of Operations

A summary of the development of computing power in Fiscal 2021 is as follows:

Installed:	**Equipment:**
Q1 2021	Leased: 3,000 MicroBT's WhatsMiner M31S+ machines, adding approximately 240 PH of computing power
Q1 2021	Acquired: 1,500 MicroBT's WhatsMiner M31S machines, adding approximately 120 PH of computing power
January 2022 – December 2022	Entered into agreements to acquire 48,000 MicroBT's WhatsMiner machines, adding what was expected to be approximately 5.0 EH of computing power. In December 2022, the Company negotiated its miner purchasing agreements by extinguishing the remaining 24,000 MicroBT commitment, without penalty.
June 2021	Acquired: 1,500 MicroBT M31S+ and 700 Bitmain S19j machines, adding 183 PH of computing power
Q2 – Q4 2021	Acquired: 2,465 WhatsMiner M30S Bitcoin mining machines, adding 133 PH of production
Q2 – Q3 2021	Acquired: 1,996 MicroBT's WhatsMiner M31S machines, adding approximately 120 PH of computing power
Q3 – Q4 2021	Acquired: 6,600 Bitmain S19j Pro Antminer machines, adding approximately 660 PH of computing power

On March 2, 2021, the Company entered into a hosting agreement in the United States (the "**Hosting Agreement**"). Pursuant to the Hosting Agreement, the Company delivered older generation equipment already owned and used by the Company, for hosting at one of the host's facilities located in the United States in order to free up capacity at the facilities (namely, the facilities at Farnham, Saint-Hyacinthe, Cowansville, Magog, and De la Pointe as each is described herein) for more efficient and profitable mining equipment. The Hosting Agreement was replaced by the July 2021 Hosting Agreement, as defined herein.

On July 3, 2021, the Company entered into 3 purchase agreements for miners with affiliated companies of MicroBT, pursuant to which, the Company purchased 48,000 Miners to be delivered throughout Fiscal 2022 (the "2021 Miner Purchase Agreements") – *see Material Agreements*.

On September 17, 2021, the Company announced entering into an agreement, subject to Exchange approval, to retain the services of LHA Investor Relations, to handle the Company's public relations and shareholder communications (the "**LHA IR Agreement**"). Under the LHA IR Agreement, the Company agreed to pay US$20,000 per month for an initial term of six months.

Quebec Operations

On September 7, 2021, the Company entered into an agreement with the City of Sherbrooke by which the Company's operations at the De la Pointe Property were to be replaced by new, higher efficiency facilities with next-generation mining equipment optimized for higher output levels and lower power consumptions. On October 27, 2021, the Company announced the construction of two new high power production facilities in Sherbrooke with a combined capacity of 78 MW, expected to be completed in the second quarter of 2022 – see *Sherbrooke Expansion.*

In September and October 2021, the Company entered into lease agreements for two new facilities in Sherbrooke: "Leger" and "The Bunker", respectively. See *DESCRIPTION OF BUSINESS - Sherbrooke Expansion*.

On October 4, 2021, the Company announced that it had completed its planned expansion in Cowansville, Quebec, consisting of the replacement of the original 4 MW facility that was operational since 2017 with an entirely newly constructed 17 MW facility. The Company also announced that it had installed 450 new Bitmain S19j Pro miners at the Cowansville facility, in addition to other used miners, adding approximately 100 PH/s of production.

Washington Expansion

On November 9, 2021, the Company acquired a bitcoin mining production facility used for providing hosting services in Washington State, US (the **"November 2021 Washington Acquisition**"). The Company entered into a hosting agreement for 12 MW with the seller in July 2021 (the "**July 2021 Hosting Agreement**"), replacing its previous hosting agreements in the United States under which 4,000 Bitmain S19j Pro miners with a capacity of 400 PH/s were installed at the facility. The July 2021 Hosting Agreement terminated upon the closing of the November 2021 Washington Acquisition.

South America Expansion

On April 19, 2021, the Company entered into an eight-year power purchase agreement with a private power producer in Argentina to secure up to 210 MW of electricity with various rate mechanisms, further to the Company's plan to pursue the development of a Bitcoin Mining facility in Argentina. See *DESCRIPTION OF BUSINESS - Argentina Expansion.*

On October 7, 2021, the Company announced that it had entered into engineering, procurement and construction contracts with Proyectos y Obras Americanas S.A.("**PROA**") and Dreicon, as the owner's engineer to commence construction of a 210 MW production facility in Argentina.

On September 8, 2021, the Company announced that it had signed a 5-year lease and an annually renewable power purchase agreement to secure up to 10 MW of green hydro electrical capacity at approximately US$3.6 cents per kilowatt hour in Paraguay In December 2021, the Company completed the construction of a 10 MW facility in Paraguay (the "**Villarrica Facility**"). See *DESCRIPTION OF BUSINESS - Paraguay Expansion.*

Fiscal 2022

Board and Management Changes

In Fiscal 2022, the following changes to the Board and Management were made:

- On February 14, 2022, the Company announced the addition of three executives for newly created positions. Philippe Fortier was appointed Vice President – Special Projects, Andrea Keen Souza was appointed Vice President – Human Resources, and Stephanie Wargo was appointed Vice President – Marketing & Communications.

- On May 15, 2022, Nathaniel Port resigned as Senior Vice President of Finance and Accounting.

- On May 16, 2022, Marc-André Ammann was appointed as Vice President – Finance & Accounting and on May 24, 2024, Paul Magrath was appointed as Vice President – Taxation.

- On November 17, 2022, the Company announced the addition of Edie Hofmeister to the Board, bringing the total number of directors to six.

- On December 29, 2022, the Company announced the promotion of Geoffrey Morphy from President and Chief Operating Officer to the position of President and Chief Executive Officer. Emiliano Grodzki, the Company's previous CEO, resigned as CEO and remained a member of the board of directors. The Company also announced that Nicolas Bonta shifted from the position of Executive Chairman to the role of Chairman of the Board of Directors.

At-the-market equity

For the Fiscal year 2022, the Company issued a total of 29,324,000 common shares, in exchange for US$54.1 million of net proceeds through the at-the-market equity program.

Debt Financing

On February 24, 2022, the Company secured a US$32 million credit facility with a private lender (the "**February 2022 BlockFi Loan Facility**"). The February 2022 BlockFi Loan Facility has a 24-month term at an interest rate of 14.5 % per annum and is secured by approximately 6,100 Bitmain S19j Pro miners. The February 2022 BlockFi Loan Facility was used for general corporate purposes and for the Company's global growth initiatives.

On March 31, 2022, the Company made an additional draw of US$40 million from its December 2021 Debt Facility.

On June 17, 2022, the Company entered into an equipment financing agreement with NYDIG ABL LLC ("**NYDIG**") which provided for initial funding of US$37 million at an interest rate of 12% per annum (the "**June 2022 NYDIG Financing**"). The June 2022 NYDIG Financing is collateralized by miners 10,395 WhatsMiner M30S Miners at Leger and the Bunker, funded as the assets are installed and become operational.

On June 17, 2022, the Company announced that it reduced the December 2021 Debt Facility from US$100 million to US$66 million, funded through the sale of 1,500 bitcoin.

On June 30, 2022, the Company amended its December 2021 Debt Facility and extended its maturity date to October 1, 2022.

On September 29, 2022, the Company amended its December 2021 Debt Facility and extended its maturity date from October 1, 2022, to December 29, 2022, and reduced the collateral requirement from 143% to 135%, for a maximum of US$40 million at an interest rate of 11.25%. The December 2021 Debt Facility was fully repaid in December 2022.

As of December 31, 2022, the Foundry Loan #1 entered into on April 2021 matured and was fully repaid.

TSX Listing

On April 7, 2022, the Company announced that it had received final approval for the up listing of its common shares on the TSX. The Common Shares commenced trading on the TSX under the symbol "BITF" effective market open on April 8, 2022, and were concurrently delisted from the TSXV.

NASDAQ Listing

On December 14, 2022, the Company announced that it has received a written notice from Nasdaq indicating that, for the prior thirty days, the bid price for the Common Shares had closed below the minimum US$1.00 per share requirement for continued listing on the Nasdaq under Nasdaq Listing Rule 5550(a)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company was provided an initial period of 180 calendar days (until June 12, 2023) to regain compliance.

IR Agreement

In March 2022, the Company extended the agreement LHA IR Agreement for an indefinite period, under the same terms.

Digital Asset Management Program

In January 2022, the Board authorized management to purchase 1,000 BTC for US$43.2 million, increasing the Company's Bitcoin holdings by approximately 30%.

On June 21, 2022, the Company announced that it had adjusted its Digital Asset Management Program to improve liquidity and strengthen its balance sheet. During the second and third quarter of 2022, the Company sold 3,670 in collateral to partially pay the December 2021 Credit Facility. During the same period the Company also sold 2,275 BTC in treasury to manage liquidity levels. Since August 2022, the Company has been selling almost all of its daily Bitcoin mining production, and holds 405 BTC as of December 31, 2022, valued at approximately US$6.7 million based on a BTC price of approximately US$16,500 as of December 31, 2022.

Development of Operations

A summary of the development of computing power in Fiscal 2022 is as follows:

Installed:	**Equipment:**
Q1 2022	4,800 MicroBT WhatsMiners
Q2 2022	11,600 MicroBT WhatsMiners
Q3 2022	7,800 MicroBT WhatsMiners
Q4 2022	1,600 MicroBT WhatsMiners

In August 2022, to better align the number of Miners on hand with the infrastructure capacity available to utilize the Miners, the Company amended the Miner Purchase Agreements, signed in July 2021, with deliveries originally expected to be completed during Fiscal Year 2022, to postpone into 2023, without penalty, the remaining delivery of and payment for certain remaining equipment purchases. In December 2022, the Company made a second amendment of this agreement for which 28,000 miner deliveries had already arrived in 2022. Following the amendment, the obligation to acquire the remaining 20,000 miner was cancelled without penalty.

Quebec Operations

On March 17, 2022, the Company began operations in Phase one of the Bunker (as defined herein). See *DESCRIPTION OF BUSINESS - Recently Completed Development and Future Growth Plans - Sherbrooke Expansion - The Bunker*.

On March 11, 2022, the Company acquired a building in Sherbrooke Quebec expected to accommodate 18 MW of electrical infrastructure ("**Garlock**") as described in *DESCRIPTION OF BUSINESS - Recently Completed Development and Future Growth Plans - Sherbrooke Expansion - Garlock*.

On April 6, 2022, the Company began operations at Leger (as defined herein) in Sherbrooke, Quebec, bringing the total operational hashrate to 3 EH/s. See *DESCRIPTION OF BUSINESS – Recently Completed Development and Future Growth Plans - Sherbrooke Expansion - Leger.*

On July 28, 2022, the Company announced that it had completed the second phase of its expansion of the Bunker, bringing the total operational hashrate to 3.8 EH/s.

During December 2022, the remaining portions of the Bunker (6 MW) and Garlock (12 MW) farms in Sherbrooke, Quebec had been energized, reaching their full capacity of 48 MW and 18 MW, respectively, which represented the completion of the Sherbrooke Expansion (as herein defined).

On December 16, 2022, the Company announced that it had completed the sale of the De la Pointe Property, receiving US$3.6 million in net proceeds.

Washington Expansion

During the second quarter of 2022, the Company added 3 MW of electrical infrastructure and is currently operating approximately 20 MW of electrical infrastructure with the majority of the Company's Antminer S19j Pro Miners generating approximately 600 PH/s in this facility. The Company's power supplier has provided a preliminary indication that the next 6 MW of in-process applications are expected to be energized in the first half of 2023 with the remaining 3 MW of in-process applications estimated to be energized after 2027 due to the nearby substation being at capacity.

South America Expansion

In January 2022, the Villarrica Facility became operational with the installation of 2,900 of the Company's older generation Miners relocated from Quebec and generating approximately 125 PH/s. On February 1, 2022, the Company announced commencement of operations at its 10 MW farm in Paraguay, increasing the total farms operated by the Company from six to seven, and total mining capacity to 116 MW. See *GENERAL DEVELOPMENT OF THE BUSINESS – Three-year History - Fiscal 2023 - South America Expansion*.

On September 19, 2022, the Company announced commencement of operations at the first 50 MW warehouse in Argentina, increasing the total number of farms operated by the Company to ten and the total operational hashrate to 4.1 EH/s.

Fiscal 2023

Board and Management Changes

In Fiscal 2023, until March 20, 2023, the following changes to the Board and Management have been made:

- On January 1, 2023, Jeff Gao was appointed as Vice President - Risk management.

Debt Financing

In January 2023, the principal amount of the remaining Foundry Loans #2, #3 and #4, entered into on May 2021, were fully repaid before their maturity date without prepayment penalty for $0.8 million.

During February 2023, the Company negotiated a settlement of its February 2022 BlockFi Loan Facility with an outstanding debt balance of $20.3 million for a payment of $7.8 million in cash. Upon settlement, the 6,100 Bitmain S19j Pro miners that secured the February 2022 BlockFi Loan Facility are unencumbered.

General

During February 2023, the Company modified a lease agreement previously entered on September 18, 2020 with Reliz Ltd. in order to settle an outstanding lease liability of $0.4 million for a payment of $0.1 million.

South America Expansion

In January 2023, all the older generation Miners in the Villarrica Facility were replaced with approximately 2,900 new M30S WhatsMiner Miners generating approximately 290 PH/s, a 165 PH/s increase compared to the hashrate that was being produced by the older generation Miners. The Company has reached an agreement to sell the older generation Miners to a third party for approximately $0.2 million.

Current Computing Power

The Company's total operating hashrate is approximately 4.7 EH/s as of the March 20, 2023.

DESCRIPTION OF BUSINESS

Description of the Business

The Company's primary business is the mining of cryptocurrency. Through its subsidiaries, the Company owns and operates server farms, comprised of computers (referred to as "Miners") designed for the purpose of validating transactions on the Bitcoin ("BTC") Blockchain (referred to as "Mining"). Bitfarms Canada generally operates Miners 24 hours a day producing computational power (measured by hashrate) which it sells to Mining Pools (as defined herein), for a formula-driven rate commonly known in the industry as Full Pay Per Share ("FPPS"). Under FPPS, pools compensate Mining Companies for their hashrate based on what the pool would be expected to generate in revenue for a given time period if there was no randomness involved. The fee paid by a Mining Pool to Bitfarms Canada for its hashrate may be in cryptocurrency, U.S. dollars, or other currency. Bitfarms Canada accumulates the cryptocurrency fees it receives or exchanges them for U.S. dollars, as determined to be needed, through reputable and established cryptocurrency trading platforms. Mining Pools generate revenue by Mining with purchased hashrate through the accumulation of block rewards and transaction fees issued by the BTC network. Mining Pools are purchasing hashrate and take on risk with the aim to mine more blocks than they should in a given time period in pursuit of profit.

Prior to January 2021, the Company routinely exchanged cryptocurrencies mined into U.S. dollars through reputable cryptocurrency trading platforms. At the beginning of Fiscal 2021, the Company implemented the Digital Asset Management Program under which the Company decided how many mined Bitcoin would be held by the Company through its custodians. See *DESCRIPTION OF BUSINESS - Principal Market Overview - Digital Asset Management Program.*

As of March 20, 2023, Bitfarms Canada operates ten total server farms around the world. Seven server farm facilities are located in Québec, Canada, with electrical infrastructure capacity of 148 MW for Mining Bitcoin; one server farm facility is located in Washington State, United States, with operational electrical infrastructure capacity of 20 MW and expansion opportunities up to 24 MW; one server farm facility is located in Villarrica, Paraguay, with electrical infrastructure capacity of 10 MW; and one server farm facility is located in Argentina, with current operational electrical infrastructure capacity of 50 MW, of which 10 MW are currently operating. The Company has contracts securing an aggregate of 160 MW, 10 MW and 24 MW of hydro-electric green energy in Quebec, Paraguay, and Washington, respectively, and up to 210 MW of natural gas energy in Argentina. In addition, Bitfarms Canada owns proprietary software, known as the MGMT System, that is used to control, manage, report and secure mining operations. The MGMT System scans and reports the location, status, computing power and temperature of all Miners at regular intervals to allows the Company to monitor performance and maximize up-time. The MGMT System was substantially upgraded during 2022 and is continually getting updated to enhance its features and improve its functionality. The revised system is referred to as MGMT-2.

Volta provides electrician services to both commercial and residential customers in Québec, while assisting Bitfarms Canada in building and maintaining its server farms in Quebec.

Cryptocurrency Background

Bitcoin Blockchain technology was developed around 2009 by a pseudonymous person or organization known as Satoshi Nakamoto. It is often defined as a distributed ledger, or database, with decentralized control. The types of databases that could be implemented using blockchain technology are broad and include, among others, databases similar to a bank ledger that record statements of accounts or transactions, or any other digital record of asset ownership, such as an identity system, land registry or even the rights and obligations defined in a contract. In the traditional centralized ledger models, a master version of such ledgers is controlled by a bank, government or a trusted third party. Disputes are resolved by checking the master version, through a manual and often redundant reconciliation process. In the decentralized blockchain model, a master ledger is not stored in one place or controlled by one entity. Every counterparty on the network receives an identical real-time copy of the ledger; the data in the ledger is tamper-proof using cryptography; new states of the ledger are agreed upon by consensus among all parties.

The shared ledger is made tamper-proof using a cryptographic technique called hashing. A hashing algorithm is a mathematical transformation function with two key properties. First, it accepts any alphanumeric dataset as an input and produces a unique 256-bit code as an output. Second, the smallest change in the dataset results in a significant change in the unique code. Any tampering of the dataset can be detected by re-hashing the data and checking for a change in the unique code. Any user that runs the hash algorithm on the same strings will derive the same unique code. Consequently, the data on the distributed ledger can be run through a series of hash algorithms to create a unique code which ensures the entire ledger is immutable. Whenever a new set or block of transactions is added to the ledger, it is appended with the code from the prior state of the ledger before it is hashed. This chain links both states of the ledger by combining them into a single unique code. Tampering of any historical state of the ledger can be automatically detected by the blockchain network. The historical state of the ledger can be changed if control of more than 50% of the network is obtained; however, in the case of widely held cryptocurrencies with non-trivial valuations, it is likely economically prohibitive for any actor or group of actors acting in concert to obtain the requisite control of more than 50% of the network.

Mining

The process by which cryptocurrency coins or tokens are created and transactions are verified is called mining. A user or Miner operates a publicly distributed mining client, which turns the user's computer into a "node" on the network that validates blocks. In order to add blocks to the Bitcoin blockchain, a miner must map an input data set (i.e., the blockchain, plus a block of the most recent transactions and an arbitrary number called a "nonce") to a desired output data set of a predetermined length using the SHA256 cryptographic hash algorithm. Each unique block can only be solved and added to the blockchain by one miner. As more miners join the network and its processing power increases, the network adjusts the complexity of the block solving equation to maintain a predetermined pace of adding a new block to the blockchain approximately every ten minutes. The prevailing level of complexity in the context of cryptocurrency mining is often referred to as the "difficulty". See *DESCRIPTION OF BUSINESS - Principal Market Overview - RISK FACTORS - Cryptocurrency Network Difficulty and Impact of Increased Global Computing Power*.

A Miner's proposed block is added to the blockchain once a majority of the nodes on the network confirms the Miner's work which is targeted to occur every ten minutes. Miners that are successful in adding a block to the blockchain are automatically awarded coins or tokens (referred to as block rewards) for their effort plus any transaction fees paid by transferors whose transactions are recorded in the block. This reward system is the method by which new coins enter into circulation to the public.

Principal Market Overview

Business and Strategy

The Company's strategy consists of mainly constructing and operating server farms using a geographically diversified portfolio of low-cost energy sources. In support of the strategy, the Company has sourced electrical power from Hydro-Québec, Hydro-Sherbrooke, Hydro-Magog and predominantly power grid operators in Washington state and Paraguay. Power from these sources is derived from clean hydroelectricity as opposed to, for instance, coal-fired or gas-fired plants. Hydro-electric power is generated through exploitation of the natural water cycle, which is renewable, sustainable, and abundant owing to the natural geography of the Province of Québec, Washington State and Paraguay. The Company has also entered into an agreement with a private energy producer to secure exclusive use of up to 210 MW of natural gas-powered electricity in Argentina. As a result of these efforts, the management of the Company has developed a business model utilizing low-cost power capacity and a supply of computer hardware from leading manufacturers.

The Company's server farms are operated by the MGMT-2 System, a proprietary software suite comprised of three operating programs that control, manage, report and secure the operation. One program in the suite of software is the central point of the infrastructure, and saves the status of the Company's Miners into a database at 30 second intervals. A second program in the suite connects directly to the first program to do the scanning of all the Company's Miners and return the data for analysis and storage. A third program in the suite displays the data retrieved by the other programs in readable and digestible format that assists operators in identifying machines issues. The software is configured to notify operators of profitability conditions, enabling operators to manually optimize margins under different economic conditions through optimizing the hashing performance and energy consumption of the Miners. Additionally, the Company has an automated cooling management system which autonomously controls exhaust fans to maintain the optimal temperature of the Miners at the locations in which they are operated, based on prevailing ambient conditions. See *DESCRIPTION OF BUSINESS - Hardware and Software.*

Digital Asset Management Program

The Company's Digital Asset Management Program commenced in early January 2021 following the implementation of internal controls, counter-party risk assessments and custody arrangement reviews. Rather than selling all Bitcoin mined at then-prevailing market rates, the Company decided to retain Bitcoin through its custodial arrangements.

Retaining Bitcoin allowed the Company flexibility in deciding when or whether to sell the assets based on prevailing market conditions. With the decrease in Bitcoin prices during late 2021 and 2022, coupled with the high price of mining hardware, the Company converted a portion of its cash position into Bitcoin with a purchase of 1,000 Bitcoin during the first week of 2022. In August 2022, attending to market conditions, the Board approved the sale of the Company's daily Bitcoin production to reduce indebtedness and increase financial flexibility.

Bitfarms Canada has implemented internal controls and custody arrangements to minimize the risk of loss or theft of the retained Bitcoin. The Company retains Coinbase Trust Company LLC as its third-party custodian. Coinbase Trust Company LLC is a US-based fiduciary and qualified custodian under New York Banking Law and is licensed by the State of New York to custody digital assets. See *DESCRIPTION OF BUSINESS - Custody of Crypto Assets.*

Current Mining Operations

The following table sets out summary information regarding the Current Facilities as at March 20, 2023.

Location	**Power Capacity (Megawatts)**	**Hash-power per second**	**Property Information**	**Primary Energy Source**
Farnham, Québec, Canada	10	200 Petahash	Leased	Hydroelectric
Saint-Hyacinthe, Québec, Canada	15	380 Petahash	Leased	Hydroelectric
Cowansville, Québec, Canada	17	400 Petahash	Leased	Hydroelectric
Magog, Québec, Canada	10	210 Petahash	Leased	Hydroelectric
The Bunker, Sherbrooke, Québec, Canada	48	1300 Petahash	Leased	Hydroelectric
Leger, Sherbrooke, Quebec, Canada	30	750 Petahash	Leased	Hydroelectric
Garlock – Sherbrooke, Québec, Canada	18	410 Petahash	Owned	Hydroelectric
Washington, United States	20	600 Petahash	Owned & Leased	Hydroelectric
Villarrica, Paraguay	10	290 Petahash	Leased	Hydroelectric
Rio Cuarto, Argentina – Warehouse #1	50	230 Petahash	Leased	Natural Gas

Recently Completed Development and Future Growth Plans

The Company has described its recently completed and future expansion plans below under the sections, *"Sherbrooke Expansion", "Argentina Expansion", "Paraguay Expansion",* and *"Washington Expansion".*

The estimated costs and timelines to achieve Future Growth plans may change based on, among other factors, the prevailing price of Bitcoin, network difficulty, supply of cryptocurrency mining equipment, supply of electrical and other supporting infrastructure equipment, construction materials, currency exchange rates, the impact of COVID-19 on the supply chains described above and the Company's ability to fund the initiatives. The Company's future growth plans are reliant on a consistent supply of electricity at cost-effective rates, see the *Economic Dependence on Regulated Terms of Service and Electricity Rates Risks* of this AIF for further details.

Sherbrooke Expansion

On March 8, 2018, the Company announced a 96-megawatt power contract in the municipality of Sherbrooke, Québec, for two new server farm facilities (herein referred to as the "**Sherbrooke Expansion**"). The facilities in Sherbrooke consisted of a 78,000 sq. foot facility (the "D**e la Pointe Property**"), and a 36,000 sq. foot facility ("**Leger**"). On February 11, 2019, the land where Leger was going to be built was sold for CAD$1,750,000 and as part of the agreement reached with the buyer, a real estate developer, the buyer agreed to construct a purpose-built addition to the building for crypto-mining that would be leased to Bitfarms Canada and allow it to realize net savings in its overall future buildout costs for the Sherbrooke Expansion while also providing immediate working capital from the proceeds of the building sale.

De la Pointe Property

The Company successfully completed Stages 1 and 2 of the Sherbrooke Expansion at the De la Pointe Property representing 30 MW of electrical infrastructure, which was operational from 2019 to 2022. In response to complaints concerning noise at the De la Pointe Property and indications from Sherbrooke municipal officials that they were reviewing applicable regulations, the Company met with community residents and city officials on several occasions during 2020 and 2021. In an effort to address community concerns, the Company constructed a sound barrier wall at a cost of approximately $0.3 million in 2020 and invested $0.7 million to install quieter exhaust structures and fans as well as other sound mitigating measures including real-time sound monitoring equipment and feedback channels for residents to communicate directly with the Company.

In September 2021, the Company reached an agreement with the City of Sherbrooke to gradually retire the De la Pointe Property. Under the agreement, the Company agreed to reduce its consumption at the De la Pointe Property to 18 MW at the earlier of the completion of 66 MW of new electrical infrastructure elsewhere in the City of Sherbrooke, or May 31, 2022. The Company engaged to entirely relocate its operations from the De la Pointe Property at the earlier of the completion of 80 MW of new electrical infrastructure in the City of Sherbrooke, or February 28, 2023. In addition, the Company retained the option to sell the land and building housing the De la Pointe Property to the City of Sherbrooke for approximately US$2.3 million (CAD$3.0 million). Subject to a first right of refusal, the agreement did not restrict the ability of the Company to sell the building to a third party other than the City of Sherbrooke. In December 2022, the Company finished the decommissioning of the De la Pointe Property and sold the De la Pointe Property to Société de transport de Sherbrooke US$3.6 million in net proceeds.

Leger

In September 2021, the Company entered into a lease agreement for the purpose of building Leger. Leger, representing 30 MW of capacity, located in an industrial area of the city of Sherbrooke, and including modern and effective sound mitigation mechanisms, was completed in June 2022 and became fully operational in August 2022. Leger accommodates approximately 7,500 new generation Miners and produces 750 PH/s.

The Bunker

In 2021, the Company entered into a lease agreement for the Bunker, an existing building in Sherbrooke capable of housing up to 48 MW of electrical infrastructure, which was completed in three Stages:

- Phase one, representing 18 MW, was constructed in a pre-existing building. Internal infrastructure work began in Q4 2021 with the first 12 MW becoming operational in March 2022, and the remaining 6 MW started operating by June 2022.

- Phase two, representing 18 MW, is in a portion of the building that was originally under construction. Internal infrastructure work began in Q1 2022 and on July 28, 2022, the Company announced that it had completed the second phase of its expansion of the Bunker, providing an additional 18 MW of capacity.

- Phase three, representing the remaining 12 MW, is in a portion of the building that was originally under construction. It was completed in November 2022 and fully energized in December 2022.

Garlock

In March 2022, the Company acquired an existing building in Sherbrooke ("Garlock") at a cost of approximately $1.8 million and the issuance of 25,000 common share purchase warrants to the seller. Garlock was completed in two phases and began operations during November and December 2022, representing 18 MW of electrical infrastructure at a cost of $3.4 million, excluding the cost of the property. Garlock, combined with the Bunker, replaced the De la Pointe Property and, along with Leger, fully utilizes the Company's power contracts totaling 96 MW in the municipality, in accordance with the Company's agreement with the City of Sherbrooke reached in September 2021.

As of December 31, 2022, the Company employed 77 team members in Canada.

Argentina Expansion

In April 2021, the Company entered into an eight-year power purchase agreement for up to 210 MW with a private Argentinian power producer in the city of Rio Cuarto, Province of Cordoba (the "**Power Producer**"), with an electricity cost of US$0.022 per kilowatt-hour for the first four years, up to a maximum amount of 1,103,760 megawatt hours per year (on a pro-rata basis for a consumption of 210 MW), and is subject to certain adjustments, variable pricing components and consumption limitations. The pricing on the remaining four years of the eight-year energy contract will be determined by a formula that is largely dependent on natural gas prices. The agreement also allows for the Power Producer to renegotiate the rate if the ratio of the exchange rate under the blue-chip mechanism used in Argentina to the official exchange rate is less than 1.50. For further details, refer to *DESCRIPTION OF BUSINESS - Supply of Electrical Power, Electricity Rates, Terms of Service and the Régie de l'Énergie* and *RISK FACTORS - Economic Dependence on Regulated Terms of Service and Electricity Rates Risks.*

In July 2021, the Company entered into an eight-year lease agreement, comprising annual payments of approximately $0.1 million, with the Power Producer to lease land within the Power Producer's property for the mining facility's construction and operation in the Province of Cordoba, Argentina (the "**Rio Cuarto Facility**").

In September 2021, the Company entered into a contract with PROA, to provide engineering, procurement, and construction services for the Argentina facility. PROA specializes in utility-grade electrical infrastructure and civil construction with relevant expertise in the design and construction of electrical interconnections, high voltage electrical lines, and transformers needed for operations of the size of the planned Argentina facility. Pursuant to an agreement signed with LPZ Hosting S.A.S ("**LPZ**"), LPZ is responsible for the detail engineering, purchasing management and execution of louvers, sound and noise system, electric installation, data network installation, air conditioning system, air extraction and filter systems, racks, closed-circuit television "(CCTV)", fire detection and extinguisher system as well as installation of all low voltage works. Ingenia Grupo Consultor and Gieco S.A. ("**Ingenia**") were retained as a consortium group responsible for the construction of provisional high voltage powerline and transformer station as well as the expansion of the 132 KW public bars of the power plant. Ingenia, under the supervision of LPZ, was also selected to carry out electrical data and CCTV assembly work for the first warehouse. The Company has also engaged Dreicon S.A. as an independent engineering firm to oversee construction, quality control and project milestones for the Company's projected buildout schedule.

The Rio Cuarto Facility, if fully developed, is expected to be built as four separate warehouse style buildings with a capacity to accommodate over 55,000 new generation Miners and be capable of producing approximately 5.5. EH/s. The first warehouse, which was included in the capacity needed to reach the corporate 5.0 EH/s target for 2022, represents approximately 50 MW of incremental infrastructure capacity.

On September 19, 2022, the Company announced it has initiated production in the first 10 MW module of the First Warehouse at the Rio Cuarto Facility, increasing the total number of farms operated by the Company to ten, and the total operational hashrate to 4.1 EH/s.

On November 1, 2022, the Company reported that Argentina was wrestling with high inflation, currency devaluation and a significant debt burden. To alleviate concerns about a drain on the Argentina Central Bank's foreign currency reserves, trade approval for the importation of most goods, including Mining and IT equipment, had been imposed in the Country, adversely affecting the Company's ability to import in Argentina the additional Miners needed to operate the first warehouse at its full capacity of 50 MW. Additionally, it was also announced that the Power Producer was awaiting approval of its final operation permit. In the meantime, the Rio Cuarto Facility is drawing power during the start-up and commissioning phase from the provincial electrical utility at a higher cost than the expected contracted cost of power under the agreement with the Power Producer. The adverse impact of recent geopolitical events on natural gas prices, as well as new importation restrictions, as detailed below, are leading the Company to revise the timing to fully utilize the infrastructure built in the first 50 MW warehouse and to reassess the timing of its build-out and deployment of further production facilities at the Rio Cuarto location.

The Company planned to deploy a significant portion of its order of 48,000 Miners at this facility, with pending deliveries currently expected to arrive during the first six months of 2023.

On January 3, 2023, the Company announced that it had completed construction of the first 50-MW warehouse in the Rio Cuarto Facility and is expected to be fully commissioned during the first six months of 2023.

In February 2023, Management approved a temporary cessation of the development of the second warehouse until the power permit is obtained, the importation limitations are resolved, and natural gas prices stabilize at an acceptable level. In light of these circumstances, the Company is not in a position to determine when or if construction of warehouse 2 will resume and construction of warehouses 3 and 4 will commence.

As of December 31, 2022, the Company has placed deposits of $8.8 million and $4.3 million with suppliers for existing and additional construction costs and for Blockchain Verification and Validation Equipment and electrical components, respectively. The Company has also acquired $51.6 million of property, plant and equipment, incurred 0.3 million of expenditures relating to design and feasibility studies and recorded cumulative gains on disposition of marketable securities of $57.8 million associated with the mechanism to convert funds into Argentine Pesos for disbursements.

As of December 31, 2022, the Company employed 31 team members in Argentina.

Paraguay Expansion

During the year ended December 31, 2021, the Company entered into an annually renewable 10 MW power purchase agreement with the city of Villarrica electricity distribution company, Compañía Luz y Fuerza S.A. ("**CLYFSA**"), at an effective electricity cost of $0.036 per kilowatt hour. The Company also entered into a five-year lease agreement with a third party, consisting of monthly payments of $20,000, beginning August 1, 2021, to lease land where the Villarrica Facility was constructed. The construction of the facility, at a cost of $1.1 million, was completed in December 2021.

In January 2022 2,900 of the Company's older generation Miners were installed at the Villarrica Facility, capable of producing approximately 125 PH/s.

On July 18, 2022, the Paraguayan Congress approved a bill regulating the mining, trading, intermediation, exchange, transfer, custody and administration of crypto-assets and instruments that would allow control of crypto-assets. The proposed legislation aimed to create an attractive regulatory environment within the country through the establishment of a straightforward licensing regime that clearly establishes the requirements to operate crypto-assets activities in the Country. Approved by both chambers, the law has been submitted to the executive branch, where the President has the power to approve or veto it. On August 30, 2022, the law was vetoed by the President and was returned to the congress to be discussed again. It is unknown if a new law will be approved and when. The absence of specific law regarding crypto assets has not impacted the Company's current operations in the country.

On September 16, 2022, the executive branch issued decree No. 7824/22 by which the National Electricity Administration ("**ANDE**") was requested to adopt complementary and temporary regulatory measures to adjust the variables corresponding to the electricity rates aimed at special intensive consumption sectors. In this context, ANDE, through resolution No. 7824/22, dated October 4, 2022, created the Special Intensive Consumption Group, which includes supplies at very high voltage (220 kV), high voltage (66 kV), medium voltage (23 kV) at the substation and at the line, and set up the tariffs until December 2027. This Special Intensive Consumption group applies, among others, to crypto asset mining activities. While the new ANDE tariffs have no impact in our current activities in Paraguay as our contract is with the local supplier CLYFSA as detailed above, the impact, if any, on the Company's future operations cannot be determined at this time.

During December 2022, ANDE, as part of a local development plan, installed a new transformer in the city of Villarrica which is expected to be operational in the first half of 2023. The new transformer will help ensure fewer energy curtailments to the Company's facility as well as to nearby residents.

In January 2023, all of the older generation miners in the Villarrica Facility were replaced with approximately 2,900 new M30S WhatsMiner Miners generating approximately 290 PH/s, a 165 PH/s increase compared to the hashrate that was being produced by the older generation Miners. The Company has reached an agreement to sell the older generation Miners to a third party for approximately $0.2 million.

Washington Expansion

On November 9, 2021, the Company completed the acquisition of a facility in Washington State, consisting of 12 MW of hydro-electric power purchase agreements, an additional 9 MW of in-process applications for expanded power-purchase agreements, transformers with 17 MW of capacity, land, buildings, electrical distribution equipment and a below market lease for a 5 MW facility, expiring on November 8, 2022. In October 2022, the Company renewed the lease for a period of 23 months with similar terms.

For consideration of the purchase of the Washington State facility, the Company transferred approximately $23.0 million in cash and 414,508 common shares with a value of $3.7 million on the closing date, being November 9, 2021. The net identifiable assets acquired include: electrical distribution equipment valued at $6.0 million, buildings valued at $0.7 million, land valued at $0.1 million and a favourable lease valued at $2.0 million. The acquisition resulted in the Company recording goodwill of $17.9 million, which was determined as of June 30, 2022 to be fully impaired as a result of the decrease in the price of BTC.

On July 28, 2022, the Company announced the addition of 3 MW of low-cost hydropower that went online at the Washington State facility. The added 3 MW facility brought the total production from the Washington State farms to 20 MW. The Company is currently operating the majority of its Antminer S19j Pro Miners generating approximately 600 PH/s in this facility. The Company's power supplier has provided preliminary indication that the first 6 MW of in-process applications are expected to be energized in the first half of 2023, while another 3 MW of in-process applications are estimated to be energized in the next five (5) years due to transmission being at capacity in relation to the nearby substation.

As of December 31, 2022, the Company employed 16 team members in the United States of America.

Cautionary Statements

Estimates in this section are based on, among other factors, the estimated size of facilities, the planned capital expenditures associated with the project, the number of Miners which may be configured within the facility, and prevailing economic circumstances and currency exchange rates. In the event that the assumptions used to project the impact of new server farms, including the still pending Company's expansion plans described above, prove to be inaccurate or incorrect, there can be no guarantee that the new servers will increase the Company's computing power as projected. Among other factors, there can be no guarantee that the Company will be able to obtain a continued supply of electricity to power its new facilities at commercially attractive rates. See *RISK FACTORS - Economic Dependence on Regulated Terms of Service and Electricity Rates Risks*.

Furthermore, there can be no assurance that the Company's facilities can be operated on a profitable basis. The foregoing information is forward-looking information for the purposes of applicable securities laws in Canada and readers are cautioned that actual results may vary from those described. See *STATEMENT REGARDING FORWARD-LOOKING STATEMENTS* and *RISK FACTORS*.

Financing

In its first two years of operation, the Company was principally self-funded by the free cash flow generated from the sale of cryptographic currencies it mined combined with the proceeds of long-term financing to acquire new equipment and preserve an adequate working capital position. In 2021, the Company began to raise capital through the issuance of common shares and warrants concurrent with the initiation of its Bitcoin asset management program. To fund its growth objectives and preserve an adequate working capital position, the Company may liquidate its cryptocurrency holdings and secure long-term financing through the issuance of equity and through new debt facilities.

On September 12, 2020, the Company entered into an agreement with Dominion to effect the Tranche #2 Restructuring and Tranche #3 Restructuring. See *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2020 - Debt Financing*. On January 11, 2021, the Company received notice from Dominion of its election to convert $5 million, the principal amount of the third loan tranche, into equity. The conversion to equity took place in January 2021.

An aggregate of 6,666,668 Lender Warrants have been issued for the loan agreements that have been drawn down pursuant to the Dominion Facility. As of the date of February 2021, the Dominion Facility has been repaid in its entirety and all Lender Warrants have been exercised.

Proceeds from the Dominion Facility were used to complete the buildout of infrastructure for the De la Pointe Property of the Sherbrooke Expansion and make purchases of new Miners for the De la Pointe Property and for the other existing facilities.

On January 7, 2021, the Company closed the January 7, 2021 Offering for gross proceeds of approximately CAD$20.0 million, composed of the sale of 8,888,889 Common Shares along with warrants to purchase an aggregate of up to 8,888,889 Common Shares at a purchase price of CAD$2.25 per Common Share and associated warrant. See *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2021 – Private Placements*.

On January 13, 2021, the Company closed the January 13, 2021 Offering for gross proceeds of approximately CAD$20.0 million, composed of the sale of 5,586,593 Common Shares along with warrants to purchase an aggregate of up to 5,586,593 Common Shares at a purchase price of CAD$3.58 per Common Share and associated warrant. See *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2021 – Private Placements.*

On February 10, 2021, the Company closed the February 2021 Offering for gross proceeds of approximately CAD$40.0 million, composed of the sale of 11,560,695 Common Shares along with warrants to purchase an aggregate of up to 11,560,695 common shares at a purchase price of CAD$3.46 per common share and associated warrant. See *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2021 – Private Placements.*

On May 20, 2021, the Company completed the May 2021 Offering with gross proceeds of approximately CAD$75.0 million, composed of the sale of 14,150,94 Common Shares along with warrants to purchase an aggregate of up to 10,613,208 common shares at a purchase price of CAD$5.30 per common share and associated warrant. See *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2021 – Private Placements.*

On December 30, 2021, the Company secured the December 2021 Loan Facility and made the Initial Draw of US$60 million. See *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2021 – Private Placements.*

On August 12, 2021, the Company filed the August SFBS Prospectus. On August 16, 2021, the Company filed a prospectus supplement to the August SFBS Prospectus qualifying for the distribution of up to US$500 million Common Shares pursuant to the ATM Agreement. Since the ATM program commenced, the Company has issued 53,247,000 common shares for net proceeds of $199.7 million as of December 31, 2022.

On February 24, 2022, the Company secured the February 2022 BlockFi Loan Facility. On February 24, 2022, the Company has drawn $32.0 million from the February 2022 BlockFi Loan Facility. As of March 20, 2023, the Company negotiated a settlement of its February 2022 BlockFi Loan Facility with an outstanding debt balance of $20.3 million for a payment of $7.8 million in cash. See *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 2022 - Debt Financing*.

On March 31, 2022, the Company made an additional draw of US$40 million from its US$100 million credit facility with Galaxy Digital LLC, originally announced on December 31, 2021.

On June 17, 2022, the Company entered into the June 2022 NYDIG Financing for initial funding of US$37 million at an interest rate of 12% per annum with NYDIG. The June 2022 NYDIG Financing is collateralized by the miners at Leger and the Bunker, funded as the assets are installed and become operational. See *GENERAL DEVELOPMENT OF THE BUSINESS – Three-year History – Fiscal 2022 - Debt Financing.*

On June 17, 2022, the Company announced that it reduced the December 2021 Debt Facility from US$100 million to US$66 million, funded through the sale of 1,500 bitcoin. The December 2021 Debt Facility expired on June 30, 2022, and the reduction freed up bitcoin that would otherwise have been used to collateralize the facility. See *GENERAL DEVELOPMENT OF THE BUSINESS - Three-year History - Fiscal 202 - Debt Financing*.

On June 21, 2022, the Company announced that it had adjusted its Digital Asset Management Program in order to improve liquidity and strengthen its balance sheet. In the week of June 21, 2022, the Company sold a total of 3,000 bitcoin for approximately US$62 million and closed the June 2022 NYDIG Financing (as defined below). The Company also applied a portion of the proceeds to rebalance indebtedness by reducing the December 2021 Debt Facility.

On September 29, 2022, the Company amended its December 2021 Debt Facility and extended its maturity date from October 1, 2022, to December 29, 2022 and reduced the collateral requirement from 143% to 135%, for a maximum of US$40 million at an interest rate of 11.25%. The December 2021 Debt Facility was fully repaid in December 2022.

On January 13, 2023, the Company announced that it was working to modify and reduce indebtedness at its wholly owned subsidiary, Backbone Mining Solutions, Inc. ("**BMS**"), which had entered into the February 2022 BlockFi Loan Facility. In connection with this, the Company announced it had taken certain actions, including not making installment payments. This constituted a default under the February 2022 BlockFi Loan Facility and entitled the lender to exercise various rights and remedies against BMS and in respect of the collateral. On February 9, 2023, the Company announced that BMS has reached an agreement with the lender to retire the February 2022 BlockFi Loan Facility in its entirety and discharge BMS of all further obligations for consideration of $7.8 million in cash. Upon settlement, all BMS's assets, including 6,100 miners, are unencumbered.

Revenue

In the twelve-month period ending December 31, 2020, Bitfarms Canada generated revenues of $34.7 million from the mining of cryptocurrencies, the provision of electrical services and the hosting of third-party mining hardware and did not hold any cryptocurrency as at December 31, 2020.

In the twelve-month period ending December 31, 2021, Bitfarms Canada generated revenues of $169.5 million from the mining of cryptocurrencies, the provision of electrical services and the hosting of third-party mining hardware and held approximately $152.9 million worth of Bitcoin as at December 31, 2021, based on the prevailing market price of Bitcoin of $46,300 as at December 31, 2021.

In the twelve-month period ending December 31, 2022, Bitfarms Canada generated revenues of $142.4 million from the mining of cryptocurrencies, the provision of electrical services and held approximately $6.7 million worth of Bitcoin as at December 31, 2022, based on the prevailing market price of Bitcoin of $16,500 as at December 31, 2022.

Products and Services

The Company provides the service of validating and verifying transactions on the blockchain for Bitcoin, generating cryptocurrency and transaction fees through the Mining process, as well as provision of electrical services through Volta.

Specialized Skill and Knowledge

Nicolas Bonta, Emiliano J. Grodzki, Ben Gagnon and Benoit Gobeil have been engaged in both small and commercial-scale cryptocurrency mining for several years. See *DIRECTORS AND OFFICERS*.

Competitive Conditions

The cryptocurrency mining industry is highly competitive. There are several publicly trading companies that mine cryptocurrency including Hut 8 Mining Corp. (TSX: HUT and Nasdaq: HUT), Hive Blockchain Technologies Ltd. (TSXV and NASDAQ: HIVE), Digihost Technology Inc. (TSXV: DGHI), Core Scientific Inc. (Formerly NASDAQ: CORZ); Riot Platforms, Inc. (NASDAQ: RIOT), Marathon Digital Holdings Inc (NASDAQ: MARA), Iris Energy Ltd. (NASDAQ: IREN), and CleanSpark Inc. (NASDAQ: CLSK). In addition, many other private companies are active in the industry.

It is difficult to obtain an accurate estimate of market share. As at March 20, 2023, the hashrate capacity of the Company's installed facilities represented an estimated 1.5% of the entire Bitcoin network hash-rate, being approximately 320 Exahash. Estimates of the Bitcoin network hash-rate can be retrieved at www.blockchain.com/en/charts/hash-rate. According to internal estimates, management believes that its facilities collectively rank as one of the largest and most cost-effective public cryptocurrency mining operations in North America by installed energy and hash power.

Hardware and Software

The main components of the Company's cryptocurrency mining operation are specialized computers, frequently referred to as ASIC Miners, that consist of ASIC chips, a power supply unit ("PSU"), network components, security components, electronic components, cooling components and other ancillary hardware. The hardware is composed primarily of: (i) WhatsMiner M30S, M31s and M31s+ and Bitmain S19js miners, which currently comprise most of the Company's mining power; and (ii) peripheral computer hardware required to operate the Miners. As at December 31, 2022, the Company owned and operated approximately 51,000 ASIC Miners. The majority of the Company's currently operating ASIC Miners and those recently secured by purchase order in connection with the expansion plans are primarily manufactured by MicroBT and Bitmain Technologies Inc., each leading suppliers of ASIC Miners for the blockchain and Mining industry. The Miners are typically purchased directly from the manufacturer; however, during periods of elevated demand and pricing conditions, the Company has made purchases through secondary suppliers on occasion. Software is used to control and to provide management, reporting and security of cryptographic coin mining systems. The Company's software suite consists of three operating programs: (i) a software program that provides a real-time status report and reports problems in near-real time; (ii) a web interface, management software program that displays various events and alerts by sending short message service ("SMS") messages or other alert methods; and, (iii) a software program that enables management and supervision of the cooling equipment (efficient cooling is an essential condition for the operation of the server farm). The software can be scaled to manage an unlimited number of ASIC components and sites. The software is regularly updated by the Company to incorporate new or upgraded features.

Custody of Crypto Assets

The Company's crypto assets, currently Bitcoin, is mined to multi-signature wallets that the Company controls. On a regular basis, the Company transfers Bitcoin from its multi-signature wallets to an external third-party custodian, Coinbase Trust Company, LLC ("**Coinbase Custody**"). Coinbase Custody is a US-based fiduciary and qualified custodian under New York Banking Law and is licensed by the State of New York to custody digital assets. Currently, Coinbase Custody provides only custodial services to the Company and does not use a sub-custodian. Coinbase Custody is not a related party to the Company. Coinbase Custody is a fiduciary of § 100 of the New York Banking Law and is licensed to custody its clients' digital assets in trust on their behalf. Coinbase Custody is a qualified custodian for purposes of § 206 (4) -2(d)(6) of the Advisers Act of 1940, as amended.

As of March 20, 2023, the Company has accumulated 385 BTC, net of BTC sales, valued at $10.7 million on its balance sheet. As of the date of this MD&A, 99% of the Company's BTC are held in custody with Coinbase Custody or held as collateral within Coinbase Custody by NYDIG, the counterparty to the Company's equipment financing.

Coinbase Custody maintains an insurance policy of $320 million for its cold storage; however, the Company cannot ensure that the limits of this policy would be available to the Company or, if available, sufficient to make the Company whole for any BTC that are lost or stolen. The Company is unaware of: (i) any security breaches involving Coinbase Custody which have resulted in the Company's crypto assets being lost or stolen, and (ii) anything with regards to Coinbase Custody's operations that would adversely affect the Company's ability to obtain an unqualified audit opinion on its audited financial statements. The Company's crypto assets held in custody with Coinbase Custody may not be recoverable in the event of bankruptcy by Coinbase Custody or its affiliates. In its annual report, on Form 10-K, filed with the U.S. Securities Exchange Commission on February 21, 2023, Coinbase Custody disclosed that, in the event of a bankruptcy, custodially held crypto assets could be considered to be the property of the bankruptcy estate and that the crypto assets held in custody could be subject to bankruptcy proceedings with Coinbase Custody's customers being treated as general unsecured creditors. Further, regardless of efforts made by the Company to securely store and safeguard assets, there can be no assurance that the Company's cryptocurrency assets will not be defalcated through hacking or other forms of theft.

Regardless of efforts made by the Company to securely store and safeguard assets, there can be no assurance that crypto assets will not be defalcated through hacking or other forms of theft. See *RISK FACTORS.*

Intangible Properties

The Company continually invests in improvements to its proprietary software. The source code used to operate the farms is owned by the Company and is in its possession and held in a private account. No patents have been registered on the software and no applications have been made to register or otherwise protect copyrights in the software or its components. The Company also recognized goodwill and a favourable lease term in connection with the acquisition of its facility in Washington state.

Supply of Electrical Power, Electricity Rates, Terms of Service and the Régie de l'Énergie

The Province of Quebec

Currently, the Company sources its energy from Hydro-Québec for certain of the Company's facilities, and from Hydro-Magog and Hydro-Sherbrooke for the Magog server farm (one of the Current Facilities) and the Sherbrooke Expansion, respectively. The power agreements are renewable on a year-to-year basis. Subject to compliance with conditions of service, the agreements are renewed automatically. Modifications to the rates are set out pursuant to the *Hydro-Quebec Act* by operation of law on April 1st each year, by a rate corresponding to the annual change in the overall average Québec consumer price index, on a tariff class basis such that any adjustment would apply equally to all CB tariff users, M tariff users or LG tariff users regardless of end use. Hydro-Quebec shall apply to the Régie de l'Énergie (the "***Régie***") to request it to fix rates or modify the rates set out in the *Hydro-Québec Act* on April 1st 2025 and subsequently every five years. See *RISK FACTORS - Economic Dependence on Regulated Terms of Service and Electricity Rates Risks* and *MATERIAL CONTRACTS.*

The Company's operations are dependent on its ability to maintain reliable and economical sources of power to run its cryptocurrency mining assets. Until the adoption of Bill-2, on February 15, 2023, the Province of Québec mandated electrical service providers to supply their customers under the obligation to serve power delivery regime; however, Bill-2, amended the Act Respecting the *Régie* by giving the Government of Quebec the power to determine by regulation, the cases in which Hydro-Quebec, or any other electrical service provider may be exempt from their obligation to provide electricity to industrial clients in the Province of Québec.

Electricity supplied by Hydro-Sherbrooke and Hydro-Magog (the "**Municipal Electrical Networks**") is predominantly sourced from Hydro-Québec and provided to the Municipal Electrical Networks at a price set as described above. The Municipal Electrical Networks in turn supply their customers at prices which they may set. In an effort to encourage investment and development in particular regions, both Hydro-Québec and the Municipal Electrical Networks may offer a discretionary preferential rate ("**Preferential Rate**") to certain customers, such rate being lower than the rate set by the Régie, notwithstanding that Hydro-Québec and the Municipal Electric Networks may suffer a financial loss on the supply of electricity to those customers. As of March 20, 2023, the Company currently enjoys a Preferential Rate at the Farnham and Cowansville server farms (until March 2027 and March 2024 respectively), which are Current Facilities. If a Preferential Rate is changed or no longer available to the Company, the Company's operations and profitability may experience a material adverse effect. In addition, although power is supplied by the Municipal Networks to the Company under the long-term power contracts, the rates in those contracts are adjusted in response to tariff changes imposed by the Hydro-Québec Act and the Régie. The cost of electricity to each of the Company's facilities is calculated using two key components: (i) a one-time monthly capacity charge based on the maximum capacity of such facility during the month (measured in kW), and (ii) an hourly charge of actual consumption (measured in kWh). The tariff applicable to the Company's pre-existing operations at the Current Facilities and Additional Server Farms in Quebec is the CB tariff, which is based on the M tariff and the LG tariff. The M tariff applies to an annual contract if the maximum power demand is at least 50 kW and has a capacity charge of CAD$15.154 per kW of billing demand, plus a variable component of CAD 5.227¢ per kWh for the first 210,000 kWh, and CAD3.876¢ per kWh for the remaining consumption. LG tariff applies to an annual contract whose minimum billing demand is 5,000 kW or more and has capacity charge of CAD$13.781 per kW of billing demand, plus a single variable component of CAD3.596¢ per kWh. When averaged over all of the Company's operations in Quebec, and adjustments such as the Preferential Rate at the Farnham and Cowansville server farms are applied, the average rate per kWh paid by the Company was approximately US$0.045 per kWh as of December 31, 2022.

On June 14, 2018, Hydro-Québec requested the Régie to set rates and service conditions specifically for enterprises involved in cryptocurrency mining as a result of increased electricity demand from cryptocurrency miners. The Company has participated in these regulatory proceedings as an intervenor. On July 13, 2018, the Régie provisionally ordered that a new tariff be established for cryptocurrency miners and, on July 19, 2018, the Régie approved a provisional tariff of CAD$0.15/kWh on cryptocurrency mining facilities built after that date. The provisional tariff constituted the first step ("**Step 1**") of three steps of the Phase 1 Régie's regulatory proceedings on establishing a framework for the provision of electricity for cryptocurrency mining in Québec. Under Step 1, the new tariff cannot be applied to any cryptocurrency contracts entered into prior to June 7, 2018 or facilities constructed prior to July 19, 2018. Therefore, Step 1 has not had any impact on the Company's operations.

On April 29, 2019, the Régie rendered its decision on the second step ("**Step 2**") of the request filed by Hydro-Québec. The Régie decided to create a new class of energy consumers called *Electricity consumer class for cryptographic use applied to blockchain*. It decided to allocate to this new class an aggregate supply of 300 megawatts of electricity for new projects with the requirement to curtail electricity use during peak hours at Hydro-Québec's request (up to a maximum of 300 hours a year). Cryptocurrency mining projects were required to submit tenders to consume electricity from the 300 megawatts block based exclusively on economic development and environmental criteria. The Régie rejected Hydro-Québec's proposal to launch a tariff auction as part of the call for tenders. It decided to create a new tariff applicable to the cryptomining industry, the CB tariff, and determined that the applicable tariff of the energy component, in ¢/kWh, will correspond to the M or LG tariff in force, as the case may be.

In order for the Company to be able to procure electricity for future Quebec expansion projects (excluding those currently planned by the Company such as the Additional Server Farms), it would have been required to participate in the call for tenders process. However, the Régie's decision also means that all the Company's pre-existing operations will remain subject to the M or LG tariff in force, as the case may be, and are exempt from the tender process as well as the provisional tariff of CAD$0.15/kWh which had been requested by Hydro-Québec. The provisional tariff applies to energy consumption not authorized under cryptocurrency contracts, to those cryptocurrency contracts entered into after June 7, 2018 and to any substitution of use or any increase of capacity for crypto miners not already under authorized cryptocurrency contracts.

On January 28, 2021, the Régie rendered its decision on the third step ("**Step 3**") of the request filed by Hydro-Québec. The Régie decided that the existing subscriptions on the Hydro-Québec network will be subject to non-firm service, starting in Winter 2021-2022. The non-firm service will apply for a maximum of 300 hours/year, without any monetary compensation. In considering the financial consequences of this conclusion the Régie requested that Hydro-Québec implement the non-firm service for existing clients during a three-year period through progressive implementation. The Régie did not provide any guidance to Hydro-Québec on how to proceed. The Régie provided the following reasons to justify this conclusion:

- Existing clients, such as Bitfarms Canada, have already executed agreements with municipal electricity networks with non-firm service (without financial compensation) for at least 300 hours per year;

- New clients entering the market through the call for tenders process will be subject to non-firm service, without financial compensation. The treatment of those new clients must be fair and equitable with existing clients; and

- Load shedding for 300 hours represents only 3.4% of the 8,760 hours in a year. The Régie does not consider this request unreasonable considering the risks that cryptocurrency clients represent for Hydro-Québec.

In accordance with the Step 3 decision, Bitfarms Canada's operations are on a non-firm service basis for a maximum of 300 hours per year. On February 26, 2021, Bitfarms Canada has undertaken a challenge to the Step 3 decision through an administrative review process. On April 6, 2022, the Régie rendered a decision confirming the decision rendered in Step 3, resulting in the application of the non-firm service to the Company's facilities in Quebec. Consequently, the main difference between the CB tariff and the M or LG tariff is the curtailment obligation applicable to the CB tariff.

On November 17, 2021, in Phase 3 of the Régie's regulatory proceedings, the Régie ratified the process for allocating the balance of the 300 MW block reserved for crypto miners that was not already allocated pursuant to the call for tenders approved in Step 2. The allocation process of the balance of the 300 MW block would be based on a "first come, first serve" process, without any reference to economic development condition and environmental criteria.

On May 30, 2022, the Company filed with the Regie an administrative complaint against Hydro-Quebec requesting information regarding the process for the allocation of the balance of the 300 MW block. The filing of this complaint was justified by the fact that Hydro-Quebec, at the time of filing and more than 6 months after the decision rendered by the Régie in Phase 3, was still not able to put in place the allocation process approved by the Régie de l'Énergie.

On June 30, 2022, Hydro-Quebec responded to the Company's administrative complaint confirming that the allocation process of the 300 MW Block would be opened in September 2022.

On November 1, 2022, Hydro-Québec submitted to the *Régie,* its Supply Plan for the period 2023 to 2032.and requested the *Régie*, to authorize the suspension of the allocation process for the granting of the 300 MW reserved block, and to reassess the amount of MWs to be allocated to crypto miners for future operations. the Company is participating in the regulatory process on the approval, by the Régie, of the Supply Plan and intends to challenge Hydro-Québec's request to suspend the allocation of the 300 MW block.

On January 10, 2023, the Régie rendered its decision on Hydro-Quebec request to suspend the allocation process for the granting of the 300 MW reserved block. The Régie decided to suspend the allocation process while it assesses the Supply Plan submitted by Hydro-Québec.See *RISK FACTORS - Economic Dependence on Regulated Terms of Service and Electricity Rates Risks* and *MATERIAL CONTRACTS.*

Washington state

On November 9, 2021, the Company completed the acquisition of a cryptocurrency mining facility in Washington state. The facility is powered by the Grant County Power Utility District ("**Grant PUD**"). Grant PUD was established in 1938 and is a public utility district that owns and operates hydroelectric plants capable of producing more than 2,000 MW of electricity. Grant PUD establishes rate schedules for different categories of customers at the discretion of its publicly elected Board of Commissioners. During Fiscal 2022 the rate schedules that could have been applied to the Company were Schedule 7, which applies to consumption up to 5 MW, Schedule 14, which applies for consumption of 5 MW to 15 MW, or schedule 15, which applies to consumption of greater than 15 MW. The Company operates its cryptocurrency mining activities in several different buildings with their own power meters not exceeding 5 MW each, thus, for the year 2022 the Company was classified in Schedule 7. The applicable rates for Schedule 7 are a demand charge of $4.96 per kW of billing demand plus a variable component of US$ 2.100¢ per kWh for the first 50,000 kWh of consumption and US$ 1.857¢ per additional kWh of consumption. Historically, rates for Schedule 7 have increased by an annual average of 1.27% per year.

Effective February 1, 2023, Grant PUD's commissioners authorized the addition of cryptocurrency mining into the Evolving Industry Rate Schedule 17 (RS17). This rate provides for $28.18 per kW of billing demand plus a variable component of US$ 0.389¢ per Kwh of consumption.

Grant PUD may adjust the rate pricing with approval from its Board of Commissioners. An increase in the rates applicable to the Company's electricity consumption may adversely impact its profitability. See *RISK FACTORS - Economic Dependence on Regulated Terms of Service and Electricity Rates Risks.*

Grant PUD may also interrupt the supply of electrical services to the Company for curtailment, repairs and improvements to the electrical distribution system, actions taken to conserve energy and other factors.

Paraguay

In December 2021, the Company's wholly-owned subsidiary, Backbone Hosting Solutions Paraguay S.A. ("**Backbone Paraguay**") completed the construction of a 10 MW facility in Paraguay (Villarrica). The facility is powered by CLYFSA, the first private energy distribution company in Paraguay which purchases the energy from ANDE, the operator of Paraguay's national electricity grid, and provides power to almost 15,000 residential and commercial customers in Villarrica.

Backbone Paraguay entered into a power purchase agreement with CLYFSA securing 10 MW of hydro-electric energy with a demand charge of $15.9 per kW of billing demand plus a variable component of US$ 1.422¢ per kWh of consumption for the current one-year renewal period. The power purchase agreement stipulates that CLYFSA can pass on any modifications to pricing by ANDE to Backbone Paraguay. See *RISK FACTORS - Economic Dependence on Regulated Terms of Service and Electricity Rates Risks.*

Argentina

In 2021, the Company's wholly-owned subsidiary Backbone Hosting Solutions S.A.U. ("**Backbone Argentina**", entered engineering, procurement and construction contracts and commenced construction of a 210 MW facility in Argentina (Rio Cuarto – Cordoba). The facility will be powered by Generacion Mediterranea S.A. ("**GMSA**") one of the subsidiaries of Grupo Albanesi. Grupo Albanesi is an Argentine private corporate group focused on the energy market which provides natural gas and electrical energy to its clients.

Backbone Argentina entered into an eight-year power purchase agreement with GMSA securing up to 210 MW of natural gas-powered energy. This agreement establishes that GMSA will supply the Company with power at a rate of $0.02 per kilowatt hour, inclusive of applicable VAT, up to a maximum amount of 1,103,760 megawatt hours. The maximum megawatt hours the Company can draw at $0.02 per kilowatt hour is subject to pro-rata adjustments based on the Company's actual power draw relative to the total 210 MW. The agreement also provides that GMSA may renegotiate the $0.02 per kilowatt hour rate if the ratio of the exchange under the blue-chip swap mechanism used in Argentina to the official exchange rate is less than 1.50. The $0.02 per kilowatt hour rate and applicable adjustments described above are in effect for four years, and any consumption in excess of the maximum amount of 1,103,760 megawatt hours, or any pro-rata adjustments thereto, is subject to negotiation between the Company and GMSA. After the first four years a formula will be used to determine the power rate applicable to the Company's consumption, mainly based on changes in gas costs and currency exchange rates. In addition, the Company has signed an agreement with a third party to monitor and reconcile electricity charges. The payment for such services raises the kilowatt charged by approximately 10%.

An increase in the Company's electricity costs, cost of natural gas, changes in currency exchange rates in Argentina or regulatory changes in the energy regimes in the jurisdictions in which the Company operates may adversely impact the Company's profitability, the costs of construction and engineering services. See *RISK FACTORS - Economic Dependence on Regulated Terms of Service and Electricity Rates Risks.*

Employees

As of December 31, 2022, the Company and its subsidiaries have 150 employee positions on a global basis. The following table sets out the employees by department:

Department	Number of Employees
IT & Infrastructure	12
Operations – Site & Project Managers	8
Operations – Technicians	65
Business Development, Finance, Administration and Public Relations	34
Sub-Total	119
Volta	31
Total	150

Environmental Commitment

The Company's Current Facilities, except for Argentina, use primarily renewable, clean energy provided by Hydro-Québec, Hydro-Sherbrooke, Hydro-Magog, Grant County Public Utility District and Compañía de Luz y Fuerza Sociedad Anónima (CLYFSA). To the best of the Company's knowledge, the Company will not incur significant costs or investments in order to comply with provisions relating to environmental protection on its current facilities, besides maintaining the procedures currently applied by it. The Company's facility described in the Argentina Expansion section of this AIF will use natural gas.

Bankruptcy Proceedings

There have been no bankruptcies, receiverships, or similar proceedings against Bitfarms Canada or its respective subsidiaries, whether voluntary or otherwise, since incorporation and, to the knowledge of management, there are no such contingent or threatened proceedings.

RISK FACTORS

The following discussion summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business and financial condition and results of operations, and/or the trading price of the Company's shares. Due to the nature of the Company's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, the Company is subject to significant risks. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with its operations. Additional risks and uncertainties not presently known to the Company, or that are currently deemed immaterial, may also impair operations. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected. Investors should carefully consider the risks, factors, and uncertainties described below, together with the other information contained in this AIF, as well as the risk factors, uncertainties, and other information disclosed in the Company's other public filings before making an investment decision regarding the Company's securities.

BTC Halving Events

The BTC reward for solving a block is subject to periodic incremental halving. Halving is a process designed to control the overall supply and reduce the risk of inflation in BTC using a proof of work consensus algorithm. At a predetermined block, the Mining reward is cut in half, hence the term "halving." The BTC blockchain has undergone halvings three times since its inception. Most recently, in May 2020, the BTC block reward decreased from 12.5 to 6.25 BTC per block (a "BTC Halving"), and, consequently, the number of new BTC issued to Miners as a subsidy decreased to approximately 900 per day, excluding transaction fees.

The May 2020 BTC Halving had a significant negative impact on the Company's profitability for several months following the BTC Halving. Given that profitability is required for self-acting agents to perform Mining to continue to support the validation of transactions, the expected impact of the BTC Halving is that market variables of BTC price will adjust over time to ensure that Mining remains profitable. The period of market normalization after the next BTC Halving to incentivizing profitability levels is unknown.

A BTC Halving is scheduled to occur once every 210,000 blocks, or roughly every four years, until the total amount of BTC rewards issued reaches 21 million, which is expected to occur around the year 2140. The next BTC Halving is expected to occur in late April or early May 2024. Once 21 million BTC are generated, the network will stop producing more. While BTC prices have had a history of price fluctuations around BTC Halving events, there is no guarantee that the price change will be favorable or would compensate for the reduction in Mining reward.

If BTC price and difficulty do not maintain or continue their trend of adjusting to pre-BTC Halving profitability levels over time, or the period of market normalization after the BTC Halving to pre-BTC Halving profitability levels is too long, there is a risk that the BTC Halving will render the Company unprofitable for a sustained time period such that it could be unable to continue as a going concern.

Valuation and Price Volatility of Cryptocurrencies

The profitability of the Company's operations has been and will continue to be significantly affected by changes in the spot price of cryptocurrencies, specifically BTC. Cryptocurrency prices (and BTC prices in particular) are highly volatile, fluctuating due to numerous factors beyond the Company's control, including speculation and incomplete information, rapidly changing investor sentiment, changes in technology, regulatory changes, fraudulent or malicious actors, coverage of cryptocurrency in the media, inflation, and political or economic events as well as market acceptance and demand for cryptocurrency. The market price of one BTC in, the Company's principal market, ranged from approximately $15,600 to $48,100 during the year ended December 31, 2022 and ranged from approximately $28,700 to $68,800 during the year ended December 31, 2021. Because the Company does not currently hedge its investment in BTC, the Company is directly exposed to BTC's price volatility and surrounding risks.

Currently, the Company does not use a formula or specific methodology to determine whether or when it will sell BTC that it holds, or the number of BTC it will sell. Rather, decisions to hold or sell bitcoins are currently determined by management by analyzing forecasts and monitoring the market in real time. Such decisions, however well-informed, may result in untimely sales and even losses, adversely affecting an investment in the Company. Further, some of the business decisions (for example, purchases of Miners and debt financing) the Company has made, and will in future make, were or will be tied to the prices of BTC at the time of those decisions. For example, the Company made purchase commitments in respect of a significant number of new Miners while BTC and Miner prices were much higher, and, although the Company has been able to cancel some of those purchase commitments, that may not always be possible. If cryptocurrency spot prices decline and remain at low market levels for a sustained period while network difficulty does not decrease proportionally, the Company's results of operations and financial condition, as well as the trading price of the Company's common shares, could be materially adversely affected.

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

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. Specifically, the trading price of the Company's common shares has already been correlated, and, in the future, is likely to continue to be highly correlated, to the trading prices of BTC. BTC Mining companies' stock has shown volatility relative to BTC, with many such stocks outperforming BTC in 2020 and 2021 but underperforming relative to BTC in 2022. For example, the closing price of the Company's common shares on December 31, 2021 was $5.05 and the closing price of BTC was approximately $46,200 and, as of December 30, 2022, the closing price of the Company's common shares was $0.44 and the closing price of BTC was approximately $16,500. The Company's operating results and financial condition have been and may continue to be adversely affected by declines in cryptocurrency market prices. In addition, the Company made decisions concerning the execution of its business plan, including the development of its facilities and expansion into new markets, purchases of new Miners and incurrence of indebtedness, when BTC prices were significantly higher than they currently are, resulting in plans and obligations that the Company reassesses and likely will continue to reassess, particularly in light of general declines in cryptocurrency market prices, to determine the practicality, profitability and timeline of such plans and commitments.

Volatility may have an impact on the value of the Company's inventory of cryptocurrencies and could result in margin calls on the Company's long-term debt collateral BTC with NYDIG as described in Note 17 - *Long-term Debt* to the 2022 Annual Financial Statements.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies (such as the Company), have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur.

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those in cryptocurrency-focused businesses and those considered development stage companies (such as the Company), have experienced wide fluctuations in price. The market price of the Company's common shares ranged from US$0.38 to US$5.39 on Nasdaq and CAD $0.52 to CAD $6.83 on the TSXV and Toronto Stock Exchange from January 1, 2022, to December 31, 2022. The market price of the Company's common shares fluctuates significantly in response to a number of factors, most of which the Company cannot control. In particular, the trading price of the Company's common shares is in many cases directly tied to the price of BTC. Other factors that may impact the trading price of the Company's common shares include:

- variations in the Company's financial results or those of companies that are perceived to be similar to the Company;
- actions by the Company or its competitors, such as acquisitions, bankruptcies or restructurings;
- additions or departures of key management personnel;
- legal proceedings involving the Company, the cryptocurrency industry, or both;
- legislative or regulatory actions;
- changes in market valuations of companies similar to the Company;
- the prospects of and changes affecting participants in the cryptocurrency industry;
- actions by the Company's shareholders;
- speculation or reports by the press or investment community with respect to the Company or the cryptocurrency industry in general;
- changes in the pricing or availability of hydroelectricity, natural gas and other sources of energy;
- general economic, regulatory, market and political conditions; and
- other risks, uncertainties and factors described in these risk factors.

The stock markets in general have often experienced volatility that has sometimes been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations have caused, and may continue to cause, the trading price of the Company's common shares to decline. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on the Company's ability to access capital, on its business, financial condition, results of operations, cash flow and prospects, and on the market price of its common shares. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been brought against that company. The Company may become involved in this type of litigation in the future. Litigation of this type may be expensive to defend and may divert management's attention and resources from the operation of the Company's business.

In addition, since the Company's common shares currently trade on the Nasdaq Global Market, the Company must comply with Nasdaq's continued listing requirements to avoid its common shares being delisted. The standards include, among others, a minimum bid price requirement of $1.00 per share and any of: (i) a minimum stockholders' equity of $10 million; (ii) a market value of listed securities of $50 million; or (iii) total assets or total revenue from continuing operations of $50 million in the most recently completed fiscal year or in two of the last three fiscal years. The Company's results of operations and fluctuating share price directly impact its ability to satisfy these listing standards. Nasdaq notified the Company on December 13, 2022 that it did not satisfy the minimum bid price requirement under Nasdaq's continued listing rules. If the Company is unable to re-establish and maintain compliance with Nasdaq's listing standards, the Company's common shares may be subject to delisting. A delisting from Nasdaq would result in the Company's common shares being eligible for quotation on the over-the-counter (OTC) market, which is generally considered to be a less efficient system than listing on national exchanges such as NASDAQ because of the OTC's lower trading volumes, transaction delays, and reduced security analyst and news media coverage. These factors could contribute to lower prices and larger spreads in the bid and ask prices for the Company's common shares.

Future Capital Needs, Uncertainty of Additional Financing and Dilution

As of December 31, 2022, the Company had cash of $30.9 million compared to $125.6 million as of December 31, 2022. The Company expects to continue to depend upon selling BTC mined and in treasury and utilizing short-term debt, long-term debt and equity instruments to fund its ongoing expansion activities, operating expenses and debt service requirements. Further, the Company expects that it will need to raise additional capital in the future to fund more rapid expansion, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities, and it may seek to do so through public of private financing, strategic relationships or other arrangements. 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. 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 the common shares will have on the price of the shares.

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 additional funds are raised through the incurrence of indebtedness, such indebtedness may involve restrictive covenants that impair the ability of the Company to pursue its growth strategy and other aspects of its business plan, expose the company to greater interest rate risk and volatility, require the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures, increase the Company's vulnerability to general adverse economic and industry conditions, place the Company at a competitive disadvantage compared to its competitors that have less debt, limit the Company's ability to borrow additional funds, otherwise subject the Company to the risks discussed under Indebtedness below and heighten the possible effects of the other risks discussed in these risk factors.

If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its business, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

Indebtedness

The Company is party to various arrangements with short-term and long-term lenders as described in more detail in this AIF, and the Company may become party to additional debt financing arrangements in the future. The Company's ability to generate and maintain a level of cash flows from operating activities to make scheduled payments on any debt obligations, or to refinance its debt obligations, will depend on, among other things, its future financial and operating performance, which is subject to prevailing economic and competitive conditions and to various financial, business, regulatory and other factors, some of which are beyond the Company's control. If the Company is unable to fulfill its debt service obligations, it may be forced to reduce or delay capital expenditures or sell assets, seek additional capital or seek to restructure or refinance its indebtedness. Further, any such indebtedness may impair the Company's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, restructuring, acquisitions or general corporate purposes.

In addition, any agreements governing the Company's debt obligations may contain financial covenants and covenants that restrict the Company's and its subsidiaries' ability to:

- incur additional indebtedness or issue equity securities;
- create liens on the Company's assets;
- pay dividends or make other equity distributions;
- repurchase the Company's equity securities;
- make certain investments;
- sell assets; and
- consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets.

As a result of those and any other covenants, the Company could be limited in the manner in which it conducts its business, and it may be unable to engage in favorable business activities or finance future operations or capital needs. Any violation by the Company of any of these covenants or failure by the Company to meet payment obligations (as recently was the case in respect of the Company's strategic decision to delay the making of principal and interest payments on its previously outstanding loan from BlockFi, a digital asset lender, could provide the lender with the ability to accelerate the maturity of the indebtedness and exercise a variety of remedies, including foreclosing on any collateral securing the debt.

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 favorable 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 Company's common shares may be adversely affected.

In the future, the Company may enter into certain hedging transactions to mitigate its exposure to aspects of the economy or specific economic conditions that are particularly volatile, including the market price of BTC and interest rates. If the Company engages in hedging transactions, the Company may expose itself to risks associated with such transactions. Hedging against a decline in the values of portfolio investments caused by interest rate risk or volatile BTC market prices does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline for other reasons. Such hedging transactions may also limit the opportunity for gain if the values of the portfolio investments should increase. Moreover, it may not be possible to hedge against a particular fluctuation that is so generally anticipated by the markets that a hedging transaction at an acceptable price is unavailable. In light of these and other factors, the Company may not be successful in mitigating its exposure to volatile economic conditions through any hedging transactions it undertakes.

Possibility of BTC Mining Algorithms Transitioning to Proof of Stake Validation

Proof of stake is an alternative method of validating cryptocurrency transactions. If BTC shifts from a proof of work validation method to a proof of stake validation method, Mining would require less energy and may render any company that maintains advantages in the current climate (lower priced electricity, processing, real estate, or hosting) less competitive. Another prominent cryptocurrency, Ether, in September 2022, shifted from proof of work to a proof of stake validation method. Bitfarms Canada, as a result of its efforts to optimize and improve the efficiency of its BTC Mining operations, may be exposed to the risk in the future of losing the benefit of Bitfarms Canada's capital investments and the competitive advantage Bitfarms Canada hopes to gain from this as a result, and may be negatively impacted if a switch to proof of stake validation were to occur. Such events could have a material adverse effect on Bitfarms Canada's ability to continue as a going concern or to pursue its strategy at all, which could have a material adverse effect on Bitfarms Canada's business, prospects or operations and potentially the value of any BTC that Bitfarms Canada mines or otherwise acquires or holds for its own account.

Debt Covenants

The agreements governing the Company's long-term debt contain restrictive covenants that could limit its discretion with respect to certain business matters.

Limited Operating History

The Company has only a limited operating history upon which an evaluation of the Company and its prospects can be based. The Company is subject to many risks common to venture enterprises, including under-capitalization, potential 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.

Employee Retention and Growth

The Company depends on a number of key employees, including, in particular, the members of the Company's management team, the departure, death, disability or other extended loss of services of any of whom, particularly with little or no notice, could cause delays on projects, frustrate the Company's growth prospects and could have an adverse impact on the Company's industry relationships, the Company's project exploration and development programs, other aspects of its business and its financial condition, results of operations, cash flow and prospects. The Company does not expect to purchase key person insurance on such individuals, which insurance would provide the Company with insurance proceeds in the event of their death.

The growth and development of the business of the Company will also depend on its ability to attract and retain highly qualified management and Mining personnel while maintaining its corporate culture and technical and service standards. The Company will face competition for personnel from other employers. If the Company is unable to attract or retain qualified personnel as required, it may not be able to adequately manage and implement its business plan. 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.

Cybersecurity Threats and Hacking

Malicious actors may seek to exploit vulnerabilities within cryptocurrency programming codes. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create cryptocurrency or money occur somewhat regularly. For example, hackers have been able to gain unauthorized access to digital wallets and cryptocurrency exchanges.

The computer network operated by the Company may be vulnerable to intrusions by hackers who could interfere with and introduce defects to the Mining operation. Private keys which enable holders to transfer funds may also be lost or stolen, resulting in irreversible losses of cryptocurrencies.

Limited History of De-centralized Financial System

Compared to 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.

In light of those and other factors, traditional banks and banking services may limit or refuse the provision of banking services to businesses that supply cryptocurrencies as payment and may refuse to accept money derived from cryptocurrency-related businesses. This may make the establishment and management of bank accounts held by companies operating in the field difficult. To the extent that the Company experiences any such banking challenges, they could have a material adverse effect on the Company's business, prospects or operations and potentially the value of any BTC or other cryptocurrencies the Company mines or otherwise acquires or holds for its own account.

Risk Related to Technological Obsolescence and Difficulty in Obtaining Hardware

To remain competitive, the Company will continue to monitor the state of the technology available and invest in hardware and equipment required for maintaining its operations. The Company has in the past replaced, and, in the future, may be required to replace, obsolete hardware and software, which required, and, in the future, may require, substantial capital investments by the Company. There can be no assurance that mining hardware will be readily available when the need is identified. 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.

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. As Mining companies produce more hashrate and the BTC network hashrate is increased, the BTC network difficulty is adjusted upwards by requiring more hashrate to be deployed to solve a block. Thus, Mining companies are further incentivized to grow their hashrate to maintain their chance of earning new BTC rewards. In theory, these dual processes should continually replicate themselves until the supply of available BTC is exhausted. In response, Mining Companies have attempted to achieve greater hashrate by deploying increasingly sophisticated and expensive Miners in ever greater quantities. If the price of BTC is not sufficiently high to allow the Company to fund its desired hashrate growth, including through new Miner acquisitions, and if it is otherwise unable to access additional capital to acquire Miners, its hashrate may stagnate and fall behind its competitors, resulting in a likely decline in its revenues, which would have a material adverse effect on its results of operations and financial condition.

Economic Dependence on Regulated Terms of Service and Electricity Rates Risks

The Company's operations are dependent on its ability to maintain reliable and economical sources of power to run its cryptocurrency Mining assets. The Company conducts Mining in the Province of Québec, Washington State, and Paraguay and expects to conduct Mining in Argentina. The Company's current and future operations, anticipated growth, and sustainability of hydroelectricity and natural gas at economical prices for the purposes of cryptocurrency Mining in multiple locations poses certain risks. These risks as well as the supply of electrical power, electricity rates, terms of service and regulatory regime are summarized as follows:

Currently the Company sources its energy from Hydro-Québec, Hydro-Sherbrooke, Hydro-Magog, Grant PUD CLYFSA and temporarily from EPEC in Rio Cuarto, Argentina. The Province of Québec mandates electrical service providers to supply their customers under an obligation-to- serve power delivery regime. Consequently, the Company believes Hydro-Québec, Hydro-Sherbrooke and Hydro-Magog are reliable. Grant PUD and CLYFSA do not operate under highly regulated regimes, like the Province of Quebec. Any suspension of power or failure of electrical networks, however, could result in a material adverse effect on the Company.

Quebec

The Company's operations are dependent on its ability to maintain reliable and economical sources of power to run its cryptocurrency mining assets. Until the adoption of Bill-2, on February 15, 2023, the Province of Québec mandated electrical service providers to supply their customers under the obligation to serve power delivery regime; however, Bill-2, amended the Act Respecting the Régie by giving the Government of Quebec the power to determine by regulation, the cases in which Hydro-Quebec, or any other electrical service provider may be exempt from their obligation to provide electricity to industrial clients in the Province of Québec.

The price of electricity supplied directly by Hydro-Québec is set by a provincial administrative tribunal, the Régie de L'Énergie (the "Régie"). Hydro-Québec supplies power to certain of the Company's facilities, and to the Municipal Electrical Networks for the Magog and Sherbrooke facilities, under an obligation to serve power delivery regime. The rates imposed on Hydro-Québec by the Régie are subject to change. There are no long-term arrangements. Although power is supplied by the Municipal Networks to the Company under the long-term power contracts, the rates in those contracts are adjusted in response to tariff changes imposed by the Régie. Modifications to the rates are set out pursuant to the Hydro-Quebec Act by operation of law on April 1st each year, by a rate corresponding to the annual change in the overall average Québec consumer price index, on a tariff class basis such that any adjustment would apply equally to all CB tariff users, M tariff users or LG tariff users regardless of end use. Hydro-Quebec shall apply to the Régie to request it to fix rates or modify the rates set out in the Hydro-Québec Act on April 1, 2025 and subsequently every five years. Accordingly, there is no assurance that future electricity rates will remain stable or economical. In particular, on June 14, 2018, Hydro-Québec requested the Régie to set rates and service conditions specifically for enterprises involved in cryptocurrency Mining as a result of increased electricity demand from cryptocurrency Miners. The Régie has undertaken regulatory proceedings, to which the Company has participated as an intervenor, to establish a framework for the provision of electricity for cryptocurrency Mining in Québec in three Steps:

- Step 1: On July 13, 2018, the Régie provisionally ordered that a new tariff be established for cryptocurrency Miners and on July 19, 2018, the Régie approved a provisional tariff of CAD$0.15/kWh on cryptocurrency Mining facilities built after that date. Under Step 1, the new tariff cannot be applied to any cryptocurrency contracts entered into prior to June 7, 2018 or facilities constructed prior to July 19, 2018. Therefore, Step 1 didn't have an impact on the Company's pre-existing operations operations and secured existing rates until the completion of Phase 3.

- Step 2: On April 29, 2019, the Régie rendered its decision on Step 2 of the request filed by Hydro-Québec. The Régie decided to create a new class of energy consumers called Electricity consumer class for cryptographic use applied to blockchain. It decided to allocate to this new class an aggregate supply of 300 megawatts of electricity, with the requirement to curtail electricity use during peak hours at Hydro-Québec's request (up to a maximum of 300 hours a year). Cryptocurrency Mining projects will be required to submit tenders to consume electricity from the 300 megawatt block based exclusively on economic development and environmental criteria. The Régie rejected Hydro-Québec's proposal to launch a tariff auction as part of the call for tenders. It decided to create a new tariff applicable to the crypto Mining industry, the CB tariff, and determined that the applicable tariff of the energy component, in ¢/kWh, will correspond to the M or LG tariff in force, as the case may be. In order for the Company to be able to procure electricity for future Quebec expansion projects, it will be required to participate to the call for tenders process which is expected to launch shortly by Hydro-Québec. However, the Régie's decision also means that the Company's pre-existing operations at the Current Facilities and Sherbrooke Expansion will remain subject to the M or LG tariff in force, as the case may be, and they are exempt from the tender process as well as the provisional tariff of CAD$0.15/kWh which had been requested by Hydro-Québec. The provisional tariff will apply to energy consumption not authorized under cryptocurrency contracts, to those cryptocurrency contracts entered into after June 7, 2018 and to any substitution of use or any increase of capacity for crypto Miners not already under authorized cryptocurrency contracts. The decision of the Régie does impose the potential requirement to curtail electricity use (of up to 95%) during peak hours at Hydro-Québec's request (up to a maximum of 300 hours a year) under all cryptocurrency contracts including those at the Company's pre-existing operations at the Current Facilities. A shut down of 95% of operations for the maximum of 300 hours could result in a revenue decrease of approximately 3.4%.

- Step 3: On January 28, 2021, the Régie rendered its decision on Step 3 of the request filed by Hydro-Québec. The Régie decided that the existing subscriptions on the Hydro-Québec network will be subject to non-firm service, starting in Winter 2021-2022. The non-firm service will apply for a maximum of 300 hours/year, without any monetary compensation. In considering the financial consequences of this conclusion the Régie requested that Hydro-Québec implement the non-firm service for existing clients during a three-year period through progressive implementation. The Régie did not provide any guidance to Hydro-Québec on how to proceed. The Régie provided the following reasons to justify this conclusion:

  a) existing clients, such as Bitfarms Canada, have already executed agreements with municipal electricity networks with non-firm service (without financial compensation) for at least 300 hours per year;

  b) new clients entering the market through the call for tenders' process will be subject to non-firm service, without financial compensation. The treatment of those new clients must be fair and equitable with existing clients; and

  c) load shedding for 300 hours represents only 3.4% of the 8,760 hours in a year. The Régie does not consider this request unreasonable considering the risks that cryptocurrency clients represent for Hydro-Québec.

In accordance with the Step 3 decision, the Company's operations are on a non-firm service basis for a maximum of 300 hours per year. The Company has undertaken a challenge to the Step 3 decision through an administrative review process. Consequently, the main difference between the CB tariff and the M or LG tariff is the curtailment obligation applicable to the CB tariff.

On November 17, 2021, in Step 3 of the Régie's regulatory proceedings, the Régie ratified the process for allocating the balance of the 300 MW block reserved for crypto Miners that was not already allocated pursuant to the call for tenders approved in Step 2. The allocation process of the balance of the 300 MW block would be based on a "first come, first serve" process, without any reference to economic development condition and environmental criteria.

On April 6, 2022, the Régie rendered a decision confirming the decision rendered in Step 3, resulting in the application of the non-firm service to the Company's facilities in Quebec.

On May 30, 2022, the Company filed with the Regie an administrative complaint against Hydro-Quebec requesting information regarding the process for the allocation of the balance of the 300 MW block. The filing of this complaint was justified by the fact that Hydro-Quebec, at the time of filing and more than 6 months after the decision rendered by the Régie in Step 3, was still not able to put in place the allocation process approved by the Régie de l'Énergie.

On June 30, 2022, Hydro-Quebec responded to the Company's administrative complaint confirming that the allocation process of the 300 MW Block would be opened in September 2022.

On November 1, 2022, Hydro-Québec submitted to the Régie, its Supply Plan for the period 2023 to 2032 and requested the Régie, to authorize the suspension of the allocation process for the granting of the 300 MW reserved block, and to reassess the amount of MWs to be allocated to crypto Miners for future operations. The Company is participating in the regulatory process on the approval, by the Régie, of the Supply Plan and intends to challenge Hydro-Québec's request to suspend the allocation of the 300 MW block.

On January 10, 2023, the Régie rendered its decision on Hydro-Quebec request to suspend the allocation process for the granting of the 300 MW reserved block. The Régie decided to suspend the allocation process while it assesses the Supply Plan submitted by Hydro-Québec.

- Electricity supplied by Hydro-Québec and the Municipal Electrical Networks may be set at Preferential Rates in an effort to encourage investment and development in particular regions. Hydro-Québec and Municipal Electrical Networks may offer a discretionary Preferential Rate to certain customers, such rate being lower than the rate set by the Régie, notwithstanding that Hydro-Québec and the Municipal Electric Networks may suffer a financial loss on the supply of electricity to those customers. If a Preferential Rate is changed or no longer available to the Company, the Company's operations and profitability may experience a material adverse effect. In addition, although power is supplied by the Municipal Networks to the Company under the power contracts, the rates in those contracts are adjusted in response to tariff changes imposed by the Régie.

Washington State

On November 9, 2021, the Company completed the acquisition of a cryptocurrency Mining facility in Washington State. The facility is powered by the Grant County Power Utility District ("**Grant PUD**"). Grant PUD was established in 1938 and is a public utility district that owns and operates hydroelectric plants capable of generating more than 2,000 MW of electricity. Grant PUD establishes rate schedules for different categories of customers at the discretion of its publicly elected Board of Commissioners. During Fiscal 2022 the rate schedules that could have applied to the Company were Schedule 7, which applies to consumption up to 5 MW, Schedule 14, which applies for consumption of 5 MW to 15 MW, or schedule 15, which applies to consumption of greater than 15 MW. The Company operates its cryptocurrency Mining activities in several different buildings with their own power meters not exceeding 5 MW each, thus, for the year 2022, the Company was classified in Schedule 7. . The applicable rates for Schedule 7 are a demand charge of \$4.96 per kW of billing demand plus a variable component of US\$ 2.100¢ per kWh for the Company's power first 50,000 kWh of consumption from all of the meters in aggregate.and US\$ 1.857¢ per additional kWh of consumption. Historically, rates for Schedule 7 have increased by an annual average of 1.27% per year. Effective February 1, 2023, Grant PUD's commissioners authorized the addition of cryptocurrency Mining into the Evolving Industry Rate Schedule 17. The applicable rates for Schedule 17 are a demand charge for \$28.18 per kW plus a variable component of US\$ 0.389¢ per kWh of consumption.

Grant PUD may adjust the rate pricing with approval from its Board of Commissioners. An increase in the rates applicable to the Company's electricity consumption may adversely impact its profitability.

Paraguay

In December 2021, the Company completed the construction the 10 MW Villarrica Facility. The facility is powered by CLYFSA. CLYFSA is the first private energy distribution company in Paraguay which purchases energy from ANDE, the operator of Paraguay's national electricity grid, and provides power to almost 15,000 residential and commercial customers in Villarrica, Paraguay.

The Company entered into a power purchase agreement with CLYFSA securing 10 MW of hydro-electric energy with a demand charge of $15.90 per kW of billing demand plus a variable component of 1.422¢ per kWh of consumption for the current one-year renewal period. The power purchase agreement stipulates that CLYFSA can pass on any modifications to pricing by ANDE to Backbone Paraguay. A rate increase could adversely impact the profitability of the Company's operations in Paraguay.

On September 16, 2022, the executive branch of the Paraguayan government issued decree No. 7824/22 by which ANDE was requested to adopt complementary and temporary regulatory measures to adjust the variables corresponding to the electricity rates aimed at special intensive consumption sectors, including crypto asset Mining activities. In response, ANDE created the Special Intensive Consumption Group, which controls the supply of high and medium voltage and imposes rate tariffs in effect until at least December 2027. While these tariffs have no impact on our current activities in Paraguay as our contract is with the local supplier CLYFSA as detailed above, they may be relevant to future new operations in that territory.

Argentina

In 2021, the Company entered into engineering, procurement and construction contracts and commenced construction of a 210 MW facility in Argentina (Rio Cuarto - Cordoba). The facility will receive electricity from Generacion Mediterranea S.A. ("GMSA") one of the subsidiaries of Grupo Albanesi. Grupo Albanesi is an Argentine private corporate group focused on the energy market which provides natural gas and electrical energy to its clients from its multiple facilities.

The terms of the electricity supplied by GMSA in Argentina are included in the Company's power contract, which establishes a rate of $0.02 per kWh, up to a maximum amount of 1,103,760 megawatt hours per year. The annual maximum megawatt hours the Company can draw at $0.02 per kilowatt hour is further subject to pro-rata adjustments based on the Company's actual power draw relative to the total 210 MW. The agreement stipulates that GMSA may provide the Company with power in excess of the 1,103,760 megawatt hours, or such adjusted quantity of megawatt hours based on the pro-rata calculation described above, at a price that will be negotiated by the Company and GMSA. The price to be negotiated between the Company and GMSA will likely be impacted by the cost of natural gas and currency exchange rates in Argentina, among other factors.

The agreement also allows for GMSA to renegotiate the $0.02 per kilowatt hour rate if the ratio of the exchange rate under the blue-chip swap mechanism (refer to section 8d - *Net financial income and expenses* of the MD&A) used in Argentina to the official exchange rate is less than 1.50. The $0.02 per kilowatt hour rate and applicable adjustments described above are in effect for the first four years of the contract. The kilowatt hour price for the remaining four years of the contract will be determined by a formula based mainly on changes in gas costs and currency exchange rates. The contract also includes certain situations where the Company's supply of electricity can be interrupted, including:

- Regulatory intervention preventing GMSA from providing the Company with electricity, or directing GMSA to reroute its electricity to the wholesale market;
- Scheduled and unscheduled maintenance required to service the power plant or related equipment; and
- Regulatory intervention limiting GMSA's supply of natural gas

The Company's contract with GMSA also includes certain megawatt hour consumption thresholds and pro-rata adjustments. The Company's production in Argentina can be materially adversely impacted if the Company is unable to exploit the contractually secured MW capacity on a full-time basis or if the cost of energy negotiated under the pro-rata calculation or calculated using the defined formula in effect for the second four years of the contract, both primarily driven by natural gas prices and foreign currency rates, are not economically viable.

An increase in the Company's electricity costs, cost of natural gas, changes in currency exchange rates in Argentina or regulatory changes in the energy regimes in the jurisdictions in which the Company operates may adversely impact the Company's profitability.

Increases in Commodity Prices or Reductions in the Availability of Such Commodities

The Company uses and intends to use certain commodities in its current and future cryptocurrency Mining operations, including hydroelectricity and natural gas. Unexpected, sudden or prolonged price increases in those commodities whether as a result of geopolitical events, natural disasters or otherwise have caused and, in the future, may cause a reduction in the Company's profits where beneficial fixed-priced contracts do not exist or unfavorable fixed-price contracts cannot be modified. There also may be curtailment in electricity or natural gas supply. In particular, the Russia-Ukraine conflict has had an inflationary effect on the cost of natural gas, the duration and future magnitude of which could be difficult to predict given the fluidity of the military conflict, the novelty of sanctions against Russia and the possibility of yet harsher ones as well as other related developments. The realization or continuation of any of the foregoing risks with respect to commodity prices could increase the Company's operating costs, reduce its profitability and, depending upon the duration and extent of the impact, have a material adverse effect on its financial condition.

Future Profits/Losses and Production Revenues/Expenses

Further development and acquisitions of server farms and the ongoing operation of the existing Mining farms will require additional capital and monthly expenses. The Company's operating expenses and capital expenditures may increase in future years as it adds consultants, personnel and equipment associated with the maintenance of the Mining farms and any other Mining farms the Company may acquire or develop. The Company may not be successful in obtaining the required financing for these or other purposes, including for general working capital.

Fraud and Failure of Cryptocurrency Exchanges, Custodians and Other Trading Venues

Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues. As compared to traditional securities, derivatives and currency exchanges, cryptocurrency exchanges, custodians and other trading venues are relatively new and, in most cases, largely unregulated, which may make them more susceptible to fraud and failure. The fraud and failure of several cryptocurrency platforms and other actors in the industry, including recent and ongoing bankruptcies of several large cryptocurrency exchanges in the second half of 2022 (namely, FTX, Celsius Network, BlockFi, Voyager Digital Ltd., Three Arrows Capital, and Genesis Global Holdco LLC), has impacted and may continue to impact the broader cryptocurrency ecosystem, including the Company. In response to these events, the digital asset markets, including the market for BTC specifically, have experienced extreme price volatility and several other entities in the digital asset industry have been, and may continue to be, negatively affected, further undermining confidence in the digital assets markets and in BTC. These events have also negatively impacted the liquidity of the digital assets markets, and, in turn, the market price of shares of companies in the cryptocurrency industry, including the Company, as certain entities affiliated with bankrupt cryptocurrency exchanges engaged in significant trading activity. If the liquidity of the digital assets markets continues to be negatively impacted by these events, digital asset prices (including the price of BTC) may continue to experience significant volatility and confidence in the digital asset markets may be further undermined. These events are continuing to develop, and it is not possible to predict at this time all of the risks that they may pose to the Company, its service providers or the digital asset industry as a whole.

Although the Company had no direct exposure to any of the above-mentioned cryptocurrency companies (other than BlockFi prior to the repayment by the Company of indebtedness under its equipment financing arrangement with BlockFi, as discussed in this AIF or the MD&A for the year ended December 31, 2022, available on sedar.com) nor any material assets that may not be recovered or may otherwise be lost or misappropriated due to the bankruptcies, the failure or insolvency of large exchanges may cause the price of BTC to fall and decrease confidence in the ecosystem, which could adversely affect an investment in the Company. Such market volatility and decrease in BTC price have had a material and adverse effect on the Company's results of operations and financial condition, and the Company expects its results of operations to continue to be affected by the BTC price as the results of its operations are significantly tied to the price of BTC.

Those and similar events have had, and, in the future, may have, an adverse impact on the profitability of the Company's BTC Mining operations and the Company's financial condition and results of operations.

To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues in the future, cryptocurrency prices could be suddenly and adversely impacted. Furthermore, fraud or failure of Coinbase (or any other future custodian of the Company's BTC) or exchanges can result in a direct loss of the Company's cryptocurrency and fiat currency assets, which loss may not be recoverable by the Company, whether under any insurance policies it has in place or otherwise.

Political and Regulatory Risk

The Company's primary properties and assets are subject to changes in political conditions and regulations within the Province of Québec, Canada, the United States (including, in particular, the State of Washington), Paraguay and Argentina. Changes, if any, in Mining or investment policies or shifts in political attitude could adversely affect the Company's operations or profitability. Operations have been and, in the future, may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on price controls, currency remittance, income taxes, consumption taxes, foreign investment, maintenance of claims, environmental matters, land use, electricity use and safety, as well as buying and selling cryptocurrency and other transactions involving cryptocurrency. See *DESCRIPTION OF BUSINESS - Business and Strategy - Argentina Expansion*, for a discussion of recent changes in the Argentine regulatory environment that have adversely affected, and are currently adversely affecting, the Company's ability to pursue its expansion plans in Argentina. For example, cryptocurrency Mining involves considerable computing power, which is likely to increase. This computing power necessitates a high consumption of energy. Although a portion of the Company's energy costs are determined and controlled by various regulators, there is no certainty that any relevant regulator will not raise energy tariffs, which may reduce the profitability of Mining cryptographic currencies.

In the future, Canada, the United States, Paraguay and/or Argentina may also curtail or outlaw, the acquisition, use or redemption of cryptocurrencies. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation or prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, future government actions may result in restrictions on the acquisition, ownership, holding, selling, use or trading in the Company's common shares. Any such restriction could result in the Company liquidating its cryptocurrency inventory at unfavorable prices and may adversely affect the Company's shareholders.

Ongoing 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, and any such change could be substantial and adverse to the Company.

The Company believes the present attitude toward foreign investment and the cryptocurrency Mining industry in each of the jurisdictions in which it operates is favorable, but conditions may change, including changes that are rapid and unexpected. The Company's operations may be affected in varying degrees by government regulation with respect to restrictions on production, price controls, export and import controls, foreign exchange controls, income taxes, consumption taxes and environmental legislation, depending upon the nature of any such government regulation.

On February 4, 2022, the Canadian Department of Finance released for public comment a set of draft legislative proposals to implement certain tax measures. These tax measures include restricting the ability of cryptocurrency Mining companies to claim back the consumption taxes they incur on purchases of goods and services made in Canada and imports into Canada. If enacted into law, the restriction on the Company's ability to claim back its consumption taxes, namely the Goods and Services Tax, Harmonized Sales Tax and Quebec Sales Tax, which apply at combined rates from 5% to 14.975% on the cost of goods and services, could significantly add to the Company's ongoing operating costs and the costs of its capital expenditures and imports into Canada.

Similarly, various branches, departments and agencies of the federal government in the U.S. have solicited comments and initiated procedures to consider further regulating cryptocurrency and Mining, including through proposed taxes on Mining operations and policy statements and guidance to companies in the cryptocurrency industry, as well as third parties that do business with those companies. In March 2023, the U.S. Treasury Department proposed a 30% excise tax on the cost of powering Mining facilities that, if enacted, would be based on the costs of electricity used in Mining and would be phased in over the next three years, increasing 10% each year. The proposal, if enacted, would also require Miners, like the Company, to report how much electricity they use and what type of power was tapped.

Further, the global supply of Miners is unpredictable and presently heavily dependent on manufacturers from Asia, which was severely affected and may continue to be affected by the COVID-19 pandemic. The Company currently utilizes several types of Miners as part of its Mining operations, all of which are produced in Asia. Geopolitical matters may impact the Company's ability to import Miners in the future, and the may not be able to obtain adequate replacement parts for its existing Miners or obtain additional Miners from manufacturers in other jurisdictions on a timely basis.

Given the difficulty of predicting the outcomes of ongoing and future regulatory actions and legislative and geopolitical developments, it is possible that any legislative, regulatory or geopolitical change could have a material adverse effect on the Company's business, prospects or operations, the magnitude and duration of which cannot be predicted.

Permits and Licenses

The current and future operations of the Company, including development activities and Mining on its properties, may require permits from various federal, provincial or territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, exports, taxes, labour standards, occupational health, and other matters. There can be no assurance, however, that all permits which the Company may require for its operations will be obtained on reasonable terms, on a timely basis, or at all or that applicable laws and regulations would not have an adverse effect on any Mining project or related activities that the Company might undertake.

Server Failures

At any time, the servers or central processing units could experience a severe malfunction and/or collapse. Although the Company works to reduce this risk by employing a team of experts with many years of experience in building and managing data centers as well as a hardware team that focuses, among other things, on Miner repair and daily evaluation of the technical condition of the server farms that the Company operates, including through software (developed by its management) that facilitates, among other things, control, management and reporting of malfunctions in real time, any server crashes or failures, even if quickly addressed, may interrupt the Company's operations and cause significant economic harm to the Company.

Tax Consequences

The transactions described herein 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

The Company's operations are subject to environmental regulations, which are evolving in each of the jurisdictions where the Company has a presence. Any modification of existing environmental regulations, or the imposition of new environmental regulations, may lead to stricter standards, more diligent enforcement, and heavier fines and penalties for non-compliance. The cost of compliance with changes in, or the imposition of new, environmental regulations has a potential to reduce the profitability of the Company's operations or cause delays in the development of its Mining projects.

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 that are unknown to the Company at present and have been caused by previous or existing owners or operators of the property which may result in environmental pollution. If any of those environmental hazards is deemed to violate existing rules and regulations in the relevant jurisdiction, the Company may become subject to 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 Company's potential financial exposure for such matters may be significant and could have a material adverse effect on the Company.

Erroneous Transactions and Human Error

Cryptocurrency transactions are irreversible. Improper or compromised transfers will generally be irreversible and irrevocable. Such errors may be the result of computer or human error despite internal controls the Company has adopted to mitigate this risk. To the extent that the Company is unable to seek a corrective transaction with the third party or is incapable of identifying the third party that has received the Company's cryptocurrencies through error or theft, the Company will be unable to revert or otherwise recover incorrectly transferred cryptocurrencies. The Company will also be unable to convert or recover cryptocurrencies transferred to uncontrolled accounts.

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 Bitfarms Canada's operations. 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 BTC specifically and cryptocurrencies generally.

Facility Developments

The continued development of existing and planned facilities is subject to risks that may cause such development plans to be delayed or otherwise adversely affected, including factors beyond the Company's control such as 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 also exceed the Company's planned budget. Delays, cost overruns, changes in market circumstances and other factors may result in different outcomes than those intended. If any development projects are delayed or more expensive than contemplated, the Company's operations may be adversely impacted, and the Company may not realize, or may be delayed in realizing, the benefits of such projects. See *DESCRIPTION OF BUSINESS - Expansion Projects*, for a discussion of the status of the Company's various development efforts, including, in particular, in Argentina.

Insurance risks

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

The Company's BTC, which is held in custody by Coinbase Custody, is not insured. Although Coinbase Custody maintains an insurance policy of $320 million for its cold storage, the limits of that policy may not be available to the Company or, if available, sufficient to make the Company whole for any BTC that are lost or stolen from its account. Therefore, a loss may be suffered with respect to the Company's BTC that is not covered by insurance and for which no person is liable in damages.

Any losses incurred by the Company for which insurance coverage is not available or has not been obtained could adversely impact the Company, including its financial condition and results of operations.

Competition

The Company's business is in an intensely competitive industry, and the Company competes with other Mining companies, some of which have, or may in the future have, greater resources and experience. A fundamental property of Mining associated with many cryptocurrencies is that the computational complexity of the Mining algorithm increases over time. This factor, along with new industry entrants and price volatility, may make certain cryptocurrencies relatively unprofitable to mine compared to others.

Regulation of cryptocurrency outside of Canada has led some Mining companies to consider Canada as a jurisdiction in which to operate, which may increase competition to the Company. Despite the Company's strategic planning and expected advantages over competitors, the Company may face unexpected competition in the form of new entrants in the marketplace. 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.

If the award of coins for solving Blocks and transaction fees is not sufficiently high, Mining Companies 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 Mining Companies to continue to contribute processing power to the network may transition from a set reward to transaction fees. Either the requirement from Mining Companies 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.

In order to incentivize Mining Companies to continue to contribute processing power to the network, the network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. This transition could be accomplished either by Mining Companies independently electing to record on the blockchains they solve only those transactions that include payment of a transaction fee or by the network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. If transaction fees paid for the recording of transactions in the blockchain become too high, the marketplace may be reluctant to accept the network as a means of payment and existing users may be motivated to switch between cryptocurrencies or back to fiat currency. Decreased use and demand for coins may adversely affect their value and result in a reduction in the market price of coins.

If the award of coins for solving Blocks and transaction fees is not sufficiently high, Mining Companies 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 blockchain solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of 50 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, the value of its inventory of coins, and future investment strategies.

Acceptance and/or Widespread Use of Cryptocurrency Is Uncertain

Currently, cryptocurrencies are used relatively rarely in the retail and commercial marketplaces in comparison to purchases of overall cryptocurrencies worldwide. Cryptocurrency payment methods have not been widely adopted as a means of a payment for goods and services by major retail and commercial outlets. 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 market price of the Company's cryptocurrency holdings and the profitability of its Mining operations.

Hazards Associated with High-voltage Electricity Transmission and Industrial Operations

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.

Adoption of ESG Practices and the Impacts of Climate Change

Companies across many industries, including cryptocurrency Mining, are facing scrutiny related to their environmental, social, and governance ("ESG") practices. Investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the non-financial impacts of their investments. Enhanced public awareness and concern regarding environmental risks, including global climate change, may result in increased public scrutiny of the Company's business and the cryptocurrency Mining industry in general. As a result, the Company's management team may divert significant time and energy towards responding to such scrutiny and addressing and enhancing the Company's ESG practices.

In addition, the impacts of climate change may affect the availability and cost of materials, natural resources, and sources and supplies of energy, which may increase the costs of the Company's operations. Other factors which may impact the Company's profitability include demand for BTC and other cryptocurrencies, insurance and other operating costs, and damage incurred as a result of extreme weather events. New environmental laws, regulations or industry standards may be adopted with little or no notice to the Company and impose significant operational restrictions and compliance requirements on its operations. The cost of compliance with changes in government regulations has the potential to reduce the profitability of the Company's operations or cause delays in the development of new Mining projects.

Corruption

The Company operates in multiple jurisdictions, which generally prohibit bribery and other forms of corruption. The Company has policies in place to minimize the risk of corruption or bribery, which includes enforcement of policies against giving or accepting money or gifts in certain circumstances; namely the Company's Code of Business Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy and Whistleblower Policy. Despite such policies and training however, it is possible that the Company, or any employees or contractors, could be charged with bribery or corruption as a result of the unauthorized actions of its employees or contractors. If the Company is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, the Company could be subject to onerous penalties and reputational damage. A mere investigation could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). Any government investigations or other allegations against the Company, the directors, the officers or the employees of the Company, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage the Company's reputation and its ability to do business and could have a material adverse effect on the Company's business, results of operations and financial condition.

Fraud, bribery and corruption are more common in some jurisdictions than in others. Bitfarms Canada currently carries on its business in certain jurisdictions that have been allocated low scores on Transparency International's "Corruption Perceptions Index". Doing business in international developing markets brings with it inherent risks associated with enforcement of obligations, fraud, bribery and corruption. Bitfarms Canada uses its best efforts to prevent the occurrence of fraud, bribery and corruption, but it may not be possible to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which its employees, agents, or contractors are located. The Company may therefore be subject to civil and criminal penalties and to reputational damage.

Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which Bitfarms Canada operates, could have a material adverse effect on its business, prospects, financial condition or results of operations. In addition, as a result of the Bitfarms Canada's anti-corruption policies and other safeguards, there is a risk that the Company could be at a commercial disadvantage and may fail to secure contracts within jurisdictions that have been allocated a low score on the Corruption Perceptions Index, to the benefit of other companies who may not have or comply with such anti-corruption safeguards.

US Foreign Corrupt Practices Act and Similar Legislation

The Foreign Corrupt Practices Act (United States), the Corruption of Foreign Public Officials Act (Canada) and anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business or other commercial advantages. The Company's policies mandate compliance with applicable anti-bribery laws, which often carry substantial penalties. The Company operates in jurisdictions that have experienced governmental and private sector corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. There can be no assurance that the Company's internal control policies and procedures will always protect it from reckless or other inappropriate acts committed by the Company's affiliates, employees, agents or companies acquired by or merged with the Company. Violations of these laws, or allegations of such violations, could have a material adverse effect on the Company's reputation, as well as business, financial position and results of operations and could cause the market value of Bitfarms Canada's common shares to decline. Investigations by governmental authorities could also have a material adverse effect on the business, consolidated results of operations, and consolidated financial condition of Bitfarms Canada.

Political Instability

The Company operates in multiple jurisdictions, including in geographic regions which may be subject to a greater risk of political instability, geopolitical upheaval and social unrest. The Company's ability to carry on its business in the normal course may be adversely affected by political and economic considerations such as civil unrest, war (including in neighbouring states), terrorist actions, labour disputes, corruption, sovereign risk (including coup d'état), political instability, the failure of foreign parties or governments to honour contractual relations, consents, rejections or waivers granted, changing government regulations with respect to cryptocurrency mining including environmental requirements, taxation, foreign investments, income repatriation and capital recovery (which changes may be arbitrary and with little or no notice), severe fluctuations in currency exchange and inflation rates, import and export restrictions, problems renewing licenses and permits, opposition to cryptocurrency mining from non-governmental organizations, increased financing costs, instability due to economic under-development, inadequate infrastructure, and the expropriation of property interests. Any of these events could result in conditions that have a material adverse impact on the Company and its operations.

Third-party Supplier Risks

The Company enters into contracts with a limited number of third-party suppliers to procure Mining hardware. If any of those suppliers is unable to or otherwise does not fulfill, or does not fulfill in a timely manner, its obligations to the Company for any reason (including, but not limited to, bankruptcy, computer or other technological interruptions or failures, personnel loss, negative regulatory actions, or acts of God) or engages in fraud or other misconduct during the course of such relationship, the Company may need to seek alternative third-party suppliers, or discontinue certain products or programs in their entirety. In addition, the Company may in the future be held directly or indirectly responsible, or be otherwise subject to liability, for actions or omissions of third parties undertaken in connection with the Company's arrangement with such third parties. Any such responsibility or liability in the future may have a material adverse effect on the Company's business and financial results.

Potential of Bitfarms Being Classified as a Passive Foreign Investment Company

Generally, if for any taxable year 75% or more of the Company's gross income is passive income, or at least 50% of the average quarterly value of the Company's assets are held for the production of, or produce, passive income, the Company would be characterized as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. The Company does not believe it was a PFIC for 2022 and does not expect to be a PFIC for 2023. However, PFIC status is determined annually, and whether the Company will be a PFIC for any future taxable year is uncertain. Moreover, the Company is not committing to determine whether it is or is not a PFIC on an annual basis. If the Company is characterized as a PFIC, United States holders of Bitfarms Shares may suffer adverse tax consequences, including the treatment of gains realized on the sale of Bitfarms Shares as ordinary income, rather than as capital gain, the loss of the preferential income tax rate applicable to dividends received on Bitfarms Shares by individuals who are United States holders, and the addition of interest charges to the tax on such gains and certain distributions. A United States shareholder of a PFIC generally may mitigate these adverse U.S. federal income tax consequences by making a Qualified Electing Fund ("QEF") election, or, to a lesser extent, a mark-to-market election. The Company does not intend to provide the information necessary for United States shareholders to make a QEF election if the Company is classified as a PFIC for any year.

Pandemic and Infectious Disease Risk (including COVID-19)

Pandemic risk is the risk of large-scale outbreaks of infectious diseases that can greatly increase morbidity and mortality over a wide geographic area and cause significant social and economic disruption. Pandemics, epidemics or outbreaks of an infectious disease in Canada or worldwide could have an adverse impact on the Company's business, including changes to the way the Company and its counterparties operate, and on the Company's financial results and condition. In March 2020, the World Health Organization declared COVID-19 a pandemic. The global response to the pandemic is constantly evolving, including various measures implemented at the global, national, provincial and local levels.

Although many health and safety restrictions have been lifted, certain adverse consequences of the pandemic continue to impact the macroeconomic environment and may continue to persist. The growth in economic activity and demand for goods and services, alongside labor shortages and supply chain complications and/or disruptions, has also contributed to rising inflationary pressures. Further, COVID-19 has contributed to cryptocurrency price volatility and delays in the Company's receipt of Mining hardware and electrical components. The final outcome and/or potential duration of the economic disruption that resulted from the onset and subsequent recovery from COVID-19 remains uncertain at this time, and the financial markets continue to be impacted. Despite the decreased severity of the pandemic in recent months and the decreased global travel restrictions, the Company cannot accurately predict the impact that COVID-19 will have on its future revenue and business undertakings, due to uncertainties relating to future outbreaks and potential new variants of COVID-19, and their duration. The Company has been operating, and is expected to continue to operate, throughout the pandemic.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government interventions. At the onset of the COVID-19 pandemic in March 2020, governments and regulatory bodies in affected areas imposed a number of measures designed to contain the COVID-19 pandemic, including widespread business closures, social distancing protocols, travel restrictions, quarantines, curfews and restrictions on gatherings and events. While substantially all containment measures in Canada have been lifted, additional safety precautions and operating protocols aimed at containing the spread of COVID-19 may be instituted in line with guidance of public health authorities. Additional waves of the COVID-19 pandemic, together with the emergence of new COVID-19 variant strains, may lead to the imposition of containment measures to varying degrees in many regions within Canada and globally. Although the impact of COVID-19 appears to be less severe and government interventions appears to be minimal compared to the beginning of the pandemic, it is not possible to reliably estimate the length and severity of these developments as well as the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The extent to which the Company's business and financial condition will continue to be affected by the COVID-19 pandemic will depend on future developments including the spread of variants, efficacy of vaccines against new variants, the vaccination progress and the impact of related controls and restrictions imposed by government authorities.

PRIOR SALES

On March 11, 2022, in connection with the acquisition of Garlock and a building in Sherbrooke, Québec, the Company issued 25,000 warrants to purchase Common Shares at an exercise price of $3.47 with a term of two years from the date of the issuance.

On March 31, 2022, the Board approved a stock option grant to an officer of 120,000 options to purchase 120,000 Common Shares at an exercise price of CAD$4.71 with a term of five years from the date of the grant.

On May 19, 2022, the Board approved a stock option grant of 5,382,500 options to officers, directors, employees and consultants of the Company to purchase 5,382,500 Common Shares at an exercise price of CAD$2.45 with a term of five years from the date of the grant.

On May 19, 2022, the Board approved a grant of 200,000 restricted share units to officers and directors of the Company to receive 200,000 Common Shares vesting equally over three years on the anniversary of the grant date.

On June 30, 2022, the Board approved a stock option grant to an officer of 20,000 options to purchase 20,000 Common Shares at an exercise price of CAD$1.50 with a term of five years from the date of the grant.

On November 16, 2022, the Board approved a stock option grant to a newly elected director of 200,000 options to purchase 200,000 Common Shares at an exercise price of CAD$1.00 with a term of five years from the date of the grant.

On December 27, 2022, the Board approved a stock option grant of 3,870,000 options to officers, directors, employees and consultants of the Company to purchase 3,870,000 Common Shares at an exercise price of CAD$0.55 with a term of five years from the date of the grant.

DIVIDENDS

Bitfarms Canada has neither declared nor paid any dividends on its common shares since incorporation. When permitted to do so, the Board may declare dividends at its discretion but does not anticipate paying dividends in the near future. The Board will determine if, and when, to declare and pay dividends in the future from funds properly applicable to the payment of dividends based on Bitfarms Canada' financial position at the relevant time. The Board expects to retain earnings to finance future growth of Bitfarms Canada and its subsidiaries. All of the Bitfarms Shares are entitled to an equal share in any dividends declared and paid on a per share basis.

DESCRIPTION OF CAPITAL STRUCTURE

Bitfarms Canada's authorized share capital consists of an unlimited number of Bitfarms Shares. As of March 20, 2023, of this AIF there are 238,385,000 issued and outstanding Bitfarms Shares. Each Bitfarms Share entitles the holder to one vote per Bitfarms Share and to receive equally any dividends declared by Bitfarms Canada and the remaining property and assets of Bitfarms Canada in the event Bitfarms Canada undergoes a liquidation, dissolution, or winding up.

On February 4, 2020, shareholders approved an amendment to the articles of incorporation of the Company to authorize the issuance of class A preferred shares. As of March 20, 2023, there were nil preferred shares outstanding.

MARKET FOR SECURITIES

Trading Price and Volume

The Bitfarms Shares were listed and posted for trading on the TSXV under the symbol "BITF" until April 7, 2022.

The following table sets out the price range and aggregate volumes traded or quoted monthly on the TSXV from January 1, 2022, to April 7, 2022:

Month	High (CAD)	Low (CAD)	Volume
April 2022	$ 4.92	$ 3.98	4,005,800
March 2022	$ 5.49	$ 3.96	25,762,400
February 2022	$ 5.85	$ 3.53	29,568,400
January 2022	$ 6.83	$ 3.72	27,579,700

The Bitfarms Shares were up listed and posted for trading on the TSX under the symbol "BITF" starting on April 8, 2022. The following table sets out the price range and aggregate volumes traded or quoted monthly on the TSX from April 8, 2022 to December 31, 2022:

Month	High (CAD)	Low (CAD)	Volume
December 2022	$ 0.83	$ 0.52	8,273,700
November 2022	$ 1.35	$ 0.74	16,854,900
October 2022	$ 1.64	$ 1.24	13,080,000
September 2022	$ 1.92	$ 1.40	13,815,600
August 2022	$ 3.00	$ 1.63	20,531,900
July 2022	$ 2.00	$ 1.37	15,273,700
June 2022	$ 2.60	$ 1.40	16,428,800
May 2022	$ 4.10	$ 2.06	22,313,600
April 2022	$ 4.29	$ 3.50	11,707,600

The Bitfarms Shares were also listed and posted for trading on the Nasdaq Exchange under the symbol "BITF" on June 21st, 2021. The following table sets out the price range and aggregate volumes traded or quoted monthly on the Nasdaq from January 1st, 2022 to December 31, 2022.

Month	High (US$)	Low (US$)	Volume
December 2022	$ 0.63	$ 0.38	45,840,800
November 2022	$ 1.01	$ 0,55	65,544,000
October 2022	$ 1.19	$ 0.89	58,217,600
September 2022	$ 1.49	$ 1.01	74,758,300
August 2022	$ 2.33	$ 1.24	122,360,200
July 2022	$ 1.57	$ 1.04	77,118,100
June 2022	$ 2.05	$ 1.07	83,848,100
May 2022	$ 3.21	$ 1.61	116,049,600
April 2022	$ 3.94	$ 2.72	83,463,000
March 2022	$ 4.38	$ 3.09	126,128,200
February 2022	$ 4.62	$ 2.75	143,938,700
January 2022	$ 5.39	$ 2.94	141,063,700

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of March 20, 2023, there are no securities of the Company which are currently held in escrow or subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

The following table sets out the name of each director and officer, province or state of residence, position held with each corporation, current principal occupation, and the number and percentage of securities beneficially owned, directly or indirectly as at March 20, 2023.

Name, and Province and Country of Residence	**Principal Occupation During the Last Five Years[(1)]**	**Director or Officer Since**	**Common Shares Owned or Controlled[(1)]**
Emiliano Joel Grodzki *Buenos Aires, Argentina*	Founder and Director of the Company (2017 – present); CEO of the Company (2020 - 2022), Consultant in the cryptocurrency sector; Founder and Director of cripto247 (2018 – present); Founder and Commercial Director of My Urban Foods (2012 –2015).	October 11, 2018	6,698,443
Nicolas Bonta *Buenos Aires, Argentina*	Non-Executive Chairman of the Board and Founder of the Company (2022 – present); Executive Chairman of the Company (2018 – 2022), Founder and CEO of Own Hotels (2006 – present).	October 11, 2018	8,542,118
Brian Howlett[(2)] *Ontario, Canada*	Lead Director of the Company (2020 – present); President and CEO of Hemlo Explorers Inc. (2020 – present); President and CEO of Voyageur Mineral Explorers Corp. (2020 – 2021); Director of Nighthawk Gold Corp. (2016 – present); President and CEO of Dundee Sustainable Technologies Inc. (2015 – 2020); President and CEO of Stone Gold Inc. (2014 – 2020).	April 17, 2020	2,000
Pierre Seccareccia[(2)(3)] *Québec, Canada*	Independent Director of the Company (2019 – present); Full-time independent director for several public companies (2003 – present); Director of Groupe Ivanhoé Cambridge Inc., a real estate subsidiary of la Caisse de dépôt et placement du Québec (2010 – present).	June 12, 2019	nil
Andres Finkielsztain[(2)] *Buenos Aires, Argentina*	Independent Director of the Company (2020 – present); Founding managing partner of FinkWald LLC (2011 – present); Director of Goldmoney Inc. (TSX: XAU) (2018 – present).	August 31, 2020	80,000
Edith M. Hofmeister, California, USA	Independent Director of the Company (2022 – present); Director of Osisko Gold Royalties (2022 – present); Director of Nighthawk Gold Corp (2022 – present); Director of Minto Metals Corp (2021 – 2022); Director of Prime Mining Corp (2021 – present); Executive Vice-President & General Counsel of Tahoe Resources (2010 – 2019)	November 16, 2022	nil

Name, and Province and Country of Residence	Principal Occupation During the Last Five Years[(1)]	Director or Officer Since	Common Shares Owned or Controlled[(1)]
L. Geoffrey Morphy[(1)] *Ontario, Canada*	CEO of the Company (2022 – Present), President of the Company (2020 – present); Chief Operation Officer of the Company (2022),Director of the Company (2020); Trustee of R&R Real Estate Investment Trust (2021 – present); Co-CEO of Dundee Sarea Fund (2017 – 2019); director of Android Industries, LLC (2016 – present); Vice-President Corporate Development of Dundee Corporation (2016 –2019); Managing Director, Corporate Financing, Transactions & Valuations and Vice-President of Farber Financial Group (2008 – 2016).	May 19, 2020	186,800
Jeffrey Lucas, *Massachusetts, USA*	Chief Financial Officer of the Company (2021 – present) Managing Director, Mackinac Partners (2020 - 2021) Principle, CFI Associates (2020 – 2020) President (2018 – 2020), Chief Financial Officer (2015 – 2020), eMagin Corporation (NYSE) Board Member, Chief Financial Officer, Transfreight Companies (2013 – 2015)	June 3, 2021	nil
Benjamin Gagnon	Chief Mining Officer of the Company (2021 – present); Consulting Director (Dec 2019 – Jun 2021); Chief Technology Officer of LuTech Ltd. (2018 – Dec 2019); Chief Mining Officer of Island Computer Ltd. (2016 – Dec. 2019).	June 3, 2021	nil
Benoit Gobeil *Québec, Canada*	Senior Vice President, Operations & Infrastructure of the Company (2021 – present), Director of Operations of the Company (2019 – 2021), General Manager, Volta électrique (2018 – 2019); Owner, Volta électrique (2010 – 2017).	July 14, 2021	2,386
Damian Polla *Buenos Aires, Argentina*	General Manager LATAM, Bitfarms Ltd. (2021 – present); Director, Corporate Finance, Molino Cañuelas SACIFIA (2018 – 2021); Head of Structured Finance – Latin America, Haitong Bank NY Branch (2015 – 2018).	April 14, 2021	49,668
Patricia Osorio *Québec, Canada*	Vice President and Corporate Secretary of the Company (2022 – present), Vice President of Corporate Affairs of the Company (2021 – 2022); Corporate Secretary of Dundee Sustainable Technologies Inc. (2020 – 2021); Assistant Secretary-Treasurer of Dundee Sustainable Technologies Inc. (2015 – 2020).	November 19, 2021	nil

Name, and Province and Country of Residence	Principal Occupation During the Last Five Years[(1)]	Director or Officer Since	Common Shares Owned or Controlled[(1)]
Andrea Keen Souza *Québec, Canada*	Vice-President, Human Resources of the Company (2022 – present); Head of Talent & Culture, EQ Care / Telus Health (2020 – 2021); Global HR Director, Straumann Group (2019 – 2020); Head of Human Resources, Sterlite Power Brazil (2017 – 2019); Region Human Resources Leader, LATAM, Fieldcore/GE (2007-2017).	January 10, 2022	nil
Philippe Fortier *Québec, Canada*	Vice President, Corporate Development of the Company (2022 – Present) Vice President, Special Projects of the Company (2022); President & Leader Advisor, PFOCap Corporate Finance & Investment Advice (2019 - 2022); Financial Analyst, National Bank Financial (2017 - 2019).	January 24, 2022	10,000
Stephanie Wargo *Georgia, USA*	Vice President, Marketing & Communication of the Company (2022 – present); Global VP Marketing, PrimeRevenue (2015 – 2022); Global VP Marketing, BitPay (2013 – 2015). VP Client Relations & Marketing, FirstView Financial (2010 – 2013).	February 14, 2022	nil
Marc-André Ammann *Québec, Canada*	Vice President, Finance & Accounting of the Company (2022 – present); Vice President, Finance & Corporate Controller, Sharethrough (2022); Director of Financial Reporting, Minerai de Fer Québec (2019 -2021); Senior Manager, Corporate Accounting & Regulatory Reporting, CN (2017 – 2019).	May 16, 2022	nil
Paul Magrath *Ontario, Canada*	Vice President, Taxation of the Company (2022 – present); Senior Finance Director, Huawei Technologies (2017-2022); Director, Taxation, AstraZeneca R&D (2009 – 2017).	May 24, 2022	5,000
Jeffrey (Jung Feng) Gao *Victoria, Australia*	Vice President, Risk Management of the Company (2023 – present), Chief Executive Officer, Cypherpunk Holdings Inc. (2021-2022)	January 1, 2023	nil

Notes:

(1) Information about principal occupation, business or employment, not being within the knowledge of the Company, has been furnished by respective persons set forth above. The information with respect to the Common Shares beneficially owned, controlled or directed is not within the direct knowledge of the Company and has been obtained from SEDI or furnished by the respective individuals. This table does not include Common Shares underlying unexercised stock options and warrants.
(2) Member of the Audit Committee.
(3) Chair of the Audit Committee.

As at March 20, 2023 the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 15,526,415 common shares, representing 7.71% of the total issued and outstanding common shares before giving effect to the exercise of rights, options, or warrants to purchase or otherwise receive Common Shares held by such directors and executive officers. The statement as to the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Company as a group is based upon information furnished by the directors and executive officers themselves.

Nicolas Bonta

Nicolas Bonta serves as the Chairman of the Board. Mr. Bonta is an Argentinian hotelier, real estate investor and a founder of the Company. In 1998, he founded one of the first boutique hotel companies in Argentina named “Own Hotels” which has grown to six locations in the cities of Buenos Aires and Montevideo, Uruguay. Mr. Bonta has a bachelor’s degree in hospitality from Glion Institute of Higher Education in Switzerland.

Emiliano Joel Grodzki

Emiliano Joel Grodzki serves as Director of the Company and member of the Governance and Nominating Committee, the Environmental and Social Responsibility Committee and the Strategic Advisory Committee. Mr. Grodzki is an Argentinian entrepreneur, businessman and a founder of the Company. He has been a business builder and innovator since his early teens, founding, incubating, and exiting interdisciplinary ventures in the design, food, and construction industries. In 2016, he entered the space of cryptocurrencies and began to invest in and mine cryptocurrencies from Argentina. Mr. Grodzki has a construction degree from ORT in Buenos Aires.

Brian Howlett

Brian Howlett serves as the Lead Director of the Company, and member of the Audit Committee, the Governance and Nominating Committee, the Compensation Committee, the Environmental and Social Responsibility Committee and is the Chair of the Strategic Advisory Committee. Mr. Howlett is a seasoned professional with over thirty years of senior management experience. Mr. Howlett is currently the President, Chief Executive Officer and Director of Hemlo Explorers Inc. Mr. Howlett also serves on the Board for several junior mining companies. Mr. Howlett recently served as the President, Chief Executive Officer and a Director of Dundee Sustainable Technologies Inc. He also formerly served as the President and Chief Financial Officer of Superior Copper Corporation. Prior to that, Mr. Howlett spent twelve years with ELI Eco Logic Inc., including six years as Chief Financial Officer. Mr. Howlett graduated in 1982 with a B. Comm. In finance from Concordia University and received his CMA designation in 1989.

Pierre Seccareccia

Pierre Seccareccia serves as an Independent Director of the Company and Chair of the Audit Committee. He is also member of the Compensation Committee. He has extensive experience in financial consulting and management. A Partner of the Coopers & Lybrand accounting firm from 1976 to 1998, he acted as Managing Partner for its Montreal south shore office from 1987 to 1989, for its Montreal central office from 1992 to 1996, and for its offices in the Province of Quebec from 1996 to 1998. Following the merger in 1998 of Coopers & Lybrand with Price Waterhouse, he acted as the Managing Partner for the Montreal office of PricewaterhouseCoopers LLP from 1998 to 2001. Since 2003, Mr. Seccareccia has acted as a full-time independent corporate director for various public and private entities. He is a Fellow CPA, CPA, and a lifetime member of the Ordre des comptables professionnels agréés du Québec. He is also a member of the Institute of Corporate Directors (Canada). He graduated from the École des hautes études commerciales de Montréal with a degree in Accounting.

Andres Finkielsztain

Andres Finkielsztain serves as an Independent Director of the Company and a member of the Audit Committee, the Environmental and Social Responsibility Committee and the Strategic Advisory Committee. He is the Chair of the Compensation Committee. Mr. Finkielsztain is the Founding Managing Partner of FinkWald LLC, a private investment office specializing in private equity, real estate, media, and technology. He is also the co-head of the Special Situations division at Banco Industrial in Argentina, where he analyzes and provides financing solutions to Argentinean-based companies and institutions. Mr. Finkielsztain previously served as a financial advisor for Soros Brothers Investments (“**SBI**”), a private investment office founded in 2011 by Alexander and Gregory Soros, and as an analyst for Emerging Markets at Soros Fund Management LLC. Mr. Finkielsztain also worked at J.P. Morgan for over 10 years in various capacities within their Asset Management group, including the role of Global Investment Opportunity and Emerging Markets Specialist. Mr. Finkielsztain graduated with a BA in Economics from Bard College where he served as the President of a Latin American organization.

Edith M. Hofmeister

Edie Hofmeister serves as Independent Director of the Company and Chair of the Governance and Nominating Committee and the Environmental and Social Responsibility Committee and is member of the Strategic Advisory Committee. Ms. Hofmeister has advised large and small multi-national extractive companies on legal and ESG matters for over twenty years. Most recently she served as Executive Vice President Corporate Affairs and General Counsel for Tahoe Resources where she led the Legal, Sustainability and Government Affairs departments and helped grow Tahoe from a junior exploration company to a mid-cap precious metals producer. Since 2006, Ms. Hofmeister has worked alongside rural and indigenous communities in India, Peru, Guatemala, Mexico and Canada to enhance food, work and water security. Ms. Hofmeister serves as the Chair of the International Bar Association's Business and Human Rights Committee, a group dedicated to promoting high ESG standards in multi-national corporations. Ms. Hofmeister received a Bachelor of Arts degree in international relations from UCLA, a Master of Arts degree in international peace studies from the University of Notre Dame and a Juris Doctor degree from the University of San Francisco.

L. Geoffrey Morphy

L. Geoffrey Morphy serves as the President and Chief Executive Officer of the Company. Previously he served as Executive Vice President, President and Chief Operating Officer and Director of the Company. He was Co-CEO of Dundee Sarea Fund, a Canadian-based turnaround fund from December 2017 to November 2019. He was Vice-President, Corporate Development of Dundee Corporation (TSE: DC.A) from April 2016 to October 2019. In that capacity, he was part of the senior management team responsible for strategy, new investments and portfolio management. Since August 2016, Mr. Morphy is a director of Android Industries, L.L.C, a Michigan-based Tier One auto parts manufacturing company with global operations. In February 2021, he became a Trustee of R&R Real Estate Investment Trust (TSXV: RRR.UN). Mr. Morphy is a past director of Parq-Vancouver, Blue Goose Capital Corporation, and was previously Chairman of Montreal based Dundee Sustainable Technologies Inc. (CSE: DST) and Co-CEO of Dundee Sarea Fund. Mr. Morphy has decades of cross-border and international commercial and corporate strategy, structuring, operational and finance experience. He has occupied executive positions at financial advisory firms and banks, such as the Farber Financial Group between 2008 and 2016, ABN Amro Bank N.V. and LaSalle Bank between 2005 and 2008, as well as Comerica Bank, between 2000 and 2005. Mr. Morphy holds a Bachelor of Commerce from Dalhousie University and in 2012 earned the designation of Certified Exit Planning Adviser from Chicago-based Exit Planning Institute, in 2015 became an exempt market dealer representative, and in 2019 was granted the designation of ICD.D from the Institute of Corporate Directors

Jeffrey Lucas

Jeffrey Lucas serves as the Chief Financial Officer of the Company. Prior to joining Bitfarms Canada, Mr. Lucas was Managing Director of Mackinac Partners, a financial restructuring and turnaround advisory firm. Previously, he was President and CFO of eMagin Corporation (NYSE), a publicly traded developer and manufacturer of microdisplays used in military and commercial applications. Prior to eMagin, Jeff was a Board Member and the CFO of Transfreight Companies, a logistics and transportation enterprise that managed the inbound supply chain for the major auto manufacturers. Jeff has also served as CFO for several other public and private companies in a variety of industries. Prior to his corporate roles, Mr. Lucas worked in high yield investment banking with L. F. Rothschild and in institutional money management as a securities analyst with Wells Capital Management. He is a Chartered Financial Analyst and eanred the Certified Public Accountant certification while a member of PricewaterhouseCoopers' technology and industrials practices. Mr. Lucas earned an MBA with emphasis on finance from Harvard Business School and a BA in Economics from Tufts University and studied at the London School of Economics.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company, is or was within 10 years before March 20, 2023, a director, chief executive officer or chief financial officer of any company that:

(a) while that person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or

(b) while that person was acting in that capacity, was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days.

No director or executive officer of the Company and no shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at March 20, 2023, or has been within the 10 years before March 20, 2023:

(a) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or

(c) 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 since December 31, 2000 or before December 31, 2000 the disclosure of which would likely be important to a reasonable security holder in making an investment decision; or

   (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in making an investment decision

Committees of the Board of Directors

The Bitfarms Canada Board currently has five committees:

- Audit Committee
- Governance and Nominating Committee
- Compensation Committee
- Environmental and Social Responsibility Committee, and
- Strategic Advisory Committee.

Audit Committee

The current members of the Audit Committee are Pierre Seccareccia as Committee chair, Brian Howlett, and Andres Finkielsztain. All of the members are considered "independent" directors as defined in National Instrument 52-110 – *Audit Committee* ("**NI 52-110**"). Each member of the Audit Committee is considered to be "financially literate" within the meaning of NI 52-110, which includes 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 Company's financial statements. The full text of the charter of the Audit Committee (the "**Audit Committee Charter**") is attached as Appendix "A".

Relevant Education and Experience

The relevant education and experience of each of the members of the Audit Committee is as follows:

Name of Member	Education	Experience
Pierre Seccareccia, FCPA, FCA[(1)]	Accounting degree from École des hautes études commerciales de Montréal (1969). Member of the Ordre des comptables agrées du Quebec (1970) Fellow of the Order of Certified Public Accounting (1996).	Mr. Seccareccia has extensive experience in financial consulting and management. A Partner of the Coopers & Lybrand accounting firm from 1976 to 1998, he acted as Managing Partner for its Montreal south shore office from 1987 to 1989, for its Montreal central office from 1992 to 1996, and for its offices in the Province of Quebec from 1996 to 1998. Following the merger in 1998 of Coopers & Lybrand with Price Waterhouse, he acted as Managing Partner for the Montreal office of PricewaterhouseCoopers LLP from 1998 to 2001. Since 2003, Mr. Seccareccia has acted as a full-time independent corporate director for various public and private entities.
Brian Howlett	Bachelor of Commerce from Concordia University (1982). CMA designation (1989).	Mr. Howlett is currently the President, Chief Executive Officer and Director of Hemlo Explorers Inc. Mr. Howlett also serves on the Board for several junior mining companies. Mr. Howlett recently served as the President, Chief Executive Officer and a Director of Dundee Sustainable Technologies Inc. He also formerly served as the President and Chief Financial Officer of Superior Copper Corporation. Prior to that, Mr. Howlett spent twelve years with ELI Eco Logic Inc., including six years as Chief Financial Officer.
Andres Finkielsztain	Bachelor of Economics from Bard College, New York (1999)	Mr. Finkielsztain is the Founding Managing Partner of FinkWald LLC, a private investment office specializing in private equity, real estate, media, and technology. He is also the co-head of the Special Situations division at Banco Industrial in Argentina, where he analyzes and provides financing solutions to Argentinean-based companies and institutions. Mr. Finkielsztain previously served as a financial advisor for SBI, a private investment office founded in 2011 by Alexander and Gregory Soros, and as an analyst for Emerging Markets at Soros Fund Management LLC. Mr. Finkielsztain also worked at J.P. Morgan for over 10 years in various capacities within Asset Management, including the role of Global Investment Opportunity and Emerging Markets Specialist. Mr. Finkielsztain graduated with a BA in Economics from Bard College where he served as the President of a Latin American organization.

Notes:

(1) Chair of the Audit Committee.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is required to pre-approve all audit and non-audit services not prohibited by law to be provided by the independent auditors of the Company.

External Auditor Service Fees

The following table provides details in respect of audit, audit related, tax and other fees billed by the Company's external auditor, in US$, during the fiscal years ended December 31, 2022 and December 31, 2021.

	Year Ended December 31, 2022	Year Ended December 31, 2021
Audit Fees[1]	$ 651,000	$ 510,000
Audit Related Fees[2]	$ 310,000	$ 189,000
Tax Fees[3]	$ 23,000	$ 46,000
All Other Fees	nil	nil
Total	**$ 984,000**	**$ 745,000**

Notes:

(1) Aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual financial statements.

(2) Aggregate fees billed for professional services rendered by the auditor and consisted primarily of file quality review fees and fees for the review of quarterly financial statements, related documents and consent letters.

(3) Aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

Exemption

The Company is not relying on any exemptions of NI 52-110.

Governance and Nominating Committee

The Board maintains a governance and nominating committee (the "**Governance and Nominating Committee**").

The Governance and Nominating Committee is responsible for: (i) assisting management in developing responsible corporate governance policies and practices for the Company; (ii) overseeing adherence to corporate governance rules, policies and principles; (iii) identifying individuals qualified to be nominated as directors; (iv) evaluating the performance and effectiveness of the Board and its committees; and (v) overseeing compliance with the Company's Code of Business Conduct and Ethics.

Compensation Committee

The Company's Compensation Committee is responsible for ensuring that Bitfarms Canada has in place an appropriate plan for executive compensation and for making recommendations with respect to the compensation of the Company's executive officers. The Board ensures that compensation paid to NEOs and executives is fair, reasonable, and consistent with Bitfarms Canada's compensation policies and best practices.

From time to time the Board reviews, and may approve, recommendations regarding compensation for senior management and directors. A combination of fixed and variable compensation is used to motivate executive officers and to achieve overall corporate goals. The three basic components of Bitfarms Canada's executive compensation program are:

- base salary;
- annual incentive (bonus) payments; and
- option and restricted share unit-based compensation.

Environmental and Social Responsibility Committee

The Company has recently created an Environmental and Social Responsibility Committee, responsible for assisting the Board in overseeing the Company's programs, policies and practices relating to health and safety, environmental sustainability and corporate social responsibility.

Strategic Advisory Committee

The Company has recently appointed a Strategic Advisory Committee for the purposes of assisting the Board of Directors in discharging its duties with respect to the development and implementation of the Company's strategic plans and the risks associated with such plans. While it is Management's responsibility to develop the Company's strategic plans, the Strategic Advisory Committee fosters a cooperative, interactive and strategic planning process between the Board and management.

Code of Conduct and Conflicts of Interest

The directors of Bitfarms Canada are required by law to act honestly and in good faith with a view to the best interests of Bitfarms Canada and to disclose any interests which they may have in any project or opportunity outside of Bitfarms Canada. If a conflict of interest arises, any director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board. To the best of Bitfarms Canada's knowledge, and other than as disclosed in this AIF, there are no known existing or potential conflicts of interest among Bitfarms Canada, its directors and officers or other members of management of the Company or any proposed director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Bitfarms Canada and their duties as a director or officer of such other companies.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed herein and elsewhere in this AIF, no directors, officers, principal shareholders of the Company, nor any Associate or Affiliate of the foregoing, have had any material interest, direct or indirect, in any transactions in which the Company has participated prior to March 20, 2023 that have materially affected or are reasonably expected to materially affect the Company or any subsidiary.

Transactions with Related Parties

There have been no transactions with related parties other than as disclosed below.

1. The Company entered into consulting agreements with two of the directors, Emiliano Joel Grodzki and Nicolas Bonta. The consulting fees charged by these directors totaled approximately $1,267,000 for the year ended December 31, 2022 ((year ended December 31, 2021 - $625,000; year ended December 31, 2020 - $379,000). As of December 31, 2022, Messrs. Grodzki and Bonta have resigned to their executive positions in the Company, the consulting agreements were terminated, and they only retain their positions of non-executive Directors, resulting in a total termination package $1,466,000.

2. The Company was charged rent expense of approximately $273,000 for the year ended December 31, 2022 (year ended December 31, 2021 - $475,000; the year ended December 31, 2020: $440,000) to companies controlled by certain directors. The above transactions were incurred in the normal course of operations.

Other than as set forth in this AIF, the management of Bitfarms Canada is not aware of any material interest, direct or indirect, of any director, executive officer, any Person or Company beneficially owning, controlling or directing, directly or indirectly, more than ten (10%) percent of Bitfarms Canada's outstanding voting securities, or any Associate or Affiliate of the foregoing Persons, in any transaction in which Bitfarms Canada has participated within the three years before March 20, 2023, that has materially affected or is reasonably expected to materially affect Bitfarms Canada or any of its subsidiaries.

LEGAL PROCEEDINGS

Legal Proceedings

There are no pending legal material proceedings to which the Company is or was party to, or that any of its property is or was the subject of, and Bitfarms Canada is not aware of any such proceedings known to be contemplated.

Regulatory Actions

No penalties or sanctions were imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since incorporation. No other penalties or sanctions have been imposed by a court or regulatory body against the Company necessary for this AIF to contain full, true and plain disclosure of all material facts. The Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority since incorporation.

TRANSFER AGENT AND REGISTRAR

Bitfarms Canada's registrar and transfer agent is TSX Trust Company, located at 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by Bitfarms Canada which are currently in effect and considered to be material.

1. A custodial services agreement between the Company and Coinbase Custody Trust Company, LLC ("**Coinbase**") pursuant to which the Company appointed Coinbase to act as its provider of custodial services for the purpose of storing digital assets.

2. A sales contract entered on July 3, 2021 between the Company and Inchigle Technology Hong Kong Limited, an affiliate of MicroBT, pursuant to which the Company purchased 12,000 Miners for total consideration of US$51,072,000, and its amendments signed on August 13, 2022 and December 28, 2022

3. A sales contract entered on July 3, 2021 between the Company and SuperAcme Technology (Hong Kong) Limited, an affiliate of MicroBT, pursuant to which the Company purchased 24,000 Miners for total consideration of US$89,808,000, and its amendments signed on August 13, 2022 and December 28, 2022

4. A sales contract entered on July between the Company and Shenzhen DJ Technology Co., Ltd, an affiliate of MicroBT. Pursuant to which the Company purchased 12,000 Miners for total consideration of US$48,571,200, and its amendments signed on August 13, 2022 and December 28, 2022.

5. An eight-year power purchase agreement between the Company and Generacion Mediterranea S.A. (GMSA) pursuant to which the Company secured up to 210 MW of natural gas-powered energy. The agreement establishes that GMSA will supply the Company with power at a rate of $0.02 per kilowatt hour for the first four years, up to a maximum amount of 1,103,760 megawatt hours, subject to certain pro-rata adjustments and requiring the Company and GMSA to negotiate in good faith the price of any energy that is excluded from the 1,103,760 megawatt hours, or the amount of megawatt hours determined after the pro-rata adjustments. The pricing on the remaining four years of the eight-year energy contract will be determined by a formula that is largely dependent on natural gas prices.

6. In June 2022, a master equipment finance agreement between the Company and NYDIG to which NYDIG agreed to loan for gross proceeds of $36.9 million collateralized by 10,395 MicroBT WhatsMiner M30S Miners. As part of the agreement, the Company must maintain in an identified wallet an approximate quantity of BTC whose value equates to one month of interest and principal payments on the outstanding loan.

INTERESTS OF EXPERTS

The consolidated financial statements of the Company for the years ended December 31, 2022 and 2021 have been audited by PricewaterhouseCoopers LLP. As at December 31, 2022 and 2021, PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct and the rules of the US Securities and Exchange Commission and the requirements of the Public Company Accounting Oversight Board Rule 3520, Auditor Independence.

No person or company whose profession or business gives authority to a report, valuation, statement or opinion and who is named as having prepared or certified a part of this AIF or as having prepared or certified a report or valuation described or included in this AIF holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of Bitfarms Canada or any associate or affiliate of Bitfarms Canada or any subsidiaries thereof.

ADDITIONAL INFORMATION

Additional information relating to the Company, including financial information in the Company's Financial Statements and MD&A for Fiscal 2022, is available on SEDAR at www.sedar.com. Moreover, additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its most recent annual meeting of securityholders.

SCHEDULE A

BITFARMS LTD.
AUDIT COMMITTEE CHARTER

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Bitfarms Ltd. ("**Bitfarms Canada**" or the "**Corporation**").

1.0 Mandate

The Committee shall:

(a) assist the Board in its oversight role with respect to the quality and integrity of the financial information;

(b) assess the effectiveness of the Corporation's risk management and compliance practices;

(c) assess the independent auditor's performance, qualifications and independence;

(d) assess the performance of the Corporation's internal audit function;

(e) ensure the Corporation's compliance with legal and regulatory requirements; and

(f) prepare such reports of the Committee required to be included in any Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

2.0 Composition and Membership

The committee shall be composed of not less than three members, each of whom shall be a director of the Corporation. A majority of the members of the Committee shall not be an officer or employee of the Corporation. All members shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities.

Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.

Members of the Committee shall be appointed or reappointed at the annual meeting of the Corporation and in the normal course of business will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Corporation a Chair among their number. The Chair shall not be a former Officer of the Corporation. Such Chair shall serve as a liaison between members and senior management.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:

(a) a quorum for meetings shall be at least three members;

(b) the Committee shall meet at least quarterly;

(c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least 24 hours in advance of such meeting;

(d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

4.0 Duties and Responsibilities

4.1 Oversight of the Independent Auditor

(a) Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

(b) Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.

(c) Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.

(d) Obtain and review a report from the independent auditor at least annually regarding: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Corporation.

(e) Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.

(f) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

(g) Review as necessary policies for the Corporation's hiring of partners, employees or former partners and employees of the independent auditor.

4.2 Financial Reporting

(a) Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.

(b) Review and discuss with Management the Corporation's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation.

(c) Review and discuss with Management and the independent auditor management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on management's assessment.

(d) Review and discuss with Management the Corporation's quarterly financial statements prior to the publication of earnings.

(e) Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.

(f) Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.

(g) Discuss with the independent auditor at least annually any “Management” or “internal control” letters issued or proposed to be issued by the independent auditor to the Corporation.

(h) Review and discuss with Management and the independent auditor at least annually any significant changes to the Corporation’s accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.

(i) Discuss with Management the Corporation’s earnings press releases, including the use of “*pro forma*” or “adjusted” non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.

(j) Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation’s financial statements.

(k) Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.

(l) Review disclosures made by the Corporation’s Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation’s ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Corporation’s internal controls.

(m) Discuss with the Corporation’s General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies.

4.3 Oversight of Risk Management

(a) Review and approve periodically Management’s risk philosophy and risk management policies.

(b) Review with Management at least annually reports demonstrating compliance with risk management policies.

(c) Review with Management the quality and competence of Management appointed to administer risk management policies.

(d) Review reports from the independent auditor at least annually relating to the adequacy of the Corporation’s risk management practices together with Management’s responses.

(e) Discuss with Management at least annually the Corporation’s major financial risk exposures and steps Management has taken to monitor and control exposures including the Corporation’s risk assessment and risk management policies.

4.4 Oversight of Regulatory Compliance

(a) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(b) Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting.

(c) Meet with the Corporation's regulators, according to applicable law.

(d) Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

5.0 Funding for the Independent Auditor and Retention of Other Independent Advisors

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain and, at Bitfarms Canada's expense, to set and pay the compensation for such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes. The Committee also has the authority to communicate directly with internal and external auditors.

6.0 Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

(a) The Corporation shall establish a Whistleblower Policy to allow for the submission anonymously and otherwise, accounting related complaints which shall be reviewed annually by the Audit Committee.

(b) The Committee will ensure the Whistleblower Policy provides review procedures for: (a) the receipt, retention and treatment of complaints received by the listed issuer regarding accounting, internal accounting controls, or auditing matters; and (b) The confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(c) Upon receipt of a report from through the Whistleblower reporting mechanism, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.

(d) The Committee will inform the Board of Directors of the filed complaints or concerns at regularly scheduled meetings (unless they are unfounded or unless the materiality of the complaint requires earlier action).

7.0 Procedures for Approval of Non-Audit Services

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:

    (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;

    (b) financial information systems design and implementation;

    (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;

    (d) actuarial services;

    (e) internal audit outsourcing services;

    (f) management functions;

    (g) human resources;

    (h) broker or dealer, investment adviser or investment banking services;

    (i) legal services;

    (j) expert services unrelated to the audit; and

    (k) any other service that the Canadian Public Accountability Board determines is impermissible.

2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

8.0 Reporting

The Chair will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

9.0 Access to Information and Authority

The Committee will be granted unrestricted access to all information regarding Bitfarms Canada that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members**.**

10.0 Review of Charter

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated: March 24, 2022
Approved by: Board of Directors

Exhibit 99.2

Bitfarms™

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of U.S. dollars - audited)

BITFARMS LTD.

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Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, which includes making significant accounting judgments and estimates in accordance with International Financial Reporting Standards, selecting appropriate accounting principles and methods, and making decisions that affect the measurement of transactions.

Management, under the supervision of the Company’s Chief Executive Officer (the “CEO”) and Chief Financial Officer (the “CFO”), is responsible for establishing and maintaining adequate internal controls over financial reporting (“ICFR”). Management, under the supervision of the CEO and CFO, has evaluated the effectiveness of the Company’s ICFR, as at December 31, 2022, in accordance with the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management, under the supervision of the CEO and CFO, has concluded that the Company’s ICFR, as at December 31, 2022, were effective to provide reasonable assurance regarding the reliability of the Company’s financial reporting and the preparation of its financial statements for external purposes in accordance with International Financial Reporting Standards.

The Board of Directors (the “Board”) and the Audit Committee of the Board are composed of a majority of independent directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the consolidated financial statements.

The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and independent auditors. The Audit Committee has the responsibility of meeting with management and independent auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company’s independent auditors.

PricewaterhouseCoopers LLP, the Independent Registered Public Accounting Firm of the Company, has been appointed by the shareholders to audit the consolidated financial statements as of December 31, 2022 and 2021 and for the years then ended and report directly to them. Their report follows. The independent auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

/s/ Geoffrey Morphy
President & Chief Executive Officer

/s/ Jeffrey Lucas
Chief Financial Officer

pwc

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Bitfarms Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Bitfarms Ltd. and its subsidiaries (together, the Company) as of December 31, 2022 and 2021, and the related consolidated statements of profit or loss and comprehensive profit or loss, changes in equity and cash flows for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Canada
March 20, 2023

We have served as the Company's auditor since 2020

PricewaterhouseCoopers LLP
PwC Centre, 354 Davis Road, Suite 600, Oakville, Ontario, Canada L6J 0C5
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BITFARMS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in thousands of U.S. dollars - audited)

	Notes	As of December 31, 2022	As of December 31, 2021
Assets			
Current			
Cash	6	30,887	125,595
Trade receivables	7	701	1,038
Other assets	8	4,512	3,225
Short-term prepaid expenses		12,921	3,202
Taxes receivable		12,142	—
Digital assets	9	4,635	66,031
Digital assets - pledged as collateral	9, 16, 17	2,070	86,825
Assets held for sale	10	1,220	1,211
		69,088	287,127
Non-current			
Property, plant and equipment	12, 29	219,428	136,850
Right-of-use assets	18	16,364	9,397
Long-term deposits, equipment prepayments and other	14	38,185	86,681
Intangible assets	13	33	1,681
Goodwill	5, 11	—	16,955
Deferred tax asset	19	—	3,896
Total assets		343,098	542,587
Liabilities			
Current			
Trade payables and accrued liabilities	15	20,541	14,480
Current portion of long-term debt	17	43,054	10,257
Current portion of lease liabilities	18	3,649	4,346
Credit facility	16	—	60,002
Taxes payable		—	12,093
		67,244	101,178
Non-current			
Long-term debt	17	4,093	910
Lease liabilities	18	14,215	9,227
Asset retirement provision	20	1,979	239
Deferred tax liability	19	—	8,451
Total liabilities		87,531	120,005
Shareholders' equity			
Share capital		429,120	378,893
Contributed surplus		65,512	43,704
Accumulated deficit		(239,065)	(15)
Total equity		255,567	422,582
Total liabilities and equity		343,098	542,587

Should be read in conjunction with the notes to the consolidated financial statements

March 20, 2023	*/s/ Nicolas Bonta*	*/s/ Geoffrey Morphy*	*/s/ Jeffrey Lucas*
Date of approval of the financial statements	**Chairman of the Board of Directors**	**President & Chief Executive Officer**	**Chief Financial Officer**

BITFARMS LTD.
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE PROFIT OR LOSS
(Expressed in thousands of U.S. dollars, except per share amounts - audited)

		Year ended December 31,	
	Notes	**2022**	2021
Revenues	**9, 29**	**142,428**	169,491
Cost of revenues	**28**	**131,910**	58,371
Gross profit		**10,518**	111,120
Operating expenses			
General and administrative expenses	**28**	**51,506**	43,238
Realized loss on disposition of digital assets	**9**	**150,810**	289
Change in unrealized (gain) loss on revaluation of digital assets	**9**	**(2,166)**	4,861
Loss (gain) on disposition of property, plant and equipment		**1,277**	(848)
Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets	**11**	**75,213**	1,800
Impairment on goodwill	**11**	**17,900**	—
Impairment reversal on property, plant and equipment	**11**	**—**	(1,860)
Operating (loss) income		**(284,022)**	63,640
Net financial (income) expenses	**28**	**(27,560)**	21,003
Net (loss) income before income taxes		**(256,462)**	42,637
Income tax (recovery) expense	**19**	**(17,412)**	20,507
Net (loss) income and total comprehensive (loss) income		**(239,050)**	22,130
Earnings (loss) per share	**26**		
Basic		**(1.15)**	0.14
Diluted		**(1.15)**	0.13
Weighted average number of common shares outstanding	**26**		
Basic		**207,776,000**	157,652,000
Diluted		**207,776,000**	169,392,000

Should be read in conjunction with the notes to the consolidated financial statements

BITFARMS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of U.S. dollars, except number of shares - audited)

	Notes	Number of shares	Share capital	Contributed surplus	Accumulated deficit	Total equity
Balance as of January 1, 2022		**194,806,000**	**378,893**	**43,704**	**(15)**	**422,582**
Net loss		**—**	**—**	**—**	**(239,050)**	**(239,050)**
Share-based payment	**27**	**—**	**—**	**21,788**	**—**	**21,788**
Issuance of common shares and warrants	**21**	**29,324,000**	**54,086**	**35**	**—**	**54,121**
Deferred tax expense related to equity issuance costs	**19**	**—**	**(3,895)**	**—**	**—**	**(3,895)**
Exercise of stock options	**27**	**70,000**	**36**	**(15)**	**—**	**21**
Balance as of December 31, 2022		**224,200,000**	**429,120**	**65,512**	**(239,065)**	**255,567**
Balance as of January 1, 2021		88,939,000	32,004	5,588	(22,145)	15,447
Net income		—	—	—	22,130	22,130
Share-based payment	27	—	—	22,585	—	22,585
Issuance of common shares and warrants	21	64,526,000	229,712	30,228	—	259,940
Conversion of long-term debt	17	8,475,000	5,110	(110)	—	5,000
Deferred tax recovery related to equity issuance costs	19	—	4,287	—	—	4,287
Exercise of warrants and stock options	27	32,866,000	107,780	(14,587)	—	93,193
Balance as of December 31, 2021		194,806,000	378,893	43,704	(15)	422,582

Should be read in conjunction with the notes to the consolidated financial statements

BITFARMS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. dollars - audited)

	Notes	Year ended December 31, 2022	2021 (Revised - Note 3e)
Cash flows from (used in) operating activities			
Net income (loss)		**(239,050)**	22,130
Adjustments for:			
Depreciation and amortization	**28**	**72,420**	24,476
Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets	**11**	**75,213**	1,800
Impairment reversal on property, plant and equipment	**11**	**—**	(1,860)
Impairment on goodwill	**11**	**17,900**	—
Net financial (income) expenses	**28**	**(27,560)**	21,003
Digital assets mined	**9**	**(138,985)**	(164,393)
Proceeds from sale of digital assets mined	**9**	**158,674**	6,387
Realized loss on disposition of digital assets	**9**	**150,810**	289
Change in unrealized (gain) loss on revaluation of digital assets	**9**	**(2,166)**	4,861
Share-based payment	**27**	**21,788**	22,585
Income tax expense (recovery)	**19**	**(17,412)**	8,842
Loss (gain) on disposition of property, plant and equipment		**1,277**	(848)
Interest and financial expenses paid		**(17,724)**	(3,981)
Income taxes paid		**(14,957)**	—
Changes in non-cash working capital components	**30**	**(3,978)**	15,390
Net change in cash related to operating activities		**36,250**	(43,319)
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(153,138)**	(108,161)
Proceeds from sale of property, plant and equipment		**10,500**	1,109
Purchase of marketable securities	**28**	**(150,730)**	(6,692)
Proceeds from disposition of marketable securities	**28**	**202,379**	12,841
Purchase of digital assets	**9**	**(43,237)**	—
Proceeds from sale of digital assets purchased	**9**	**21,055**	—
Acquisition through business combination	**5**	**—**	(23,000)
Equipment and construction prepayments and other		**(41,840)**	(85,095)
Net change in cash related to investing activities		**(155,011)**	(208,998)
Cash flows from financing activities			
Issuance of common shares and warrants	**21**	**54,086**	259,174
Exercise of warrants and stock options	**21, 27**	**21**	63,317
Repayment of credit facility	**16**	**(100,000)**	—
Repayment of lease liabilities	**18**	**(6,077)**	(4,233)
Repayment of long-term debt	**17**	**(31,221)**	(20,499)
Proceeds from long-term debt	**17**	**67,201**	14,227
Proceeds from credit facility	**16**	**40,000**	60,000
Net change in cash related to financing activities		**24,010**	371,986
Net increase (decrease) in cash		**(94,751)**	119,669
Cash, beginning of the year		**125,595**	5,947
Exchange rate differences on currency translation		**43**	(21)
Cash, end of the year		**30,887**	125,595

Should be read in conjunction with the notes to the consolidated financial statements

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 1: NATURE OF OPERATIONS

Bitfarms Ltd. was incorporated under the Canada Business Corporations Act on October 11, 2018 and continued under the Business Corporations Act (Ontario) on August 27, 2021. The consolidated financial statements of the corporation comprise the accounts of Bitfarms Ltd. and its wholly owned subsidiaries (together referred to as the "Company" or "Bitfarms"). The activities of the Company mainly consist of cryptocurrency mining and are divided into multiple jurisdictions described in Note 29 "Geographical Information". The Company's operations are currently predominantly in Canada and the United States, with new operations having commenced in Paraguay and Argentina in 2022. 9159-9290 Quebec Inc. ("Volta"), a wholly owned subsidiary, assists the Company in building and maintaining its server farms and provides electrician services to both commercial and residential customers in Quebec. Bitfarms owns and operates server farms comprised of computers (referred to as "Miners") designed for the purpose of validating transactions on the BTC Blockchain (referred to as "Mining"). Bitfarms generally operates Miners 24 hours a day producing Computational power (measured by hashrate) which it sells to Mining Pools, for a formula driven rate commonly known in the industry as Full Pay Per Share ("FPPS"). Under FPPS, pools compensate Mining Companies for their hashrate based on what the pool would be expected to generate in revenue for a given time period if there was no randomness involved. The fee paid by a Mining Pool to Bitfarms for its hashrate may be in cryptocurrency, U.S. dollars, or other currency. Bitfarms accumulates the cryptocurrency fees it receives or exchanges them for U.S. dollars, as determined to be needed, through reputable and established cryptocurrency trading platforms. Mining Pools generate revenue by Mining with purchased hashrate through the accumulation of Block Rewards and transaction fees issued by the BTC network. Mining pools are purchasing hashrate and take on risk with the aim to mine more blocks than they should in a given time period in seek of profit. The common shares of the Company are listed under the trading symbol BITF on the Nasdaq and Toronto Stock Exchange exchanges.

Terms and definitions

In these financial statements, the following terms shall have the following definitions:

	Term	Definition
1	Backbone	Backbone Hosting Solutions Inc.
2	Volta	9159-9290 Quebec Inc.
3	Backbone Argentina	Backbone Hosting Solutions SAU
4	Backbone Paraguay	Backbone Hosting Solutions Paraguay SA
5	Backbone Mining	Backbone Mining Solutions LLC
6	BTC	Bitcoin
7	BVVE	Blockchain Verification and Validation Equipment
8	CAD	Canadian Dollars
9	USD	U.S. Dollars
10	ARS	Argentine Pesos

NOTE 2: LIQUIDITY

Bitfarms is primarily engaged in the cryptocurrency mining industry, a highly volatile market with significant inherent risk. Declines in the market prices of cryptocurrencies, an increase in the difficulty of cryptocurrency mining, delays in the delivery of mining equipment, changes in the regulatory environment and adverse changes in other inherent risks can significantly and negatively impact the Company's operations and cash flows and its ability to maintain sufficient liquidity to meet its financial obligations. Adverse changes to the factors mentioned above have impacted the recoverability of the Company's digital assets and property, plant and equipment, resulting in impairment losses being recorded.

The Company's current operating budget and future estimated cash flows for the twelve-month period, based on BTC market factors, including price, difficulty and network hashrate, as of the date these consolidated financial statements were authorized for issuance, indicate that it will generate positive cash flow in excess of required interest and principal payments due within the twelve-month period on its long-term debt. In December 2022, the Company renegotiated its 48,000 unit purchase agreements, extinguishing any future commitment related to the delivery and payment of BVVE, without penalty. Any prepaid deposits will be carryforward until the end of 2023 and be applied against future purchase agreements.

On February 18, 2022, Backbone Mining entered into a $32,000 equipment financing facility with BlockFi Lending LLC ("BlockFi"). Backbone Mining owns or leases the assets of Bitfarms' 20-megawatt active crypto mining facilities in the State of Washington. The loan is secured by certain assets of Backbone Mining, including its Miners and certain BTC produced by those Miners and is recourse only against Backbone Mining.

As of December 31, 2022, the fair value of the assets collateralizing the loan is estimated by Backbone Mining to be approximately $5,000, while the outstanding principal and interest is approximately $20,000.

During December 2022, the Company ceased making installment payments, which constituted a default under the loan agreement and entitled BlockFi to exercise various rights and remedies against Backbone Mining and in respect of the collateral. As of December 31, 2022, BlockFi did not exercise rights or remedies against the Company as a result of the default and the loan was classified as current.

On February 8, 2023, BlockFi and the Company negotiated a settlement of the loan in its entirety for cash consideration of $7,750, discharging Backbone Mining of all further obligations and resulting in a gain on extinguishment of long-term debt of $12,578. Upon settlement, all of Backbone Mining's assets, including 6,100 Miners, were unencumbered.

At current BTC prices, the Company's existing cash resources and the proceeds from any sale of its treasury and mined BTC will not be sufficient to fund its capital investments to support its growth objectives. If the BTC price does not increase, the Company would be required to raise additional funds from external sources to meet these requirements. There is no assurance that the Company will be able to raise such additional funds on acceptable terms, if at all.

If the Company raises additional funds by issuing securities, existing shareholders may be diluted. If the Company was unable to obtain such financing, or if funds from operations and proceeds from any sale of the Company's BTC holdings continue to be negatively impacted by the BTC price, the Company may have difficulty meeting its payment obligations.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the consolidated financial statements for all periods presented unless otherwise stated.

a. Basis of presentation of the financial statements

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 20, 2023.

The consolidated financial statements have been prepared on a cost basis, except for derivative financial instruments and digital assets that are measured at fair value. The consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest thousand, except where otherwise indicated.

b. Significant accounting policies

Presentation of profit and loss
The Company has elected to present the profit or loss items using the function of expense method.

The operating cycle
The operating cycle of the Company is to mine digital assets and then routinely deposit them into custody, or convert them to fiat currency as needed. The Company's activities have a one year operating cycle. Accordingly, the assets and liabilities are classified in the statement of financial position as current assets and liabilities based on the Company's operating cycle.

Consolidated financial statements
These financial statements consolidate the Company's subsidiaries from the date of acquisition until the date that control is lost. The subsidiaries are controlled by the Company, where control is achieved when the Company is exposed to or has the right to variable returns from its involvement with the investee and has the current ability to direct the activities of the investee that significantly affect the investee's returns.

The financial statements of the Company and its subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all subsidiaries of the Company. Significant intercompany balances and transactions and gains or losses resulting from intercompany transactions are eliminated in full in the consolidated financial statements.

Cash
Cash consists of cash at banks, cash held in trust and short-term deposits with a maturity of less than three months.

Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date at fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in general and administrative expenses. The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Goodwill
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units ("CGUs") or group of CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A CGU or group of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the CGU or group of CGUs may be impaired. If the recoverable amount of the CGU or group of CGUs is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU or group of CGUs and then to the other assets of the CGU or group of CGUs on a pro-rata basis of the carrying amount of each asset in the CGU or group of CGUs. An impairment loss recognized for goodwill is not reversed in a subsequent period. The Company has designated December 31 as the date for its annual impairment test.

Foreign currency translation
i. Functional currency and presentation currency
The financial statements are presented in U.S. Dollars, which is the functional currency of the parent company, as well as the functional currency of Backbone, Backbone Argentina, Backbone Paraguay and Backbone Mining. The functional currency is the currency that best reflects the economic environment in which the Company operates and conducts its transactions. The functional currency of Volta, a Canadian subsidiary, is the Canadian dollar.

The Company determines the functional currency of each subsidiary. Volta has a Canadian functional currency, and, as such, assets and liabilities are translated using the exchange rate in effect at each reporting date. Revenues and expenses are translated using the average exchange rates in effect for all periods presented. The resulting translation differences are included in other comprehensive income. The translation differences on foreign currency translation of Volta were immaterial for the years ended December 31, 2022 and December 31, 2021.

ii. Transactions, assets and liabilities in foreign currency
Transactions in foreign currency are initially recorded at the exchange rate in effect on the transaction date. Monetary assets and liabilities in foreign currency are subsequently translated into the functional currency at the exchange rate in effect at each reporting date. Exchange rate differences, other than those capitalized to qualifying assets or carried to equity in hedging transactions, are included in profit or loss. Non-monetary assets and liabilities in foreign currency stated at cost are translated at the exchange rate in effect at the transaction date. Non-monetary assets and liabilities in foreign currency carried at fair value are translated at the exchange rate at the date on which the fair value was determined.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Revenue recognition
Revenue from contracts with customers is recognized when control over the goods or services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes). The following are the specific revenue recognition criteria which must be met before revenue is recognized:

i. Revenues from cryptocurrency mining
The Company has entered into contracts with mining pools and has undertaken the performance obligation of providing computing power to the mining pool in exchange for non-cash consideration in the form of cryptocurrency. Revenues from cryptocurrency mining are recognized when the computing power is provided to the mining pool. The Company measures the non-cash consideration received at the fair market value of the cryptocurrency received. Management estimates fair value on a daily basis as the quantity of cryptocurrency received multiplied by the price quoted on www.coinmarketcap.com ("Coinmarketcap") on the day it was received. Management considers the prices quoted on Coinmarketcap to be a level 2 input under IFRS 13 Fair Value Measurement. Any difference between the fair value of cryptocurrency recorded upon receipt from mining activities and the actual realized price upon disposal are recorded as a gain or loss on disposition of cryptocurrency.

ii. Revenues from hosting cryptocurrency mining equipment
The Company has entered into hosting contracts where it operates mining equipment on behalf of third parties within its facilities. Revenue from hosting contracts is recognized as the Company meets its obligation of operating the hosted equipment over time. These contracts have been terminated as of December 31, 2021.

iii. Revenue from electrical services
The Company, through Volta, sells electrical components and provides electrician installation for those components as well as repair and maintenance services. Revenues are recognized according to the stage of completion of the transaction as of the balance sheet date. The stage of completion is estimated based on the costs incurred for the transaction compared to the estimated cost of completion for the project. According to this method, revenues are recognized in the reporting period in which the services are provided. In the event that the outcome of the contract cannot be measured reliably, the revenues are recognized to the extent of the recoverable expenses incurred.

Any amounts received in advance for future services to be provided are recorded as deferred revenues (contract liability), grouped with trade payables and accrued liabilities, and recognized as revenue in profit or loss when the services are rendered.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Digital assets
Cryptocurrency on hand at the end of a reporting period, if any, is classified as digital assets, and is accounted for under IAS 38, *Intangible Assets*, as an intangible asset with an indefinite useful life initially measured at cost, deemed to be the fair value upon receipt as described above, and subsequently measured under the revaluation model. Under the revaluation model, increases in the cryptocurrency's carrying amount is recognized in other comprehensive income. Increases are recognized in profit or loss to the extent that they reverse a revaluation decrease of cryptocurrency previously recognized in profit or loss. The fair value of cryptocurrency on hand at the end of the reporting period is calculated as the quantity of cryptocurrency on hand multiplied by the price quoted on Coinmarketcap as of the reporting date.

The Company reports cryptocurrency on hand at the end of the reporting period as digital assets, which are classified as current assets as management has determined that the cryptocurrency on hand at the end of the reporting period has markets with sufficient liquidity to allow conversion within the Company's normal operating cycle. The Company presents cryptocurrency pledged as collateral separate from unencumbered cryptocurrency.

Income tax
The income tax expense for the year comprises current and deferred taxes. These taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or loss or directly in shareholders' equity.

i. Current taxes
The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with tax liabilities in respect of previous years.

ii. Deferred taxes
Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes. Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized, or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Deductible carryforward losses and temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes as long as the disposal of the investments in investees is not probable in the foreseeable future.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. The determination is based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee applies a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets ("ROU assets") representing the right to use the underlying assets.

i. ROU assets
The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Asset Class	**Depreciation Method**	**Depreciation period**
Leased premises	Straight-line	4-10 years
Vehicles and other	Straight-line	3-5 years
BVVE and Electrical components	Sum of years	5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset and is classified with property plant and equipment. Refer to the accounting policies of Property, plant and equipment in this note. The ROU assets are also subject to impairment. Refer to the accounting policies of Impairment of non-financial assets in this note.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Leases (Continued)
ii. Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short-term leases and leases of low value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery, equipment and farming facilities (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Assets held for sale
Non-currents assets or a disposal group are classified as held for sale if their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in their present condition, the Company must be committed to their sale, there must be a program to locate a buyer, and it is highly probable that a sale will be completed within one year from the date of classification. From the date of such initial classification, these assets are no longer depreciated and are presented separately as current assets at the lower of their carrying amount and fair value less costs to sell. The gain or loss on disposition of assets held for sale will only be presented separately in other comprehensive income (loss) when it qualifies as part of discontinued operations.

When an entity no longer plans to sell an asset in a sale transaction, it ceases the classification of the asset as held for sale and measures it at the lower of its carrying amount had it not been classified as held for sale or the recoverable amount of the asset on the date of the decision not to sell the asset.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Property, plant and equipment
Property, plant and equipment are carried at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses and any related investment grants, and excluding day-to-day servicing expenses. Cost includes spare parts and auxiliary equipment that are used in connection with plant and equipment. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which the item is located.

Property, plant and equipment are depreciated as follows:

Asset Class	**Depreciation Method**	**Depreciation period**
BVVE	Sum of years	5 years
Mineral assets *	N/A	N/A
Electrical equipment	Sum of years	5 years
Leasehold improvements	Straight-line	Shorter of the lease term and the expected life of the improvement
Buildings	Declining balance	4%
Vehicles	Declining balance	30%

* Since the acquisition of mineral assets in 2018, there has been no production.

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

The sum of years depreciation method is calculated as follows:

	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Rate	5/15	4/15	3/15	2/15	1/15
Percentage	33.33%	26.67%	20.00%	13.33%	6.67%

Intangible assets
Intangible assets consist of acquired software and a below market lease acquired in a business combination used in the Company's cryptocurrency mining operations. Intangible assets acquired separately are initially measured at cost plus direct acquisition costs. Intangible assets acquired in business combinations are measured at their fair value as of the acquisition date.

Intangible assets with a finite useful life are amortized over their useful lives using the sum of years method and are reviewed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Intangible assets (Continued)

Intangible assets are amortized as follows:

Asset Class	Depreciation Method	Depreciation period
Computer software	Sum of years	5 years
Favorable lease	Straight-line	Lease term

i. Software

The Company's assets include computer systems comprised of hardware and software. Certain hardware comes pre-installed with firmware. Without this firmware, the hardware could not function and therefore both the hardware and firmware are classified within property plant and equipment. In contrast, stand-alone software that adds functionality to the hardware is classified as an intangible asset.

The sum of years depreciation method for computer software is calculated as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Rate	5/15	4/15	3/15	2/15	1/15
Percentage	33.33%	26.67%	20.00%	13.33%	6.67%

ii. Favorable lease

The favorable lease acquired during the business acquisition is described in Note 5.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, and which has been identified as the management team that makes strategic decisions.

Impairment of non-financial assets

The Company evaluates the need to record an impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as noted above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Financial instruments
i. Financial assets
Initial recognition and measurement
Financial assets are initially measured at fair value plus transaction costs that can be directly attributed to the acquisition of the financial asset, except in the case of a financial asset measured at fair value through profit or loss in respect of which transaction costs are charged to profit or loss.

Subsequent measurement
Financial assets presented at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost includes trade receivables and certain items included in other assets. Net changes in financial assets measured at fair value are recognized in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. This category includes the 2021 embedded derivative arising from the repayment terms of the Dominion loan described in Note 17. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through the profit or loss category.

Impairment
The Company recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Financial instruments (Continued)
ii. Financial liabilities
Initial recognition and measurement
Financial liabilities are classified at initial recognition at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables and accrued liabilities, credit facility and long-term debt.

Subsequent measurement
Financial liabilities are either measured at fair value through profit or loss or at amortized cost. Financial liabilities measured at fair value through profit or loss included a warrant liability, subject to the amendment of the warrant terms as described in Note 17 and the warrants issued in the private placements described in Note 21. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as financial expenses in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

iii. Derecognition of financial assets
Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to a third party to receive the cash flows from the financial asset or assumes an obligation to pay the cash flows received in full to a third party without significant delay.

iv. Derecognition of financial liabilities
Financial liabilities are derecognized when they are extinguished, which occurs when the obligation defined in the contract is fulfilled, cancelled or expires. A financial liability is fulfilled when the debtor repays the liability by paying cash; providing other financial assets, goods or services, or is otherwise legally released from the liability.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Fair value measurement (Continued)
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value measurement of non-financial assets takes into account the ability of a market participant to derive economic benefits from the asset through its best use, or by selling it to another market participant capable of using the asset to its best use.

Assets and liabilities measured at fair value, or whose fair value is disclosed are classified into categories within the fair value hierarchy, based on the lowest level input that is significant to the overall fair value measurement:

Level	Definition
Level 1	Unadjusted quoted prices in an active market of identical assets and liabilities
Level 2	Non-quoted prices included in Level 1 that are either directly or indirectly observable
Level 3	Data that is not based on observable market information, such as valuation techniques without the use of observable market data

Provisions
Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligations and the amounts can be reliably estimated. When the Company expects that part or all of the expense will be refunded, such as an insurance claim, the refund will be recognized as a separate asset only on the date when there is certainty of receiving the asset. The expense will be recognized in the statement of profit or loss net of the expected refund.

Asset retirement provisions
These provisions relate to Backbone and Backbone Argentina’s legal obligation, in relation to its leased properties, to restore the properties to their original condition at the end of the lease period. The provisions are calculated at the present value of the expected costs to settle the obligations using estimated future cash flows discounted at a rate that reflects the risks specific to the obligations. Changes in the estimated future costs, or in the discount rate applied, are recorded as an adjustment of the cost of the related asset.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Significant accounting policies (Continued)

Shared-based transactions
Transactions settled with equity instruments
The cost of employee services paid in equity instruments is measured at the fair value of the equity instruments as of the grant date. The fair value is determined using a generally accepted option pricing model. Equity settled transactions with other services providers are measured at the fair value of the goods or services received in return for the equity instruments. The cost of equity-settled transactions is recognized in profit or loss together with a corresponding increase in contributed surplus during the period in which the performance and/or service conditions are to be satisfied and ending on the date on which the relevant employees become entitled to the award (“the vesting period”). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and management’s best estimate of the number of equity instruments that will ultimately vest.

Expenses related to grants that do not vest are not recognized. Grants where the fair value is determined at the date of the grant based on non-vesting market conditions are treated as vested, assuming all other vesting conditions (service and/or performance) were met.

When the Company modifies the terms of equity-settled transactions, an additional expense is recognized on the date of the modification and is calculated as the increase in the fair value of the compensation granted in excess of the original expense. Cancellation of equity settlement that has not vested is treated as if it had vested on the date of cancellation, with the unrecognized expense recognized immediately. However, if the cancellation is subsequently replaced by a new agreement and is designated as an alternative settlement, then it is treated as a modification of the original agreement as described above.

Earnings per share
Earnings per share is calculated by dividing the net income attributable to the Company’s shareholders by the weighted average number of common shares outstanding during the period. Potential common shares are included in the calculation of diluted earnings per share if their effect dilutes earnings per share from continuing operations. Potential common shares that were converted during the period are included in diluted earnings per share only up to the conversion date, and from that date are included in basic earnings per share.

Share capital and issue of a unit of securities
Share capital represents the amount received on the issuance of shares, less issuance costs (net of tax).

The issue of a unit of securities involves the allocation of the proceeds received before issue expenses to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Fair value is then determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. New accounting amendments issued and adopted by the Company

The following amendments to existing standards were adopted by the Company as of January 1, 2022:

Amendments IFRS 3, *Business Combinations* (''IFRS 3")
Amendments to IFRS 3 are designed to: i) update its reference to the 2018 Conceptual Framework instead of the 1989 Framework; ii) add a requirement that, for obligations within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC Interpretation 21, *Levies* ("IFRIC 21"), the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date; and iii) add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Amendments to IAS 16, *Property, Plant and Equipment* (''IAS 16")
Amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use (i.e., proceeds received while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management). Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to IFRS 9, *Financial Instruments* (''IFRS 9")
Amendments to IFRS 9 clarify which fees an entity includes when it applies the "10 per cent" test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to IFRS 16, *Leases* (''IFRS 16")
Amendments to IFRS 16 remove the illustration of the reimbursement of leasehold improvements included in the Illustrative Example 13 of IFRS 16 since it does not explain clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16.

The adoption of the amendments listed above did not have a significant impact on the Company's consolidated financial statements.

NOTE 3: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. New accounting amendments issued to be adopted at a later date

The following amendments to existing standards have been issued and are applicable to the Company for its annual period beginning on January 1, 2023 and thereafter, with an earlier application permitted:

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1")
Amendments to IAS 1 change the requirements in IAS 1 with regard to disclosure of accounting policies. Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy.

Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8")
Amendments to IAS 8 replace the definition of a change in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The following amendments to existing standards have been issued and are applicable to the Company for its annual period beginning on January 1, 2024 and thereafter, with an earlier application permitted:

Amendments to IAS 1
Amendments to IAS 1 clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the consolidated financial statements, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

Amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require to disclose information about these covenants in the notes to the financial statements.

The Company is currently evaluating the impact of adopting the amendments on the Company's financial statements.

e. Comparative figures revised

Certain figures in the comparative period of the consolidated financial statements have been revised to conform to the current presentation. Specifically, within the consolidated statements of cash flows, cash flows related to the purchase and disposal of marketable securities were amended to be presented on a gross basis within investing activities, and as such, the financial statement line items "Purchase of marketable securities" and "Proceeds from disposition of marketable securities" were added in the current and comparative year, all within investing activities. Previously, such amounts were classified as a net cash flow within "Net financial (income) expenses" under operating activities. The revision between operating and investing activities was $6,149.

NOTE 4: SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to undertake several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The actual results may differ from these assumptions and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to assumptions and estimates are recognized in the period in which the assumption or estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

a. Judgements

Going concern

The Company has exercised judgment and used assumptions to determine that it will continue to operate as a going concern. Judgments and estimates were used in determining the Company's future estimated cash flows for the twelve-month period following December 31, 2022, based on BTC market factors, including price, difficulty and network hashrate. Due to the sensitivity of cash flows to market conditions, small changes in these assumptions may give rise to the determination that there are material uncertainties.

Revenue recognition

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for accounting for the revenue recognition from cryptocurrency mining as well as subsequent measurement of cryptocurrency held. Management has determined that revenues should be recognized as the fair value of cryptocurrencies received in exchange for mining services on the date that cryptocurrencies are received and subsequently measured as an intangible asset. Management has exercised significant judgement in determining the appropriate accounting treatment. In the event authoritative guidance is issued by the International Accounting Standards Board, the Company may be required to change its accounting policies, which could have a material effect on the Company's financial statements.

b. Estimates and assumptions

Leases

The application of IFRS 16 requires the Company to make judgments and estimates that affect the valuation of the lease liabilities and the valuation of ROU assets. These include the determination of contracts in scope of IFRS 16, the lease term and the interest rate used for discounting future cash flows.

The Company measures the lease liability at the present value of the lease payments using the implicit interest rate in the lease at the commencement of a new lease or when a lease is modified. If the rate cannot be readily determined, the Company evaluates its incremental borrowing cost using assumptions and estimates.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. The Company has the option under some of its leases to lease the assets for additional terms of three to ten years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew and it considers all relevant factors that create an economic incentive for it to exercise the renewal.

NOTE 4: SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

b. Estimates and assumptions (Continued)
Leases (Continued)
After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Company included the renewal period as part of the lease term for leases of most farming facilities due to the significance of these assets to its operations. The Company has not included renewal periods for farming facilities beginning 10 years from the commencement of the lease.

Property, plant and equipment and intangible assets
Estimates of useful lives, residual values and methods of depreciation are reviewed annually. Any changes based on additional available information are accounted for prospectively as a change in accounting estimate.

Goodwill
Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU or group of CGUs. Such recoverable amount corresponds, for the purpose of impairment assessment, to the higher of the value in use or the fair value less costs of disposal of the CGU or group of CGUs to which goodwill has been allocated.

The value in use calculation requires management to estimate future cash flows expected to arise from the CGU or group of CGUs and a suitable discount rate in order to calculate present value. The key assumptions required for the value in use estimation are the revenue per terahash, energy prices, discount rate and the terminal value.

For the value in use approach, the values assigned to key assumptions reflect past experience and external sources of information that are deemed accurate and reliable. The value in use is categorized as Level 3 in the fair value hierarchy described under IFRS 13, *Fair Value Measurement*, as one or more key assumption used is based on unobservable data requiring the use of judgement.

When using the value in use approach, cash flows for each CGU or group of CGUs are derived from the budget for the upcoming year, which is approved on an annual basis by members of the Company's Board of Directors, and a long-term forecast prepared by management, which covers an additional period from 4 to 5 years. The discount rate is derived from the Company's pre-tax weighted average cost of capital and is adjusted, where applicable, to take into account any specific risks. When applicable, management estimated the terminal value of the Miners included in the CGU for the purposes of the impairment testing to be the daily revenue per Terahash in effect at the end of the value in use calculation multiplied by the ending hashrate for a period of time. The main assumptions used for the goodwill impairment testing are disclosed in Note 11.

NOTE 4: SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

b. Estimates and assumptions (Continued)

Impairment and reversal of impairment of non-financial assets

The Company reviews the need for recording impairment of mineral assets, as detailed in Note 11, for which purpose it engaged an independent external appraiser to assist in determining the value of the assets. The fair value was determined through use of the market approach, which includes analyzing similar and comparable mineral properties and making adjustments for differences between those properties and the subject among certain identifiable parameters.

Management exercised significant judgement in estimating the inputs used to determine the value in use of its equipment and construction prepayments, property, plant and equipment, right-of-use assets and intangible assets. When there is any indication that any tangible and intangible assets other than goodwill have incurred an impairment loss, the determination of the recoverable amount of such tangible and intangible assets other than goodwill requires management to estimate cash flows expected to arise from these assets and a suitable discount rate in order to calculate the present value in a manner described above for goodwill.

Long-term debt

The Company entered into a secured debt financing facility with Dominion Capital LLC consisting of four equal loan tranches in 2020. Upon the drawdown of each loan tranche, management exercised significant judgement in determining the effective interest rates and the fair market value of the warrants issued in connection with each tranche. Management also exercised significant judgement in determining the fair market value of the embedded derivative, which was derecognized in 2021.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 5: BUSINESS COMBINATION

On November 9, 2021, the Company acquired a cryptocurrency mining facility in Washington State through its wholly-owned subsidiary, Backbone Mining, comprising land, buildings, 17 megawatts of electrical infrastructure, power purchase agreements totaling 12 megawatts and in-process power purchase agreement applications totaling 12 megawatts with a local hydro-electric utility producer. The consideration transferred was $26,676, including $23,000 of cash consideration and 415,000 common shares with a value of $3,676 on the closing date. The seller entered into a two-year consulting agreement with the Company in the amount of $2,000 for services relating to the operation of the facility. The Company also entered into a one-year lease agreement with the seller for a 5 megawatt cryptocurrency mining facility with monthly payments of $110.

The primary reason for the acquisition was to expand the Company's energy portfolio with existing infrastructure and to accommodate the Company's expected delivery schedule of mining equipment.

The following are the fair values of the identifiable assets as of the date of the acquisition:

	November 9, 2021
Consideration transferred	
Cash paid at closing	23,000
Value of 415,000 common shares transferred at closing	3,676
Fair value of total consideration transferred	26,676
Recognized amounts of identifiable assets acquired	
Electrical components	5,954
Buildings	748
Land	74
Intangible assets - favorable lease	2,000
Total identifiable assets acquired	8,776
Goodwill	17,900

Goodwill consists mainly of the benefit the Company expects to receive from acquiring a turnkey facility with active power purchase agreements compared to the timeline and process the Company would undertake to procure new power purchase agreements, the materials and equipment required to build a facility and complete the construction process in order to increase the Company's share of the BTC network hashrate. The entire amount of goodwill is deductible for tax purposes.

In May 2022, the valuation was finalized, resulting in measurement period adjustments. The acquisition date fair value of the electrical components was $5,954, a decrease of $1,127 compared to the provisional value. In addition, the fair value at the acquisition date of buildings decreased by $7, land decreased by $11 and intangible assets (favorable lease) increased by $200. The cumulative impact of these measurement period adjustments was recognized in the consolidated financial statements during the first quarter of 2022. The impact on the prior period was considered insignificant. As a result, there was a corresponding increase in goodwill of $945, resulting in $17,900 of total goodwill arising from the acquisition which is reflected in the table above.

The Company generated $7,690 of revenues mainly from using the S19j pros installed at the Washington State facility, from November 9, 2021 to December 31, 2021. Prior to the acquisition, the Company incurred hosting fees of $3,907 during the year ended December 31, 2021.

During the second quarter of 2022, the goodwill was subject to an impairment. Refer to Note 11a.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 6: CASH

	As of December 31, 2022	**As of December 31, 2021**
Cash in USD	**24,596**	120,846
Cash in USD held in trust	**—**	322
Cash in CAD	**4,916**	3,475
Cash in CAD held in trust	**78**	—
Cash in ARS	**1,297**	952
	30,887	125,595

NOTE 7: TRADE RECEIVABLES

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Most trade receivables are derived from the sale of electrical components and services to external customers by the Company's wholly owned subsidiary, Volta. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Information about the credit risk exposure of the Company's trade receivables as of December 31, 2022 and December 31, 2021 is detailed in the trade receivables aging as follows:

	As of December 31, 2022	As of December 31, 2021
1 - 30 days	**501**	441
31 - 60 days	**99**	382
61 - 90 days	**53**	73
> 91 days	**85**	260
Allowance for ECL	**(37)**	(118)
	701	1,038

NOTE 8: OTHER ASSETS

	As of December 31, 2022	As of December 31, 2021
Electrical component inventory	**588**	548
Sales taxes receivable*	**3,816**	1,980
Insurance refund and other receivables	**108**	697
	4,512	3,225

* Refer to Note 28b for more details about the provision applied to the Argentine value-added tax (VAT) receivable included in sales taxes receivable.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 9: DIGITAL ASSETS

BTC transactions and the corresponding values for the years ended December 31, 2022 and December 31, 2021 were as follows:

	Year ended December 31,			
		2022		2021
	Quantity	**Value**	Quantity	Value
Balance of digital assets including digital assets pledged as collateral as of January 1,	**3,301**	**152,856**	—	—
BTC mined*	**5,167**	**138,985**	3,453	164,393
BTC purchased	**1,000**	**43,237**	—	—
BTC exchanged for cash and services	**(9,063)**	**(179,729)**	(105)	(4,841)
BTC exchanged for long-term debt repayment	—	—	(47)	(1,546)
Realized loss on disposition of digital assets	—	**(150,810)**	—	(289)
Change in unrealized gain (loss) on revaluation of digital assets	—	**2,166**	—	(4,861)
Balance of digital assets as of December 31,	**405**	**6,705**	3,301	152,856
Less digital assets pledged as collateral as of December 31,**	**(125)**	**(2,070)**	(1,875)	(86,825)
Balance of digital assets excluding digital assets pledged as collateral as of December 31,	**280**	**4,635**	1,426	66,031

* Management estimates the fair value of BTC mined on a daily basis as the quantity of cryptocurrency received multiplied by the price quoted on Coinmarketcap on the day it was received. Management considers the prices quoted on Coinmarketcap to be a level 2 input under IFRS 13, *Fair Value Measurement*.

** Refer to Note 16 and 17 for details of the Company's credit facility and long-term debt, respectively, and BTC pledged as collateral.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 10: ASSETS HELD FOR SALE

The following table summarizes the movement of assets held for sale:

	Antminer S9 Miners (a)		Innosilicon T2T, Canaan Avalon A10, Antminer T15 & Antminer S15 Miners (b)		MicroBT Whatsminer M20S Miners (c)		TOTAL	
	Quantity	**Value**	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Balance as of January 1, 2021	—	—	—	—	—	—	—	—
Additions	6,318	371	—	—	—	—	6,318	371
Dispositions	(258)	(50)	—	—	—	—	(258)	(50)
Impairment reversal	—	890	—	—	—	—	—	890
Balance as of December 31, 2021	**6,060**	**1,211**	—	—	—	—	**6,060**	**1,211**
Additions	—	—	**2,051**	**325**	**4,071**	**1,778**	**6,122**	**2,103**
Dispositions	**(3,982)**	**(779)**	**(207)**	**(22)**	**(1,559)**	**(748)**	**(5,748)**	**(1,549)**
Impairment	**(2,078)**	**(432)**	**(572)**	**(113)**	—	—	**(2,650)**	**(545)**
Balance as of December 31, 2022	—	—	**1,272**	**190**	**2,512**	**1,030**	**3,784**	**1,220**

a. Antminer S9 Miners
During the year ended December 31, 2021, the Company ceased using its Antminer S9 Miners and planned to dispose of them within the next 12 months. During the year ended December 31, 2021, 258 Antminer S9 Miners with a carrying amount of $50 were disposed for net proceeds of $75 resulting in a gain of $25.

During the year ended December 31, 2022, 3,982 Antminer S9 Miners with a carrying amount of $779 were disposed for net proceeds of $101 resulting in a loss of $678. The remaining Antminer S9 Miners were not sold within 12 months since being classified as held for sale in 2021 due to the decline of the BTC price during the year ended December 31, 2022. As a result, these Miners were written off and an impairment loss of $432 was recognized. Refer to Note 11.

b. Innosilicon T2T, Canaan Avalon A10, Antminer T15 and Antminer S15 Miners
During the year ended December 31, 2022, the Company ceased using Innosilicon T2T Miners, Canaan Avalon A10 Miners, Antminer T15 Miners and Antminer S15 Miners with plans to dispose of them within the next 12 months. During the year ended December 31, 2022, 207 Antminer T15 Miners with a carrying amount of $22 were disposed for net proceeds of $31 resulting in a gain of $9. In addition, due to the decline of the BTC price during the year ended December 31, 2022, the remaining Canaan Avalon A10 Miners, Antminer T15 Miners and Antminer S15 Miners were written off and an impairment loss of $113 was recognized. Refer to Note 11.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 10: ASSETS HELD FOR SALE (Continued)

c. MicroBT Whatsminer M20S Miners

During the year ended December 31, 2022, the Company ceased using its MicroBT Whatsminer M20S Miners and plans to dispose of them within the next 12 months. The Company sold 1,559 MicroBT Whatsminer M20S Miners with a carrying amount of $748 and disposed of them for net proceeds of $896 resulting in a gain of $148. Management determined that the remaining MicroBT Whatsminer M20S Miners continue to meet the criteria to be classified as held for sale as of December 31, 2022.

NOTE 11: IMPAIRMENT

The following tables summarize the impairment loss (reversal) in the consolidated statements of profit or loss and comprehensive profit or loss:

	Year ended December 31,	
	2022	2021
Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets	**75,213**	1,800
Impairment on goodwill	**17,900**	—
Impairment reversal on property, plant and equipment	—	(1,860)
	93,113	(60)

							Year ended December 31, 2022
		Equipment and construction prepayments	**Assets held for sale**	**ROU assets**	**Property, plant and equipment**	**Goodwill**	**Total**
Washington State cryptocurrency mining CGU ("Washington CGU")	a, c	—	—	**306**	**6,208**	**17,900**	**24,414**
Argentina cryptocurrency mining CGU ("Argentina CGU")	b, c	**50,326**	—	**1,728**	**32,027**	—	**84,081**
Quebec cryptocurrency mining CGU ("Quebec CGU")	c	**(11,641)**	—	—	—	—	**(11,641)**
Paraguay cryptocurrency mining CGU ("Paraguay CGU")	c	**(8,486)**	—	—	—	—	**(8,486)**
Miners held for sale	e	—	**545**	—	—	—	**545**
Suni mineral asset	f	—	—	—	**4,200**	—	**4,200**
		30,199	**545**	**2,034**	**42,435**	**17,900**	**93,113**

							Year ended December 31, 2021
Quebec CGU	d	—	—	—	(970)	—	(970)
Miners held for sale	e	—	(890)	—	—	—	(890)
Suni mineral asset	f	—	—	—	1,800	—	1,800
		—	(890)	—	830	—	(60)

NOTE 11: IMPAIRMENT (Continued)

a. Washington CGU's impairment during the second quarter of 2022

i. Background

As a result of the decline in the BTC price during the second quarter of 2022, the Company performed an evaluation of the recoverable amount of the property, plant and equipment and intangible assets for the Washington State cryptocurrency mining facility CGU as of June 30, 2022. As these groups of assets do not generate cash inflows that are independent of each other, the recoverable amount was calculated for the CGU comprised of the assets of BVVE and electrical equipment, long-term electricity deposits, land, building and favorable lease used in the cryptocurrency mining facility in Washington State.

ii. Impairment loss

The recoverable amount was calculated using the value in use model, which calculated the present value of the future cash flows expected to be derived from the Washington CGU, which was determined to be lower than its carrying amount. Based on its calculation, the Company recorded an impairment loss on its Washington CGU resulting in an impairment charge to goodwill of $17,900 during the second quarter.

b. Argentina CGU's impairment during the third quarter of 2022

i. Background

During the third quarter of 2022, as a result of the decline in the BTC price, the Company performed an evaluation of the recoverable amount of the assets for operating the cryptocurrency mining facilities in Quebec, Washington State and Argentina separately. As the group of assets for each CGU do not generate cash inflows that are independent of each other, the recoverable amount was calculated for each CGU comprised of the property, plant and equipment, ROU assets, long-term electricity deposits, long-term construction and equipment prepayments and favorable lease used in the operating cryptocurrency mining facilities in Quebec, Washington State and Argentina.

ii. Impairment loss

The recoverable amount was calculated using the value in use model, which calculated the present value of the future cash flows expected to be derived from the Argentina CGU, which was determined to be lower than its carrying amount. Based on its calculation, the Company determined that an impairment loss should only be recorded on its operating Argentina CGU in the amount of $79,484 during the third quarter of 2022, of which $48,865 was allocated to equipment and construction prepayments, $1,648 to ROU assets and $28,971 to property, plant and equipment. The impairment loss was recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets.

NOTE 11: IMPAIRMENT (Continued)

c. Washington CGU and Argentina CGU's impairment and Quebec CGU and Paraguay CGU's impairment reversal during the fourth quarter of 2022

i. Background

During the fourth quarter of 2022, as a result of the decline in the BTC price, the Company performed an evaluation of the recoverable amount of the assets for operating the cryptocurrency mining facilities in Quebec, Washington State, Argentina and Paraguay separately. As the group of assets for each CGU do not generate cash inflows that are independent of each other, the recoverable amount was calculated for each CGU comprised of the property, plant and equipment, ROU assets, long-term electricity deposits, long-term construction and equipment prepayments and favorable lease used in the operating cryptocurrency mining facilities in Quebec, Washington State, Argentina and Paraguay.

ii. Impairment loss

The recoverable amount was calculated using the value in use model, which calculated the present value of the future cash flows expected to be derived from the Washington CGU and Argentina CGU, which were determined to be lower than their carrying amount. Based on its calculation, the Company determined that an impairment loss should be recorded on its Washington CGU and Argentina CGU in the amount of $6,514 and $4,597, respectively, during the fourth quarter of 2022, of which nil and $1,461, respectively, were allocated to equipment and construction prepayments, $306 and $80, respectively, were allocated to ROU assets and $6,208 and $3,056, respectively, were allocated to property, plant and equipment. The impairment losses were recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets.

iii. Reversal of impairment loss

The renegotiation of the 48,000 unit purchase agreements, as described in Note 14b, allowed the deployment of Miners intended for the Argentina CGU to be reassigned to the Quebec CGU and Paraguay CGU. As a result, a portion of the equipment prepayments in the Argentina CGU that were impaired during the third quarter of 2022 was allocated to the Quebec CGU and Paraguay CGU. The deposits were transferred to the Quebec CGU and Paraguay CGU at the impaired amount. After performing the evaluation of the recoverable amount of the assets for these CGUs, the impairment losses previously recognized on these deposits were reversed into the Quebec CGU and Paraguay CGU by $11,641 and $8,486, respectively. The impairment reversals were recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 11: IMPAIRMENT (Continued)

c. **Washington CGU and Argentina CGU's impairment and Quebec CGU and Paraguay CGU's impairment reversal during the fourth quarter of 2022** (Continued)

iv. Sensitivity analysis

Changes in the following assumptions would result in further impairment on the Washington CGU as follows:

	Increase in impairment loss
A decrease of 1% in revenues	476
An increase of 1% in the discount rate	460
An increase of 1% in energy prices	145

Changes in the following assumptions would result in further impairment on the Argentina CGU as follows:

	Increase in impairment loss
A decrease of 1% in revenues	711
An increase of 1% in the discount rate	630
An increase of 1% in energy prices	211

For the Quebec CGU, a 1% decrease in revenues, a 1% increase in the discount rate or a 2% increase in energy prices would result in the recoverable amount being equal to the carrying amount. Additional changes in the following assumptions would result in impairment on the Quebec CGU as follows:

	Increase in impairment loss
Additional decrease of 1% in revenues	2,861
Additional increase of 1% in the discount rate	2,432
Additional increase of 1% in energy prices	1,184

For the Paraguay CGU, management conducted a sensitivity analysis and determined that a reasonably possible change in any of the key assumptions would not result in an impairment loss.

NOTE 11: IMPAIRMENT (Continued)

d. Quebec CGU's reversal of impairment during the third quarter of 2021

i. Background

In 2018, the Company recorded an impairment loss on its cryptocurrency mining CGU which resulted in $16,454 of impairment being allocated to BVVE and electrical components and leasehold improvements due to a significant decline in the BTC market price. As of September 30, 2021, the Company assessed whether there was an indication that the impairment loss recognized in 2018 may no longer exist or may have decreased, and concluded that there were observable indications that the CGU's value had increased during the period.

ii. Reversal of impairment loss

The Company's management estimated the recoverable amount of the CGU, using a value in use calculation based on the present value of the expected cash flows over the estimated remaining useful life of the previously impaired CGU assets of approximately 1.5 years. Based on management's calculations, an impairment reversal of $970 relating to the CGU was recognized during the period. The increased carrying amount of the CGU assets reflects the carrying amount of the CGU assets that would have been determined, net of depreciation, had no impairment loss been recognized in 2018. Mining assets outside of Quebec and Antminer S9 Miners were not included in the CGU for the purposes of the impairment reversal calculation.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 11: IMPAIRMENT (Continued)

The key assumptions used in the value in use calculation were as follows:

		Reversal of impairment (d)	Impairment (a)	Impairment (b)	Impairment and reversal of impairment (c)
		Third quarter of 2021	**Second quarter of 2022**	**Third quarter of 2022**	**Fourth quarter of 2022**
Revenues*	Two optimistic and two pessimistic scenarios and one status quo scenario, each with an estimated future BTC price and network difficulty, were used to project revenues and associated cash flows from cryptocurrency mining. Management assigned probabilities to each scenario to calculate weighted average expected outcomes.	The weighted average daily revenue per Terahash used in the value in use calculation was $0.22/Terahash	The weighted average daily revenue per Terahash used in the value in use calculation was $0.12/Terahash	The weighted average daily revenue per Terahash used in the value in use calculation was $0.12/Terahash	The weighted average daily revenue per Terahash used in the value in use calculation was $0.11/Terahash
Discount rate and period	The discount rate reflects management's assumptions regarding the unit's specific risk. The pre-tax discount rate used was estimated with some of the risk already being implicitly reflected through management's allocation of probabilities to the various scenarios included in the revenue calculation.	The discount pre-tax rate used was estimated at 18.3%	The value in use of the CGU was determined based on the present value of the expected cash flows over a four-year period discounted at an annual pre-tax rate of 24.75% in varying scenarios	The value in use of the Quebec, Washington State and Argentina CGUs were determined based on the present value of the expected cash flows over five-year, four-year and five-year periods, respectively, discounted at annual pre-tax rates of 29.00%, 29.75% and 38.25%, respectively, in varying scenarios	The value in use of the Quebec, Washington State, Paraguay and Argentina CGUs were determined based on the present value of the expected cash flows over five-year, four-year, five-year and five-year periods, respectively, discounted at annual pre-tax rates of 25.25%, 26.00%, 30.75% and 34.75%, respectively, in varying scenarios
Energy prices	Management estimated that energy prices for the duration of the forecasted years will be approximately:	$0.04 per kilowatt hour for the Quebec CGU	$0.027 per kilowatt hour for the Washington State CGU	$0.046, $0.027 and $0.030 per kilowatt hour for the Quebec, Washington State and Argentina CGUs, respectively	$0.048, $0.044, $0.038 and $0.039 per kilowatt hour for the Quebec, Washington State, Paraguay and Argentina CGUs, respectively
Terminal values	Management estimated the terminal value of the Miners included in the CGU for the purposes of the impairment testing to be the daily revenue per Terahash in effect at the end of the value in use calculation multiplied by the ending hashrate for a period of:	Approximately 6 months	Approximately 6 months	Not applicable	Not applicable

* Changes in BTC price and BTC network difficulty that can lead to changes in expected revenues were considered in the various scenarios listed above.

NOTE 11: IMPAIRMENT (Continued)

a. Assets held for sale

Antminer S9 Miners were classified as assets held for sale since 2021. Refer to Note 10. During the year ended December 31, 2021, management has determined that the carrying amount of the Antminer S9, including the impairment recognized in 2018, was less than the estimated fair value less costs to sell. As a result, the Company recognized an impairment reversal of $890 relating to the impaired Antminer S9 Miners held for sale, reflecting the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in 2018.

During the year ended December 31, 2022, due to the decline of the BTC price, unsold Antminer S9 Miners were written off and an impairment loss of $432 was recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets.

During the year ended December 31, 2022, due to the decline of the BTC price, unsold Canaan Avalon A10 Miners, Antminer T15 Miners and Antminer S15 Miners were written off and an impairment loss of $113 was recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets.

b. Suni mineral asset

In connection with the reverse acquisition of Bitfarms Ltd (Israel), the Company engaged an independent appraiser to determine the fair value as of the acquisition date, April 12, 2018, of Suni, an iron ore deposit located in Canada held by the acquiree. The appraiser's valuation report was based on the market comparison method and the analysis of similar assets. Following certain adjustments resulting from changes in the price of iron ore, among other variables, Suni's value at April 12, 2018 was estimated at $9,000.

The independent appraiser was engaged also to determine Suni's fair value as of December 31, 2021 and 2020. Using the same valuation techniques, the appraiser determined that the value of Suni was $7,700 on December 31, 2021, or $7,200 after reflecting estimated costs to sell, compared to $9,000 on December 31, 2020, which resulted in an impairment of $1,800 to Suni's value.

An independent appraiser was engaged to determine Suni's fair value as of September 30, 2022 due to the decline in the iron ore price during the third quarter of 2022. Using the same method as the previous independent appraiser, the new appraiser determined that the fair value of Suni was $3,250, or $3,000 after reflecting estimated costs to sell, compared to $7,200 on December 31, 2021, which resulted in an impairment of $4,200 during the third quarter of 2022 to Suni's mineral asset book value. There were no further impairment indicators as of December 31, 2022.

The impairment losses were recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and ROU assets. The fair value measurement is categorized as level 2 in the fair value hierarchy. The Suni mineral asset was inactive during the reporting periods and as of the date of approval of the consolidated financial statements.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2022 and December 31, 2021, property, plant and equipment ("PPE") consisted of the following:

	Notes	BVVE and electrical components	Mineral assets	Land and buildings	Leasehold improvements	Vehicles	Total
Cost							
Balance as of January 1, 2022		**156,647**	**9,000**	**4,549**	**5,783**	**547**	**176,526**
Measurement period adjustment to business combination	**5**	**(1,127)**	**—**	**(18)**	**—**	**—**	**(1,145)**
Additions		**164,437**	**—**	**3,239**	**39,495**	**552**	**207,723**
Dispositions		**(3,609)**	**—**	**(3,378)**	**—**	**(17)**	**(7,004)**
Transfer to assets held for sale	**10**	**(8,143)**	**—**	**—**	**—**	**—**	**(8,143)**
Balance as of December 31, 2022		**308,205**	**9,000**	**4,392**	**45,278**	**1,082**	**367,957**
Accumulated Depreciation							
Balance as of January 1, 2022		**35,766**	**1,800**	**286**	**1,560**	**264**	**39,676**
Depreciation		**66,319**	**—**	**193**	**1,703**	**124**	**68,339**
Dispositions		**(2,562)**	**—**	**(366)**	**—**	**(13)**	**(2,941)**
Transfer to assets held for sale	**10**	**(6,040)**	**—**	**—**	**—**	**—**	**(6,040)**
Impairment	**11**	**24,820**	**4,200**	**157**	**13,107**	**151**	**42,435**
Impairment on deposits transferred to PPE		**1,794**	**—**	**—**	**5,266**	**—**	**7,060**
Balance as of December 31, 2022		**120,097**	**6,000**	**270**	**21,636**	**526**	**148,529**
Net book value as of December 31, 2022		**188,108**	**3,000**	**4,122**	**23,642**	**556**	**219,428**

	Notes	BVVE and electrical components	Mineral assets	Land and buildings	Leasehold improvements	Vehicles	Total
Cost							
Balance as of January 1, 2021		52,676	9,000	3,263	2,707	448	68,094
Additions through business combination	5	7,081	—	840	—	—	7,921
Additions		114,323	—	470	3,265	136	118,194
Dispositions		(6,146)	—	(24)	(189)	(37)	(6,396)
Transfer to assets held for sale	10	(11,287)	—	—	—	—	(11,287)
Balance as of December 31, 2021		156,647	9,000	4,549	5,783	547	176,526
Accumulated Depreciation							
Balance as of January 1, 2021		30,042	—	185	1,861	213	32,301
Depreciation		22,233	—	104	396	79	22,812
Dispositions		(5,172)	—	(3)	(148)	(28)	(5,351)
Transfer to assets held for sale	10	(10,916)	—	—	—	—	(10,916)
Impairment	11	—	1,800	—	—	—	1,800
Impairment reversal	11	(421)	—	—	(549)	—	(970)
Balance as of December 31, 2021		35,766	1,800	286	1,560	264	39,676
Net book value as of December 31, 2021		120,881	7,200	4,263	4,223	283	136,850

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (Continued)

BVVE
Further details of the quantity and models of BTC BVVE held by the Company are as follows :

	Notes	MicroBT Whatsminer*	Bitmain S19j Pro	Innosilicon T3 & T2T**	Canaan Avalon A10	Bitmain S19XP	Other Bitmain Antminers***	Total
Quantity as of January 1, 2022		18,675	7,172	6,446	1,024	—	8,073	41,390
Additions		28,499	—	—	—	801	—	29,300
Dispositions		(1,799)	—	(735)	(1,024)	(801)	(8,073)	(12,432)
Quantity as of December 31, 2022		45,375	7,172	5,711	—	—	—	58,258
Classified as assets held for sale	10	(2,512)	—	(1,272)	—	—	—	(3,784)
Presented as ROU asset****	18	(3,000)	—	—	—	—	—	(3,000)
Presented as property, plant and equipment		39,863	7,172	4,439	—	—	—	51,474

* Includes 2,512 M20S classified as assets held for sale as described in Note 10, 30,210 M30S and 12,653 M31S Miners.

** Includes 4,439 T3 and 1,272 T2T Miners classified as assets held for sale as described in Note 10.

*** Included Antminer T15 and Antminer S15 Miners classified as assets held for sale and written off as described in Note 10.

**** Includes 3,000 Whatsminer M31S+ with a net book value of approximately $3,330 as described in Note 18.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 13: INTANGIBLE ASSETS

	Notes	Systems software	Favorable lease	Total
Cost				
Balance as of January 1, 2022		**5,150**	**1,800**	**6,950**
Measurement period adjustment to business combination	**5**	**—**	**200**	**200**
Balance as of December 31, 2022		**5,150**	**2,000**	**7,150**
Accumulated amortization				
Balance as of January 1, 2022		**5,008**	**261**	**5,269**
Amortization		**109**	**1,739**	**1,848**
Balance as of December 31, 2022		**5,117**	**2,000**	**7,117**
Net book value as of December 31, 2022		**33**	**—**	**33**

	Notes	Systems software	Favorable lease	Total
Cost				
Balance as of January 1, 2021		5,150	—	5,150
Additions through business combination	5	—	1,800	1,800
Balance as of December 31, 2021		5,150	1,800	6,950
Accumulated amortization				
Balance as of January 1, 2021		4,773	—	4,773
Amortization		235	261	496
Balance as of December 31, 2021		5,008	261	5,269
Net book value as of December 31, 2021		142	1,539	1,681

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 14: LONG-TERM DEPOSITS, EQUIPMENT PREPAYMENTS, OTHER AND COMMITMENTS

		As of December 31, 2022	As of December 31, 2021
VAT receivable	a	**2,083**	2,067
Security deposits for energy, insurance and rent		**3,872**	1,555
Equipment and construction prepayments	b	**32,230**	83,059
		38,185	86,681

a. Refundable Argentine value-added tax ("VAT")
Refer to Note 28 for details about the discount expense applied to the Argentine VAT receivable.

b. Equipment and construction prepayments
As of December 31, 2022, the Company has deposits on BVVE and electrical components in the amount of $23,450, which includes the $22,376 credit for future purchase agreements as described below. In addition, the Company has deposits for construction work and materials in the amount of $8,780, mainly for the Argentina expansion.

During the year ended December 31, 2022, the Company recognized an impairment loss of $30,199 on the equipment and construction prepayments. Refer to Note 11 for more details. A portion of the impairment was transferred to PPE along with the original amount of the deposits when the assets were received. Refer to Note 12 for more details.

Commitments
In December 2022, the Company renegotiated its 48,000 unit purchase agreements by extinguishing the outstanding commitments of $45,350 without penalty and establishing a $22,376 credit for deposits previously made which will be carried forward until the end of 2023 and applied against future purchase agreements. As of December 31, 2022, the Company no longer had commitments.

NOTE 15: TRADE PAYABLES AND ACCRUED LIABILITIES

	As of December 31, 2022	As of December 31, 2021
Trade accounts payable and accrued liabilities	**12,897**	9,873
Government remittances	**7,644**	4,607
	20,541	14,480

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 16: CREDIT FACILITY

	As of December 31, 2022	As of December 31, 2021
Revolving credit facility	—	60,000
Interest payable on revolving credit facility	—	2
	—	60,002

Original terms
On December 30, 2021, the Company entered into a secured revolving credit facility up to $100,000 (the "Credit Facility" or the "Facility") for a term of 6 months with Galaxy Digital LLC (the "Facility Lender"). The Credit Facility bore interest at a rate of 10.75% per annum with a commitment fee of 0.75% per annum charged on the unused portion of the $100,000 Facility. The Facility was secured by BTC, with the value of BTC pledged as collateral calculated as a percentage of the amount borrowed. As of December 31, 2021, the Company had drawn $60,000 of the Facility and pledged 1,875 BTC as collateral with a fair market value of $86,825.

During the first quarter of 2022, the Company drew an additional $40,000 on the Credit Facility, bringing the total amount drawn to $100,000 as of March 31, 2022.

Amendments
On June 30, 2022, the Company amended its Credit Facility and extended its maturity date to October 1, 2022. Under the new terms, the maximum limit of the amended Facility is $40,000, bears interest at 11.25% per annum and has a commitment fee of 0.25% per annum charged on the unused portion of the Facility. The amended Facility also includes a provision which allows the Company to repay up to $15,000 of the Facility prior to July 30, 2022, without incurring any prepayment penalty.

On September 29, 2022, the Company amended its Credit Facility and extended its maturity date from October 1, 2022 to December 29, 2022. Under the new terms, the maximum limit of the amended Facility is $40,000, bears interest at 11.25% per annum and has a commitment fee of 0.25% per annum charged on the unused portion of the Facility. The amended Facility also includes a provision which allows the Company to prepay the Credit Facility with a prepayment fee of 50% of the remaining interest that would be owed if the Facility was held to maturity.

In the event that the Company seeks to transfer or convert the Credit Facility prior to the scheduled maturity date in order to enter into a new transaction with the Facility Lender or its affiliates, the early termination fee shall be waived for the Company for any portion of the Facility subject to such transfer or conversion.

Full repayment of the Credit Facility
During the year ended December 31, 2022, the Company fully repaid the Credit Facility for an amount of $100,000.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 17: LONG-TERM DEBT

	As of December 31, 2022	As of December 31, 2021
Equipment financing	**47,020**	11,039
Volta note payable	**127**	128
Total long-term debt	**47,147**	11,167
Less current portion of long-term debt	**(43,054)**	(10,257)
Non-current portion of long-term debt	**4,093**	910

Movement in long-term debt for the years ending December 31, 2022 and 2021 is as follows:

	As of December 31, 2022	As of December 31, 2021
Balance as of January 1,	**11,167**	17,345
Conversion of lease liabilities	—	3,904
Issuance of long-term debt	**67,201**	14,227
Payments	**(38,532)**	(22,382)
Interest on long-term debt	**7,311**	1,883
Conversion of long-term debt and loan modification	—	(5,000)
Derecognition of embedded derivative	—	1,190
Balance as of December 31,	**47,147**	11,167

a. 2022 equipment financing

BlockFi Loan

In February 2022, the Company entered into an equipment financing agreement for gross proceeds of $32,000 collateralized by 6,100 Bitmain S19j Pro Miners referred to as the "BlockFi Loan". The net proceeds received by the Company were $30,994 after capitalizing origination, closing and other transaction fees of $1,006.

During December 2022, the Company ceased making installment payments, which constituted a default under the loan agreement and the loan was classified as current.

On February 8, 2023, BlockFi and the Company negotiated a settlement of the loan in its entirety for cash consideration of $7,750, discharging Backbone Mining of all further obligations and resulting in a gain on extinguishment of long-term debt of $12,578.

Refer to Note 2 for more details.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 17: LONG-TERM DEBT (Continued)

a. 2022 equipment financing (Continued)

NYDIG Loan

In June 2022, the Company entered into an equipment financing agreement for gross proceeds of $36,860 collateralized by 10,395 Whatsminer M30S Miners referred to as the "NYDIG Loan". The net proceeds received by the Company were $36,123 net of origination and closing fees of $737. As part of the agreement, the Company must maintain in an identified wallet an approximate quantity of BTC whose value equates to one month of interest and principal payments on the outstanding loan. The Company pledged 125 BTC as collateral with a fair market value of $2,070 as of December 31, 2022. The pledged BTC is held in a segregated Coinbase Custody account owned by the Company unless there is an event of default.

b. 2021 equipment financing

Foundry Loans

In April and May 2021, the Company entered into four loan agreements for the acquisition of 2,465 Whatsminer Miners referred to as "Foundry Loans #1, #2, #3 and #4". As of December 31, 2022, the Foundry Loan #1 matured and was fully repaid. Subsequently, in January 2023, the principal amount of the remaining Foundry Loans #2, #3 and #4 were fully repaid before their maturity date without prepayment penalty.

Blockfills Loans

In June 2021, the Company modified the terms of three lease agreements with its lender, Blockfills, for 4,000 Whatsminer Miners to convert them to loan agreements. The key terms, such as interest rates, term and payment schedules remain unchanged. A total of $3,904 was reclassified from lease liabilities to long-term debt as a result of the modification. The ROU assets related to the three leases were classified in property, plant and equipment and as a result no reclassification was made. As of December 31, 2022, all of the Blockfills loans matured and were fully repaid.

c. Summary of equipment financing

Details of the equipment financing and the balance of the loans and the net book value ("NBV") of their related collateral, as of December 31, 2022, are as follows:

	Maturity date	Stated rate	Effective rate*	Monthly repayment ($)	Long-term debt balance ($)	NBV of Collateral ($)	Collateral**
Foundry Loan #2	March 2023	16.5%	16.5%	**94**	**185**	**1,254**	**300**
Foundry Loan #3	April 2023	16.5%	16.5%	**88**	**257**	**1,044**	**300**
Foundry Loan #4	May 2023	16.5%	16.5%	**100**	**387**	**1,231**	**400**
Blockfi Loan	February 2024	14.5%	18.1%	**1,455**	**19,952**	**28,360**	**6,100**
NYDIG Loan	February 2024	12.0%	14.4%	**2,043**	**26,239**	**34,852**	**10,395**
Total				**3,780**	**47,020**	**66,741**	**17,495**

* Represents the implied interest rate after capitalizing financing and origination fees.

** Represents the quantity of Whatsminers and Bitmain S19j Pros received in connection with the equipment financing and pledged as collateral for the related loan.

NOTE 17: LONG-TERM DEBT (Continued)

d. Dominion Capital Loan

The Company repaid its remaining debt obligation with Dominion Capital LLC ("Dominion Capital") in its entirety in February 2021. As a result of the early repayment, the Company incurred losses in 2021 as described below.

i. Background

On March 15, 2019, the Company entered into a secured debt financing facility for up to $20,000 with Dominion Capital. The debt facility was structured into four separate loan tranches of $5,000 per tranche. Each loan tranche bore interest at 10% per annum and the term of each loan tranche was 24 months with a balloon payment for any remaining outstanding balance at the end of the term.

The loan features resulted in a loan liability measured at amortized cost, a warrant component recorded as equity, a warrant component recorded as a liability measured at fair value through profit or loss, and an embedded derivative measured at fair value through profit or loss.

In September 2020, the Company entered into an agreement with Dominion Capital to amend the maturity date of tranche #2 from April 2021 to November 2021. In addition, a conversion feature was added to tranche #3, maturing in June 2021, providing Dominion Capital with the option to convert all or a portion of the loan tranche into shares.

ii. Exercise of warrants

In January 2021, Dominion Capital exercised their option to convert $5,000 of debt into 8,475,000 Common Shares. In January and February 2021, Dominion Capital exercised all of their remaining outstanding warrants resulting in the issuance of 5,251,000 common shares for proceeds of approximately $1,500. The warrant exercises described above include the cashless exercise of 1,667,000 warrants resulting in the issuance of 1,501,000 common shares.

The Dominion Capital loan was fully repaid by the Company in February 2021.

iii. Accounting impact for the year ended December 31, 2021

Included in financial expenses for the year ended December 31, 2021 is $472 of interest expense related to the loan.

In addition to the loan modifications described above, a cashless exercise feature was authorized for the warrants issued in connection with tranche #2 and tranche #3 which resulted in these warrants being reclassified from equity to a warrant liability measured at fair value through profit or loss. The derecognition of warrants containing the authorized cashless exercise feature resulted in a non-cash loss on revaluation of warrants of $2,466 included in net financial expenses for the year ended December 31, 2021. Refer to Note 28.

The early repayment of the loan resulted in the company recording a loss on embedded derivative for the year ended December 31, 2021 of $2,641 included in net financial expenses. Refer to Note 28.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 18: LEASES

Set out below are the carrying amounts of the Company's ROU assets and lease liabilities and their activity during the years ended December 31, 2022 and 2021:

	Leased premises	Vehicles	Other equipment	Total ROU assets	Lease liabilities
As of January 1, 2022	**9,038**	**283**	**76**	**9,397**	**13,573**
Additions and extensions to ROU assets	**9,526**	**118**	**1,693**	**11,337**	**11,354**
Depreciation	**(1,975)**	**(129)**	**(121)**	**(2,225)**	**—**
Lease termination	**(104)**	**(7)**	**—**	**(111)**	**(112)**
Impairment	**(791)**	**—**	**(1,243)**	**(2,034)**	**—**
Payments	**—**	**—**	**—**	**—**	**(7,528)**
Interest	**—**	**—**	**—**	**—**	**1,451**
Foreign exchange	**—**	**—**	**—**	**—**	**(874)**
As of December 31, 2022	**15,694**	**265**	**405**	**16,364**	**17,864**
Less current portion of lease liabilities					**(3,649)**
Non-current portion of lease liabilities					**14,215**

	Leased premises	Vehicles	Other equipment	Total ROU assets	Lease liabilities
As of January 1, 2021	5,129	180	84	5,393	11,023
Additions and extensions to ROU assets	5,713	205	21	5,939	5,911
Additions to property, plant and equipment	—	—	—	—	7,786
Depreciation	(1,040)	(99)	(29)	(1,168)	—
Lease termination	(764)	(3)	—	(767)	(892)
Lease liabilities converted to long-term debt	—	—	—	—	(3,904)
Payments	—	—	—	—	(5,746)
Issuance of warrants	—	—	—	—	(2,160)
Interest	—	—	—	—	1,513
Foreign exchange	—	—	—	—	42
As of December 31, 2021	9,038	283	76	9,397	13,573
Less current portion of lease liabilities					(4,346)
Non-current portion of lease liabilities					9,227

a. 2022 lease activity

The Company maintains one lease agreement for mining hardware, consisting of 3,000 Whatsminer M31S+ Miners, with a net book value of approximately $3,330, classified as property, plant and equipment under BVVE and electrical equipment as described in Note 12.

During the year ended December 31, 2022, the Company recognized an impairment loss of $2,034 on the Company's ROU assets. Refer to Note 11 for more details.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 18: LEASES (Continued)

b. 2021 lease activity

During the year ended December 31, 2021, the Company modified the terms of three two-year lease agreements for mining hardware, with a balance of $3,904 at the time of conversion, in June 2021, resulting in the lease liabilities being reclassified to long-term debt as described in Note 17b. No changes were made to the payment terms, interest rate or security interest of the former leases. As of December 31, 2021, the Company maintained one lease agreement for mining hardware, consisting of 3,000 Whatsminer M31S+, with a net book value of approximately $5,422, classified as property, plant and equipment under BVVE and electrical equipment.

During the year ended December 31, 2021, the Company issued 468,000 warrants to the former lessor for a total cost of $2,160. The cost of these warrants was added to the cost of the leased assets which were recorded as an addition to property, plant and equipment and will be amortized over the useful life of the corresponding assets.

NOTE 19:INCOME TAXES

Current and deferred income tax expense (recovery)

	Year ended December 31,	
	2022	2021
Current tax (recovery) expense:		
Current year	**(9,030)**	12,358
Prior year	**68**	(693)
	(8,962)	11,665
Deferred tax (recovery) expense:		
Current year	**(8,446)**	8,665
Prior year	**(4)**	177
	(8,450)	8,842
	(17,412)	20,507

The 2022 current tax recovery represents the expected tax refund as a result of losses realized in the current period that will be carried back to offset prior period taxable income.

Effective tax rate

	Year ended December 31,			
		2022		2021
Income tax recovery at statutory rate of 26.5%	**(67,962)**	**26.5%**	11,299	26.5%
Increase (decrease) in taxes resulting from:				
Foreign tax rate differential	**1,070**	**(0.4)%**	383	0.9%
Prior year	**64**	**—%**	(516)	(1.2)%
Non-deductible expenses and other	**(92)**	**—%**	12,996	30.5%
Deferred tax asset not recognized	**49,508**	**(19.3)%**	(3,655)	(8.6)%
	(17,412)	**6.8%**	**20,507**	**48.1%**

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 19:INCOME TAXES (Continued)

Deferred tax assets and liabilities
Deferred taxes are computed at a tax rate of 26.5% based on tax rates expected to apply at the time of realization. Deferred taxes relate primarily to the timing differences on recognition of expenses relating to the depreciation of fixed assets, loss carryforwards and professional fees relating to the Company's equity activity that are recorded as a reduction of equity.

Movement in deferred tax asset for the years ending December 31, 2022 and 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Operating losses carried forward	**Lease liability**	**Asset Retirement provision**	**Financing fees**	**PPE**	**Reserves and other**	**Total**
As of January 1, 2021	663	2,905	55	214	—	—	3,837
Credited (charged) to statements of profit or loss	(4,318)	236	29	(750)	478	1,288	(3,037)
Credited to statements of equity	—	—	—	4,287	—	—	4,287
Deferred tax asset recognized in the statements of profit or loss	3,655	—	—	—	—	—	3,655
As of December 31, 2021	—	3,141	84	3,751	478	1,288	8,742
Credited to statements of profit or loss	**43,713**	**1,020**	**42**	**144**	**15,855**	**11,335**	**72,109**
Deferred tax asset derecognized in the statements of profit or loss	**(43,713)**	—	—	—	**(5,795)**	—	**(49,508)**
Deferred tax asset derecognized in the statements of equity	—	—	—	**(3,895)**	—	—	**(3,895)**
As of December 31, 2022	—	**4,161**	**126**	—	**10,538**	**12,623**	**27,448**

Movement in deferred tax liability for the years ending December 31, 2022 and 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	PPE	**ROU Asset**	**Total**
As of January 1, 2021	902	2,935	3,837
Charged to statements of profit or loss	8,385	1,075	9,460
As of December 31, 2021	9,287	4,010	13,297
Charged to statements of profit or loss	**12,231**	**1,920**	**14,151**
As of December 31, 2022	**21,518**	**5,930**	**27,448**

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 19:INCOME TAXES (Continued)

Unrecognized deferred tax assets and liabilities
As of December 31, 2022, the recoverability of the net deferred tax asset, due to the impact of the decrease in BTC prices as described in Note 2, was uncertain and as a result, the net deferred tax asset of $49,508 was not recognized. The Company will evaluate the likelihood of recoverability at each balance sheet date, and will recognize net deferred tax asset when and if appropriate.

NOTE 20:ASSET RETIREMENT PROVISION

	As of December 31, 2022	As of December 31, 2021
Balance as of January 1,	**239**	209
Additions during the period	**1,701**	91
Accretion expense	**93**	19
Effect of change in the foreign exchange rate	**(54)**	—
Balance as of December 31,	**1,979**	319
Less current portion of asset retirement provision included in accounts payable and accrued liabilities	**—**	(80)
Non-current portion of asset retirement provision	**1,979**	239

As of December 31, 2022, the Company estimated the costs of restoring its leased premises to their original state at the end of their respective lease terms to be $3,950 (December 31, 2021: $391), discounted to present value of $1,979 (December 31, 2021: $239) using discount rates between 7% and 10% (December 31, 2021: 8%) over the lease periods, which were estimated to range from seven to ten years depending on the location.

NOTE 21:SHARE CAPITAL

Common shares
The Company's authorized share capital consists of an unlimited number of common shares and without par value. As of December 31, 2022, the Company had 224,200,000 issued and outstanding common shares (December 31, 2021: 194,806,000).

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 21:SHARE CAPITAL (Continued)

Warrants
Details of the outstanding warrants are as follows:

	Year ended December 31,			
	2022		2021	
	Number of warrants	**Weighted average exercise price (USD)**	Number of warrants	Weighted average exercise price (USD)
Outstanding, January 1,	**19,428,000**	**4.16**	6,053,000	0.41
Granted	**25,000**	**3.47**	40,332,000	3.37
Exercised	**—**	**—**	(26,957,000)	2.13
Expired	**(300,000)**	**1.19**	—	—
Outstanding, December 31,	**19,153,000**	**4.21**	19,428,000	4.16

The weighted average contractual life of the warrants as of December 31, 2022 was 1.4 years (December 31, 2021: 2.4 years).

Significant transactions
i. Garlock Acquisition
During the three months ended March 31, 2022, the Company acquired a building in Quebec referred to as “Garlock” in exchange for cash consideration of $1,783 and the issuance of 25,000 warrants granted with a strike price of $3.47 that have a contractual life of 2 years.

ii. At-The-Market Equity Offering Program
Bitfarms commenced an at-the-market equity offering program on August 16, 2021, pursuant to which the Company may, at its discretion and from time-to-time, sell common shares of the Company, resulting in the Company receiving aggregate proceeds of up to $500,000. During the year ended December 31, 2021, the Company issued 23,923,000 common shares in exchange for gross proceeds of $150,296 at an average share price of approximately $6.28. The Company received net proceeds of $145,601 after paying commissions of $4,509 to the Company’s agent, in addition to $186 of other transaction fees. During the year ended December 31, 2022, the Company issued 29,324,000 common shares in exchange for gross proceeds of $55,960 at an average share price of approximately $1.91. The Company received net proceeds of $54,086 after paying commissions of $1,791 to the Company’s agent and $83 in other transaction costs.

iii. Employee Stock Options
During the year ended December 31, 2022, employees, directors, consultants and former employees exercised stock options to acquire 70,000 common shares (December 31, 2021: 6,074,000) resulting in proceeds of approximately $21 (December 31, 2021: $6,177) being paid to the Company.

NOTE 21:SHARE CAPITAL (Continued)

Significant transactions (Continued)

iv. Dominion Capital loan

In January 2021, Dominion Capital exercised their option to convert $5,000 of debt into 8,475,000 common shares. In January and February 2021, Dominion Capital exercised all of their remaining outstanding warrants resulting in the issuance of 5,251,000 common shares for proceeds of approximately $1,500. The warrant exercises described above include the cashless exercise of 1,667,000 warrants resulting in the issuance of 1,501,000 common shares. The Dominion Capital loan was fully repaid by the Company in February 2021. For more details on the loan, refer to Note 17d.

v. 2021 private placements

In January, February and May 2021, the Company completed four private placements for total gross proceeds of CAD$155,000 in exchange for 40,187,000 Common Shares and 36,649,000 warrants to purchase common shares.

In February 2021, 8,889,000 warrants and 615,000 of the 711,000 broker warrants related to the private placement that closed on January 7, 2021, were exercised resulting in the issuance of 9,504,000 common shares for proceeds of approximately $20,611 (CAD$26,172).

In March 2021, 5,028,000 warrants related to the private placement closed on January 14, 2021 were exercised resulting in the issuance of 5,028,000 common shares for proceeds of approximately $15,587. In addition, 800,000 of the 925,000 broker warrants issued in connection with the private placement on February 10, 2021 were exercised resulting in the issuance of 800,000 common shares for proceeds of $2,712.

In August 2021, 5,405,000 warrants related to the private placement closed on February 7, 2021, were exercised resulting in the issuance of 5,405,000 common shares for proceeds of approximately $16,268.

In total, 20,737,000 warrants relating to the private placements have been exercised resulting in the issuance of 20,737,000 common shares for proceeds of $55,178.

vi. Former lessor

During the year ended December 31, 2021, the Company modified the terms of three two-year lease agreements for mining hardware, resulting in the lease liabilities being reclassified to long-term debt. The Company issued 468,000 warrants to the former lessor with an exercise price of $0.40 and expiring in May 2023 for a total cost of $2,160. The cost of these warrants was added to the cost of the leased assets as per Note 18b.

vii. Other issuances

An additional 415,000 common shares were issued in connection with the business combination described in Note 5, and 2,000 other common shares were issued during the year ended December 31, 2021.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 22: FINANCIAL INSTRUMENTS

Measurement categories and fair value
Financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following tables show the carrying values and the fair value of assets and liabilities for each of the applicable categories as of December 31, 2022 and 2021:

		As of December 31, 2022	As of December 31, 2021
Financial assets at amortized cost			
Cash	Level 1	**30,887**	125,595
Trade receivables	Level 2	**701**	1,038
Insurance refund and other receivables	Level 2	**108**	697
Total carrying amount and fair value		**31,696**	127,330
Financial liabilities at amortized cost			
Trade payables and accrued liabilities	Level 2	**20,541**	14,480
Long-term debt	Level 2	**47,147**	11,167
Credit Facility	Level 2	**—**	60,002
Total carrying amount and fair value		**67,688**	85,649
Net carrying amount and fair value		**(35,992)**	41,681

The carrying amounts of trade receivables, trade payables and accrued liabilities, credit facility and long-term debt presented in the table above are a reasonable approximation of their fair value.

Risk management policy
The Company is exposed to foreign currency risk, credit risk, counterparty risk, liquidity risk and concentration risk. The Company's senior management monitors these risks.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the US Dollar as all of its cryptocurrency mining revenues, most of its capital expenditures and most of its financing are primarily measured or transacted in US dollars. The Company is exposed to variability in the Canadian dollar and Argentine peso to US dollar exchange rates when making expenditures payable in Canadian dollars and Argentine pesos. The Company funds foreign currency transactions by buying the foreign currency at the spot rate when required. A 5% increase or decrease in the USD/CAD and USD/ARS exchange rates may have an impact of an increase or decrease of $215 on retained earnings at December 31, 2022 (December 31, 2021: $18).

NOTE 22: FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk (Continued)
Amounts denominated in Canadian dollars and Argentine pesos included in the consolidated statements of financial position, presented in thousands of U.S. dollars, are as follows:

	As a of December 31,		As a of December 31,	
		2022		2021
	CAD	**ARS**	CAD	ARS
Cash	**4,994**	**1,297**	3,475	952
Other assets	—	—	675	23
Trade receivables	**609**	—	1,038	—
Trade payables and accrued liabilities	**(6,228)**	**(4,849)**	(4,964)	(718)
Long-term debt	**(126)**	—	(126)	—
	(751)	**(3,552)**	98	257

Credit risk and counterparty risk
Credit risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations, including cash and cash equivalents. The risk regarding cash and cash equivalents is mitigated by holding the majority of the Company's cash and cash equivalents through a Canadian chartered bank.

The Company is exposed to counterparty risk through the significant deposits it places with suppliers of mining hardware to secure orders and delivery dates as well as deposits it places with construction companies and suppliers of electrical components and construction materials. The risk of a supplier failing to meet its contractual obligations may result in late deliveries or long-term deposits and equipment and construction prepayments that are not realized. The Company attempts to mitigate this risk by procuring mining hardware from larger, more established suppliers and those with whom the Company has existing relationships and knowledge of their reputation in the market as well as by insuring deposits placed for construction work and materials. The Company also insures the majority of its construction deposits for the Argentina facility in order to mitigate the risk of suppliers not meeting their contractual obligations.

The credit risk regarding trade receivables is derived mainly from sales to Volta's third-party customers. The Company performs ongoing credit evaluations of its customers. An allowance for doubtful accounts is determined with respect to those amounts that the Company has determined to be doubtful of collection. The allowance for doubtful accounts is based on management's assessment of a customer's credit quality as well as subjective factors and trends, including the aging of receivable balances.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 22: FINANCIAL INSTRUMENTS (Continued)

Liquidity risk
Liquidity risk is a risk that the Company will not be able to pay its financial obligations when they are due. The Company's policy is to monitor its cash balances and planned cash flows generated from operations to ensure that it maintains sufficient liquidity in order to pay its projected financial liabilities. Refer to Note 2 for more details about the Company's liquidity.

The following are the undiscounted contractual maturities of financial liabilities and lease liabilities (non-financial liabilities) with estimated future interest payments as of December 31, 2022:

	2023	2024	2025	2026	2027 and thereafter	Total
Trade payables and accrued liabilities	20,541	—	—	—	—	20,541
Long-term debt	45,747	4,085	—	—	—	49,832
Lease liabilities	4,333	3,587	2,493	2,408	8,869	21,690
	70,621	7,672	2,493	2,408	8,869	92,063

Concentration risk
Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The cryptocurrency mining industry is highly volatile with significant inherent risk. The Company also holds a portion of its working capital in BTC. A significant decline in the market prices of cryptocurrencies, an increase in the difficulty of cryptocurrency mining, changes in the regulatory environment and adverse changes in other inherent risks can significantly negatively impact the Company's operations and the carrying value of its assets. The Company does not currently hedge the conversion of cryptocurrencies to fiat currency.

NOTE 23: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The following table details balance payable to related parties:

	As of December 31, 2022	As of December 31, 2021
Trade payables and accrued liabilities		
Directors' remuneration	**1,522**	19
Director and senior management incentive plan	**95**	1,465
	1,617	1,484
Lease liabilities		
Companies controlled by directors	—	1,357

Amounts due to related parties, other than lease liabilities, are unsecured, non-interest bearing and payable on demand.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 23: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Transactions with related parties
The Company made rent payments totaling approximately $273 for the year ended December 31, 2022 (for the year ended December 31, 2021: $475) to companies controlled by certain directors. The rent payments were classified as interest included in financial expenses and principal repayment of lease liabilities. During the year ended December 31, 2022, the Company's leases with companies controlled by directors were renewed with third parties.

The Company entered into consulting agreements with two directors. The consulting fees totaled approximately $1,267 for the year ended December 31, 2022 (for the year ended December 31, 2021: $625). During December 2022, the consulting agreements were terminated, roles and responsibilities were reduced and termination payments totaling $1,466 were accrued and included in trade payables and accrued liabilities (for the year ended December 31, 2021: nil).

The transactions described above were incurred in the normal course of operations. These transactions are included in the consolidated statements of profit or loss and comprehensive profit and loss as follows:

	Year ended December 31,	
	2022	2021
General and administrative expenses	**2,733**	625
Net financial expenses	**70**	126
	2,803	751

Compensation of key management and directors
The Company considers its Directors, Chief Officers and Vice Presidents to be key management personnel. The remuneration paid to directors and other members of key management personnel, to the extent that they are not included in the consulting agreements described above are as follows:

	Year ended December 31,	
	2022	2021
Short-term benefits*	**48**	5,004
Termination payments	**1,466**	—
Share-based payments	**19,077**	21,174
	20,591	26,178

*Short-term benefits include an incentive plan adopted by the Company in 2021 to reward certain directors and members of senior management with a total of 50 BTC.

NOTE 24: CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure its ability to maximize the return to its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting period is summarized in Note 21 and in the consolidated statement of changes in equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risk characteristics of the underlying assets. These objectives will be achieved by maintaining a strong capital base so as to maintain investor confidence to sustain future development of the business, maintain a flexible capital structure that optimizes the cost of capital at acceptable risk and preserves the ability to meet financial obligations and ensuring sufficient liquidity to pursue organic growth. In order to maintain or adjust the capital structure, the Company may issue new common shares or debt.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 25: SUBSIDIARIES

In 2011, Bitfarms Ltd. (Israel) established AU Acquisition VI, LLC ("AU") which is incorporated in the State of Nevada, USA, and was wholly owned and controlled by the Company. AU is registered as the legal owner of the mineral assets, Hidden Lake and Victorine. Also, in 2011, Bitfarms established Pembroke & Timberland, LLC ("Pembroke") in the State of Maine, USA, which was also wholly owned and controlled by the Company. In 2022, AU and Pembroke were sold for a nominal amount to a third party.

In 2022, Backbone established Bitfarms Paraguay General Partner Inc. ("Bitfarms Paraguay GP") which is incorporated in the Province of Ontario, Canada, and is wholly owned and controlled by Backbone. A limited partnership, Bitfarms Paraguay Limited Partnership, was established in the Province of Ontario, Canada with Bitfarms Paraguay GP being the general partner and Backbone being the limited partner.

The Company's significant subsidiaries as of December 31, 2022 are as follows:

Company name	Security type	Main place of business	Securities	Equity	Voting
Bitfarms Ltd. (Israel)	Ordinary shares	CDA	100%	100%	100%
Volta	Ordinary shares	CDA	100%	100%	100%
Backbone	Ordinary shares	CDA	100%	100%	100%
Backbone Argentina	Ordinary shares	ARG	100%	100%	100%
Backbone Paraguay	Ordinary shares	PAR	100%	100%	100%
Backbone Mining	Ordinary shares	USA	100%	100%	100%

Excluding the mineral assets with a carrying amount of $3,000, substantially all of the other assets, liabilities, revenues, expenses and cash flows in the consolidated financial statements are those of Backbone, Backbone Argentina, Backbone Paraguay, Backbone Mining and of Volta. Refer to Note 29 for geographic information of revenues and property, plant and equipment.

NOTE 26: NET EARNINGS (LOSS) PER SHARE

Details of the number of shares and income (loss) used in the computation of net earnings (loss) per share are as follows:

	Year ended December 31,	
	2022	**2021**
Net income (loss)	**(239,050)**	22,130
Weighted average number of common shares outstanding - basic	**207,776,000**	157,652,000
The effect of dilutive potential common shares	—	11,740,000
Weighted average number of common shares outstanding - diluted	**207,776,000**	169,392,000
Basic (loss) earnings per share	**(1.15)**	0.14
Diluted (loss) earnings per share	**(1.15)**	0.13

For the year ended December 31, 2022, potentially dilutive securities have not been included in the calculation of diluted earnings (loss) per share because their effect is antidilutive. The additional potentially dilutive securities that would have been included in the calculation for diluted earnings per share had their effect not been anti-dilutive, for the year ended December 31, 2022, would have totaled approximately 1,748,000.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 27: SHARE-BASED PAYMENT

The share-based payment expense related to stock options and restricted stock units ("RSU") for employee services received is as follows:

	Year ended December 31,	
	2022	2021
Equity-settled share-based payment plans	**21,788**	22,585

Options

During the year ended December 31, 2022, the Board of Directors approved stock option grants to purchase up to 9,592,000 common shares in accordance with the Long-Term Incentive Plan (the "LTIP Plan") adopted on May 18, 2021. All options issued according to the LTIP Plan become exercisable when they vest and can be exercised for a maximum period of 5 years from the date of the grant.

The inputs used to value the option grants using the Black-Scholes model are as follows:

Grant date	March 31, 2022	May 19, 2022	June 30, 2022	November 16, 2022	December 27, 2022
Dividend yield (%)	—	—	—	—	—
Expected share price volatility (%)	105%	106%	102%	103%	102%
Risk-free interest rate (%)	2.49%	2.78%	2.99%	4.13%	4.17%
Expected life of stock options (years)	3	3	3	3	3
Share price (CAD)	4.71	2.45	1.50	1.00	0.55
Exercise price (CAD)	4.71	2.45	1.50	1.00	0.55
Fair value of options (USD)	2.40	1.21	0.72	0.46	0.25
Vesting period (years)	1.5	1.5	1.5	1.5	1.5
Number of options granted	120,000	5,382,000	20,000	200,000	3,870,000

Details of the outstanding stock options are as follows:

	Year ended December 31,			
		2022		**2021**
	Number of Options	**Weighted Average Exercise Price ($CAD)**	**Number of Options**	**Weighted Average Exercise Price ($CAD)**
Outstanding, January 1,	**12,547,000**	**4.86**	8,100,000	0.72
Granted	**9,592,000**	**1.68**	10,775,000	5.91
Exercised	**(70,000)**	**0.41**	(6,074,000)	1.27
Forfeited	**(205,000)**	**5.65**	(251,000)	3.41
Expired	**(60,000)**	**4.37**	(3,000)	0.99
Outstanding, December 31,	**21,804,000**	**3.47**	12,547,000	4.86
Exercisable, December 31,	**2,306,375**	**0.46**	5,676,000	4.57

The weighted average contractual life of the stock options as of December 31, 2022 was 4.0 years (December 31, 2021: 4.3 years).

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 27: SHARE-BASED PAYMENT (Continued)

RSUs
On May 19, 2022, the Board of Directors approved the grant of 200,000 RSUs (during the year December 31, 2021: 200,000 RSUs) to certain members of senior management which vest 25% upfront and an additional 25% every 6 months (during the year ended December 31, 2021: vest ratably, on an annual basis, over a three-year period). The value of the RSUs on the grant date was $1.91 per unit (during the year December 31, 2021: $4.05 per unit).

NOTE 28: ADDITIONAL DETAILS TO THE STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE PROFIT OR LOSS

Cost of revenues

	Year ended December 31,	
	2022	2021
Energy and infrastructure	**56,415**	30,195
Depreciation and amortization	**72,420**	24,476
Purchases of electrical components	**1,759**	1,973
Electrician salaries and payroll taxes	**1,316**	1,727
	131,910	58,371

General and administrative expenses

	Year ended December 31,	
	2022	2021
Salaries and share based payment	**30,040**	30,334
Professional services	**10,051**	6,985
Advertising and promotion	**333**	174
Insurance, duties and other	**9,370**	4,920
Travel, motor vehicle and meals	**1,152**	423
Hosting and telecommunications	**560**	402
	51,506	43,238

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 28: ADDITIONAL DETAILS TO THE STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE PROFIT OR LOSS (Continued)

Net financial (income) expenses

		Year ended December 31,	
		2022	2021
Loss on revaluation of warrants		**—**	19,524
Loss on embedded derivative		**—**	2,641
Gain on disposition of marketable securities	a	**(51,649)**	(6,149)
Loss on currency exchange		**2,945**	647
Interest on credit facility and long-term debt		**12,770**	1,907
Interest on lease liabilities		**1,451**	1,513
Warrant issuance costs		**—**	668
Discount expense on VAT receivable	b	**6,750**	—
Other financial expenses		**173**	252
		(27,560)	21,003

a. Gain on disposition of marketable securities
During the year ended December 31, 2022, the Company continued to fund its expansion in Argentina through the acquisition of marketable securities and in-kind contribution of these securities to the Company's subsidiary in Argentina. The subsequent disposition of these marketable securities in exchange for Argentine Pesos gave rise to a gain as the amount received in ARS exceeds the amount of ARS the Company would have received from a direct foreign currency exchange.

b. Discount expense on VAT receivable
A portion of Argentine VAT is not expected to be settled within the next 12 months, and, therefore, it has been classified as a long-term receivable in Note 14 with the short-term portion being included in sales tax receivable in Note 8. The Company has discounted this VAT receivable to its present value, which is classified within Net financial (income) expenses during the year ended December 31, 2022. Historically, ARS has devalued significantly when compared to USD due to high levels of inflation in Argentina, which may result in the Company recording future foreign exchange losses on its Argentina VAT receivable.

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 29: GEOGRAPHICAL INFORMATION

Reportable segment
The reporting segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and assess its performance. Accordingly, for management purposes, the Company is organized into operating segments based on the products and services of its business units and has one material reportable segment, cryptocurrency mining, which is the operation of server farms that support the validation and verification of transactions on the BTC blockchain, earning cryptocurrency for providing these services, as described in Note 1.

Revenues
Revenues by country are as follow:

	Year ended December 31,	
	2022	2021
Canada	**112,106**	153,265
USA	**25,095**	16,226
Argentina	**1,455**	—
Paraguay	**3,772**	—
	142,428	169,491

Property, Plant and Equipment
Property, plant and equipment by country is as follow:

	As of December 31,	As of December 31,
	2022	2021
Canada	**142,654**	83,402
USA	**32,664**	51,672
Argentina	**31,927**	665
Paraguay	**12,183**	1,111
	219,428	136,850

(Expressed in thousands of U.S. dollars, except data relating to number of PPE, shares, warrants and digital assets - audited)

NOTE 30: ADDITIONAL DETAILS TO THE STATEMENT OF CASH FLOWS

	Year ended December 31,	
	2022	**2021**
Changes in working capital components:		
Decrease in trade receivables, net	**429**	64
Increase in other current assets	**(4,563)**	(5,082)
Decrease (increase) in long-term deposits	**188**	(613)
Increase in trade payables and accrued liabilities	**94**	9,244
Increase (decrease) in taxes payable	**(126)**	11,777
	(3,978)	15,390
Significant non-cash transactions:		
Addition of right-of-use assets, property, plant and equipment and related lease liabilities	**11,354**	8,682
Purchase of property, plant and equipment financed by short-term credit	**1,601**	2,802
Extinguishment of warrant liability and long-term debt through share issuance	**—**	24,322
Issuance of shares in connection with business combination	**—**	3,676
Equipment prepayments realized as additions to property, plant and equipment	**54,135**	—
Deferred tax expense related to equity issuance costs	**(3,895)**	4,287

NOTE 31: SUBSEQUENT EVENTS

At-The-Market Equity Offering Program
During the period from January 1, 2023, to March 20, 2023, the Company issued 14,185,000 common shares in exchange for gross proceeds of $14,611 at an average share price of approximately $1.03. The Company received net proceeds of $14,122 after paying commissions of $490 to the Company's agent. Refer to Note 21 for further details of the Company's at-the-market equity offering program.

BlockFi Loan
During February 2023, the Company negotiated a settlement of its loan agreement with BlockFi with a then outstanding debt balance of $20,328 for a payment of $7,750. As a result, a gain on extinguishment of long-term debt will be recognized in the amount of $12,578 in the first quarter of 2023.

Reliz Lease
During February 2023, the Company modified its lease agreement with Reliz Ltd. (where BlockFi was the lender to Reliz Ltd.) in order to settle its outstanding lease liability of $379 for a payment of $118. As a result, a gain on extinguishment of long-term debt will be recognized in the amount of $261 in the first quarter of 2023.

Repayment of Foundry Loans #2, #3 and #4
During January 2023, the principal amount of the remaining Foundry Loans #2, #3 and #4 were fully repaid before their maturity date without prepayment penalty for $829.

Disposition of Miners
During the period from January 1, 2023, to March 20, 2023, the Company sold 409 Bitmain S19 XP Miners for proceeds of $1,740 resulting in a loss on disposition of $556.

Exhibit 99.3

Bitfarms™

Management's Discussion & Analysis

For the year ended December 31, 2022

2022

TABLE OF CONTENTS

1. INTRODUCTION

The following Management's Discussion and Analysis (the "MD&A") for Bitfarms Ltd. (together with its subsidiaries, the "Company" or "Bitfarms") has been prepared as of March 20, 2023. This MD&A is intended to supplement the Company's audited annual consolidated financial statements and its accompanying notes for the year ended December 31, 2022 (the "Financial Statements"). In addition, this MD&A should be read in conjunction with the Company's Annual Information Form dated March 20, 2023, which, along with the Financial Statements, are available on SEDAR at www.sedar.com.

The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's Financial Statements and this MD&A are reported in thousands of US dollars and US dollars, respectively, except where otherwise noted.

Bitfarms' management team ("Management") is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the Financial Statements and MD&A, is complete and reliable.

The Company utilizes a number of non-IFRS financial measures and ratios in assessing operating performance. Non-IFRS financial measures and ratios may exclude the impact of certain items and are used internally when analyzing operating performance. Refer to Section 10 - *Non-IFRS Financial Measures and Ratios* and Section 22 - *Cautionary Note Regarding Non-IFRS Financial Measures and Ratios* of this MD&A for more information.

This MD&A contains forward-looking statements. Refer to the risk factors described in Section 18 - *Risk Factors* of this MD&A and to Section 21 - *Cautionary Note Regarding Forward-Looking Statements* of this MD&A for more information. This MD&A contains various terms related to the Company's business and industry which are defined in Section 24 - *Glossary of Terms* of this MD&A.

In this MD&A, the following terms shall have the following definitions:

Term	Definition
Q4 2022	Three months ended December 31, 2022
Q4 2021	Three months ended December 31, 2021
FY 2022	Twelve months ended December 31, 2022
FY 2021	Twelve months ended December 31, 2021

(In U.S. dollars, except where otherwise indicated)

2. COMPANY OVERVIEW

Founded in 2017, Bitfarms (NASDAQ/TSX: BITF) is a global, publicly traded Bitcoin self-mining company. Bitfarms runs vertically integrated mining operations with in-house management and company-owned electrical engineering, installation service, and onsite technical repair. The Company's proprietary data analytics system delivers best-in-class operational performance and uptime.

Bitfarms owns and operates server farms comprised of computers (referred to as "Miners") designed for the purpose of validating transactions on the Bitcoin ("BTC") Blockchain (referred to as "Mining"). Bitfarms generally operates Miners 24 hours a day producing Computational power (measured by hashrate) which it sells to Mining Pools, for a formula driven rate commonly known in the industry as Full Pay Per Share ("FPPS"). Under FPPS, pools compensate Mining Companies for their hashrate based on what the pool would be expected to generate in revenue for a given time period if there was no randomness involved. The fee paid by a Mining Pool to Bitfarms for its hashrate may be in cryptocurrency, U.S. dollars, or other currency. Bitfarms accumulates the cryptocurrency fees it receives or exchanges them for U.S. dollars, as determined to be needed, through reputable and established cryptocurrency trading platforms. Mining Pools generate revenue by Mining with purchased hashrate through the accumulation of Block Rewards and transaction fees issued by the BTC network. Mining pools are purchasing hashrate and take on risk with the aim to mine more blocks than they should in a given time period in seek of profit.

Bitfarms has 10 Mining facilities situated in four countries: Canada, the United States, Paraguay, and Argentina. The Company's operations are currently predominantly in Canada and the United States, with new operations having commenced in Paraguay and Argentina in 2022. Powered primarily by environmentally friendly hydro-electric sources, Bitfarms is committed to using, where economical, renewable, locally-based and often underutilized energy infrastructure.

The Company's ability to operate and secure power through its production sites is summarized as follows:

Country	Operating power as of March 20, 2023	Secured power as of March 20, 2023
Canada	148 MW	160 MW[1]
United States	20 MW	24 MW[2]
Paraguay	10 MW	10 MW
Argentina	10 MW	210 MW[2]
	188 MW	404 MW

[1] The Company has secured the rights for a total of 12 MW of hydro-electricity in the province of Quebec, including 2 MW of hydro-electricity in Magog that are not yet operational. Bitfarms does not currently have an expansion plan for these 12 MW of power, but is continuing its efforts to search for economically viable properties for these 12 MW of hydro-electricity.

[2] Refer to section 7 - *Expansion Projects* for details on the timing of the remaining MW not yet operational.

3. FINANCIAL HIGHLIGHTS

	For the years ended December 31,		
(U.S.$ in thousands except where indicated)	**2022**	2021	2020
Revenues	**142,428**	169,491	34,703
Gross profit	**10,518**	111,120	2,873
Gross margin [1]	**7%**	66%	8%
Operating (loss) income	**(284,022)**	63,640	(6,731)
Operating margin [1]	**(199)%**	38%	(19)%
Net (loss) income and total comprehensive (loss) income	**(239,050)**	22,130	(16,289)
Basic (loss) earnings per share	**(1.15)**	0.14	(0.19)
Diluted (loss) earnings per share	**(1.15)**	0.13	(0.19)
Gross Mining profit [1]	**82,584**	134,884	13,782
Gross Mining margin [1]	**59%**	82%	43%
EBITDA [1]	**(169,821)**	70,533	1,473
EBITDA margin [1]	**(119)%**	42%	4%
Adjusted EBITDA [1]	**51,568**	113,540	8,019
Adjusted EBITDA margin [1]	**36%**	67%	23%
Total assets	**343,098**	542,587	51,704
Current financial liabilities	**63,595**	84,739	28,161
Non-current financial liabilities	**4,093**	910	174

There have not been any distributions or cash dividends declared per share for the three years disclosed.

1 Gross margin, gross Mining profit, gross Mining margin, operating margin, EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin, are non-IFRS financial measures or ratios; refer to Section 10 - *Non-IFRS Financial Measures and Ratios* of this MD&A.

4. FOURTH QUARTER 2022 FINANCIAL RESULTS AND OPERATIONAL HIGHLIGHTS

Financial

- Revenues of $27.0 million, gross loss of $12.1 million (gross margin[1] of negative 45%) including non-cash depreciation and amortization expense of $20.8 million, operating loss of $20.0 million (operating margin of negative 74%) including a net impairment reversal of $8.9 million, and net loss of $16.8 million;
- Gross Mining profit[1] of $8.5 million (33% gross Mining margin[1]);
- EBITDA[1] of $7.4 million (27% EBITDA margin[1]); and
- Adjusted EBITDA[1] of $1.1 million (4% adjusted EBITDA margin[1]).

Operations

- Mined 1,434 BTC at an average direct cost of $11,100 per BTC[2] and held 405 BTC valued at approximately $6.7 million as of December 31, 2022;
- Increased hashrate from 4.2 EH/s to 4.5 EH/s through the acquisition and installation of approximately 3,000 Miners; and
- Sold 3,093 BTC at an average price of $17,478 per BTC for total proceeds of $54.1 million, a portion of which was used to fully repay the remaining $23.1 million of the Company's $100.0 million revolving credit facility with Galaxy Digital LLC (the "Credit Facility"), extinguishing and releasing the Company of all commitments related to the Credit Facility.

Expansions

- Completed construction of the first 50 MW warehouse in Rio Cuarto, Argentina;
- Energized 18 MW, representing full capacity at the Garlock facility and completing the Garlock expansion project;
- Finalized Phase 3 of The Bunker and energized the remaining 12 MW capacity, completing The Bunker to the full capacity of 48 MW and bringing the total Sherbrooke operations to the full 96 MW capacity; and
- Decommissioned the De la Pointe (Sherbrooke, Quebec) facility in November 2022 and sold the facility in December 2022 for net cash proceeds of $3.6 million.

Financing

- Renegotiated Miner purchasing agreements, extinguishing without penalty payment obligations of $45.4 million and establishing a $22.4 million credit for deposits previously made which will be carried forward until the end of 2023 and applied against future purchase agreements;
- Paid down $8.2 million in equipment related indebtedness;
- Paid $23.1 million to fully extinguish the BTC-backed Credit Facility;
- Began proactive actions on the equipment financing with BlockFi Lending LLC ("BlockFi"), which had an outstanding balance of $20.0 million as at December 31, 2022, to align with market conditions, including defaulting on payments and subsequently negotiating a settlement of the loan for $7.8 million; and
- Raised $5.6 million in net proceeds through the Company's at-the-market equity offering program.

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1 Gross margin, gross Mining profit, gross Mining margin, operating margin, EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin, are non-IFRS financial measures or ratios; refer to Section 10 - *Non-IFRS Financial Measures and Ratios* of this MD&A.

2 Represents the direct cost of BTC based on the total electricity costs, and, where applicable, hosting costs related to the Mining of BTC, excluding electricity consumed by hosting clients, divided by the total number of BTC mined.

5. FULL YEAR 2022 FINANCIAL RESULTS AND OPERATIONAL HIGHLIGHTS

Financial

- Revenues of $142.4 million, gross profit of $10.5 million (7% gross margin[1]) including non-cash depreciation and amortization expense of $72.4 million, operating loss of $284.0 million (operating margin[1] of negative 199%) including impairment loss of $93.1 million, and net loss of $239.1 million;
- Gross Mining profit[1] of $82.6 million (59% gross Mining margin[1]);
- EBITDA[1] of negative $169.8 million (EBITDA margin[1] of negative 119%); and
- Adjusted EBITDA[1] of $51.6 million (36% adjusted EBITDA margin[1]).

Operations

- Mined 5,167 BTC at an average direct cost of $10,000 per BTC[2] and held 405 BTC valued at approximately $6.7 million as of December 31, 2022;
- Increased hashrate from 2.2 EH/s to 4.5 EH/s through the acquisition and installation of approximately 26,000 Miners; and
- Sold 9,063 BTC at an average price of $19,831 per BTC for total proceeds of $179.7 million, a portion of which was used to fully repay the Company's $100.0 million revolving Credit Facility, extinguishing and releasing the Company of all commitments related to the Credit Facility.

Expansions

Paraguay

- The newly constructed 10 MW facility in Paraguay was operational in January 2022.

Sherbrooke

- Acquired the Garlock property in March 2022 and completed its construction in December 2022, adding 18 MW of power capacity;
- Completed construction and commissioning of the Leger facility in July 2022 bringing the total capacity to 30 MW;
- Completed construction in December 2022 of all three phases of The Bunker facility bringing the total capacity to 48 MW and bringing the total Sherbrooke operations to the full 96 MW capacity; and
- Decommissioned the De la Pointe (Sherbrooke, Quebec) facility in November 2022 and sold the facility in December 2022 for net cash proceeds of $3.6 million.

Washington

- 3 MW of additional hydropower went online in July 2022, increasing total production from the Washington State facilities to 20 MW.

Argentina

- Commenced construction of two 50 MW warehouses, the first of which was completed in November 2022, as part of the buildout plan associated with the power contract for 210 MW with a private energy supplier in Argentina entered into in 2021; and
- 10 MW of the first warehouse was operational with the Miners imported and installed.

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1 Gross margin, gross Mining profit, gross Mining margin, operating margin, EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin, are non-IFRS financial measures or ratios; refer to Section 10 - *Non-IFRS Financial Measures and Ratios* of this MD&A.

2 Represents the direct cost of BTC based on the total electricity costs, and, where applicable, hosting costs related to the Mining of BTC, excluding electricity consumed by hosting clients, divided by the total number of BTC mined.

(In U.S. dollars, except where otherwise indicated)

5. FULL YEAR 2022 FINANCIAL RESULTS AND OPERATIONAL HIGHLIGHTS (Continued)

Financing

- Renegotiated Miner purchasing agreements, extinguishing without penalty payment obligations of $45.4 million and establishing a $22.4 million credit for deposits previously made which will be carried forward until the end of 2023 and applied against future purchase agreements;
- Extinguished and repaid in full the Company's $100.0 million BTC-backed Credit Facility;
- Secured new equipment financing with BlockFi in February 2022, providing net proceeds of $31.0 million ("BlockFi Loan"), and with NYDIG ABL LLC. ("NYDIG") in June 2022, providing net proceeds of $36.1 million ("NYDIG Loan");
- Began proactive actions on the BlockFi Loan, which has an outstanding balance of $20.0 million as at December 31, 2022, to align with market conditions, including defaulting on payments and subsequently negotiating a settlement of the loan for $7.8 million;
- Uplisted to the Toronto Stock Exchange (''TSX'') from TSX Venture Exchange on April 8, 2022; and
- Raised $54.1 million of net proceeds through the Company's at-the-market equity offering program.

6. PRODUCTION AND MINING OPERATIONS

Key Performance Indicators

	Three months ended December 31,			**Year ended December 31,**		
	2022	2021	% Change	**2022**	2021	% Change
Total BTC mined	**1,434**	1,045	37%	**5,167**	3,453	50%
Period-end operating EH/s	**4.5**	2.2	101%	**4.5**	2.2	101%
BTC/Average EH/s	**333**	536	(38)%	**1,524**	2,466	(38)%
Period-end operating capacity (MW)	**188**	99	90%	**188**	99	90%
Hydropower (MW)	**178**	99	80%	**178**	99	80%
Average Watts/Average TH efficiency	**40**	45	(11)%	**41**	47	(13)%
BTC sold	**3,093**	56	*nm*	**9,063**	152	*nm*

nm: not meaningful

As of December 31, 2022 v. as of December 31, 2021

- 4.5 EH/s online as of December 31, 2022, compared to 2.2 EH/s online as of December 31, 2021, an increase of 101%, as a result of the Company's expansions in Sherbrooke (Quebec), Washington State, Paraguay and Argentina and the upgrade of its fleet;
- 188 MW operating capacity as of December 31, 2022, compared to 99 MW operating capacity as of December 31, 2021, an increase of 90%, as a result of expansions in Sherbrooke (additional 66 MW), Washington (additional 3 MW), Paraguay (additional 10 MW) and Argentina (additional 10 MW); and
- 178 MW hydropower as of December 31, 2022, compared to 99 MW hydropower as of December 31, 2021, an increase of 80% as a result of the Company's expansions in Paraguay, Sherbrooke and Washington, and representing 95% of total energy capacity.

6. PRODUCTION AND MINING OPERATIONS (Continued)

Q4 2022 v. Q4 2021

- 1,434 BTC mined in Q4 2022, compared to total 1,045 BTC mined in Q4 2021, an increase of 37% as a result of the Company's expansions in Sherbrooke (Quebec), Washington State, Paraguay and Argentina and the upgrade of its fleet;
- 333 BTC /average EH/s during Q4 2022, compared to 536 BTC /average EH/s during Q4 2021, a decrease of 38% due primarily to the significant increase in Network Difficulty;
- 40 Watts/TH efficiency in Q4 2022, compared to 45 Watts/TH efficiency in Q4 2021, a decrease of 11% due to the Company using more efficient Miners while upgrading its fleet and using immersion cooling technologies; and
- 3,093 BTC sold in Q4 2022, compared to 56 BTC in Q4 2021, as the Company used the proceeds to repay its BTC-backed Credit Facility and to generate cash flows for operations.

FY 2022 v. FY 2021

- 5,167 BTC mined in FY 2022, compared to 3,453 BTC mined in FY 2021, an increase of 50% as a result of the Company's expansions in Sherbrooke (Quebec), Washington State, Paraguay and Argentina and the upgrade of its fleet;
- 1,524 BTC/average EH/s during FY 2022, compared to 2,466 BTC/average EH/s during FY 2021, a decrease of 38% due primarily to the significant increase in Network Difficulty;
- 41 Watts/TH efficiency in FY 2022, compared to 47 Watts/TH efficiency in FY 2021, a decrease of 13% due to the Company using more efficient Miners while upgrading its fleet and using immersion cooling technologies; and
- 9,063 BTC sold in FY 2022, compared to 152 BTC in FY 2021, as the Company used the proceeds to repay its BTC-backed Credit Facility and to generate cash flows for operations.

7. EXPANSION PROJECTS

The Company has described its expansion plans below under the sections entitled "Sherbrooke Expansion", "Argentina Expansion", "Paraguay Expansion" and "Washington Expansion". The Company had set a revised corporate goal of reaching 5.0 EH/s by the end of 2022 based on the Company's projected production capacity by year-end 2022 and reflecting adjustments to its Argentina deployment plan and previously identified expansion opportunities in Canada and Paraguay. As of December 31, 2022, the Company reached 4.5 EH/s. The Company's 2023 ending hashrate target based on current infrastructure construction and Miner delivery schedules is 6.0 EH/s. The Company continues to evaluate opportunities that will provide additional infrastructure and Mining hardware to increase the Company's hashrate, provided such opportunities are accretive based on current macro factors.

The estimated costs and timelines to achieve these expansion plans may change based on, among other factors, the prevailing price of BTC, network difficulty, supply and cost of cryptocurrency Mining equipment, the ability to import equipment into countries in a cost-effective manner, supply of electrical and other supporting infrastructure equipment, availability of construction materials, currency exchange rates, the impact of geopolitical events or global health related issues including COVID-19 on the supply chains described above, and the Company's ability to fund its initiatives. The Company's expansion plans are reliant on a consistent supply of electricity at cost-effective rates; refer to Section 18 - *Risk Factors* (Section *Economic Dependence on Regulated Terms of Service and Electricity Rates Risks)* of this MD&A for further details.

A. Sherbrooke Expansion, Canada

De la Pointe facility

Bitfarms completed all phases relating to an aggregate 30 MW of electrical infrastructure for the Sherbrooke Expansion at the De la Pointe property in 2019. In response to complaints concerning noise at the De la Pointe property and indications from Sherbrooke municipal officials that they were reviewing applicable regulations, the Company met with community residents and city officials on several occasions during 2020 and 2021. In response to the residents' concerns, the Company constructed a sound barrier wall at a cost of approximately $0.3 million in 2020 and invested $0.7 million to install quieter exhaust structures and fans as well as other sound mitigating measures, including real-time sound monitoring equipment and feedback channels for residents to communicate directly with the Company.

In September 2021, the Company reached an agreement with the City of Sherbrooke to gradually retire the De la Pointe facility for the Sherbrooke Expansion. Under the agreement, the Company reduced its consumption at the De la Pointe property to 18 MW given that 66 MW of new electrical infrastructure elsewhere in the City of Sherbrooke was completed. The Company committed to entirely relocate its operations from the De la Pointe facility of the Sherbrooke Expansion at the earlier of the completion of 80 MW of new electrical infrastructure in the City of Sherbrooke and February 28, 2023. In addition, the Company had the option to sell the building of the De la Pointe facility to the City of Sherbrooke for approximately $2.3 million (CAD$3.0 million). Subject to a first right of refusal, the agreement did not restrict the ability of the Company to sell the building to a third party other than the City of Sherbrooke.

In December 2022, the Company sold the De la Pointe building, included in property, plant and equipment ("PPE"), to *Société de transport de Sherbrooke*, for $3.6 million net proceeds, which resulted in a gain on disposition of $0.3 million.

7. EXPANSION PROJECTS (Continued)

A. Sherbrooke Expansion, Canada (Continued)

Leger and the Bunker facilities

In September and October 2021, the Company entered into lease agreements for two new facilities in Sherbrooke: "Leger" and "The Bunker", respectively. The facilities include similar sound mitigating mechanisms as were installed in the De la Pointe facility.

Construction of Leger was completed in June 2022, which became fully operational in August 2022 with 30 MW of capacity available. Leger currently accommodates approximately 7,500 new generation Miners producing approximately 750 PH/s.

The Bunker, representing 48 MW of capacity, was completed in three phases during 2022, and currently accommodates approximately 13,000 new generation Miners producing approximately 1.3 EH/s. Construction of the Bunker occurred in three separate phases:

- Phase one, representing 18 MW, was constructed in a pre-existing building. Internal infrastructure work began in Q4 2021 with the first 12 MW becoming operational in March 2022 and the remaining 6 MW becoming operational by the end of June 2022.
- Phase two, representing 18 MW, is in a portion of the building that was originally under construction. Internal infrastructure work began in Q1 2022 and the 18 MW became operational by the end of July 2022.
- Phase three, representing the remaining 12 MW, is in a portion of the building that was originally under construction. It was completed in November 2022 and fully energized in December 2022.

The total capital cost for the construction of the infrastructure for Leger and The Bunker was $13.1 million.

The Company deployed a significant portion of its initial order of 48,000 Miners at these facilities, with deliveries completed throughout 2022 as planned. During 2022, the Company added approximately 20,000 Miners with a cost of $88.9 million which included transportation costs and duties to these facilities.

Garlock facility

In March 2022, the Company acquired an existing building in Sherbrooke ("Garlock") at a cost of approximately $1.8 million in cash and the issuance of 25,000 common share purchase warrants to the seller featuring a two-year exercise period and an exercise price of $3.47.

The Garlock facility was completed in two phases and became fully operational during November and December 2022, representing 18 MW of infrastructure at a cost of $3.4 million, excluding the acquisition cost of the property.

The Garlock facility, combined with the Bunker and Leger facilities replaced the De la Pointe facility and fully utilize the Company's power contracts totaling 96 MW in accordance with the Company's agreement reached in September 2021 with the City of Sherbrooke.

7. EXPANSION PROJECTS (Continued)

B. Argentina Expansion

Background

In April 2021, the Company entered into an eight-year power purchase agreement for up to 210 MW with a private Argentinian power producer. The agreement establishes that the power producer will effectively supply the Company based on (i) 60% of the drawn electricity at a rate of $0.02 per kilowatt hour for the first four years, not including an additional cost of $0.002 per kilowatt hour for an energy management fee which effectively increases the cost to $0.022 per kilowatt hour, up to a maximum amount of 1,103,760 megawatt hours per year, plus (ii) the remaining electricity supply subject to certain adjustments, variable pricing components and other conditions. The pricing on the remaining four years of the eight-year energy contract will be determined by a formula that is largely dependent on natural gas prices. The agreement also allows for the power producer to renegotiate the rate if the ratio of the exchange rate under the blue-chip swap mechanism used in Argentina to the official exchange rate is less than 1.50. For the last four years of the eight-year power purchase agreement, all of the electricity supply will be based on variable and market-driven pricing components as is the case for the 40% supply as outlined above for the first four years. For further details on the Company's power purchase agreement, refer to Section 18 - *Risk Factors* (Section *Economic Dependence on Regulated Terms of Service and Electricity Rates Risks)* of this MD&A.

In July 2021, the Company entered into an eight-year lease agreement, comprising annual payments of approximately $0.1 million, with the power producer to lease land within the power producer's property for the Mining facility's construction and operation. The lease covers sufficient property to allow for the construction of warehouses capable of fully drawing up to 210 MW of power.

In September 2021, the Company entered into a contract with *Proyectos y Obras Americanas S.A.* ("PROA") to provide engineering, procurement, and construction services for the Argentina facility. PROA specializes in utility-grade electrical infrastructure and civil construction with relevant expertise in the design and construction of electrical interconnections, high voltage electrical lines, and transformers needed for operations of the size of the planned Argentina facility. Pursuant to an agreement signed with *LPZ Hosting S.A.S* ("LPZ"), LPZ is responsible for the detail engineering, purchasing management and execution of louvers, sound and noise system, electric installation, data network installation, air conditioning system, air extraction and filter systems, racks, closed-circuit television "(CCTV)", fire detection and extinguisher system as well as installation of all low voltage works. *Ingenia Grupo Consultor and Gieco S.A.* ("Ingenia") were retained as a consortium group responsible for the construction of a provisional high voltage powerline and transformer station as well as the expansion of the 132 KW public bars of the power plant. Ingenia, under the supervision of LPZ, was also selected to carry out electrical data and CCTV assembly work for the first warehouse. The Company has also engaged Dreicon S.A. to provide some engineering services and to act as an independent engineering firm to oversee construction, quality control and project milestones for the Company's projected buildout schedule.

Initial plan

The facility, if fully developed, is currently designed to comprise up to four separate warehouse-style buildings. All four warehouses, if built, are expected to be able to accommodate over 55,000 new generation Miners, and be capable of producing approximately 5.5 EH/s. The first warehouse, which was included in the capacity needed to reach the corporate 5.0 EH/s figure for 2022, represents approximately 50 MW of incremental infrastructure capacity.

7. EXPANSION PROJECTS (Continued)

B. Argentina Expansion (Continued)

Initial plan (Continued)

The Company planned to deploy a significant portion of its order of 48,000 Miners at this facility, with deliveries currently expected to arrive throughout 2022 and the first six months of 2023. In December 2022, the Company renegotiated its 48,000 unit purchase agreement by extinguishing the outstanding commitment on 18,000 units, contractually valued at $45.4 million, without penalty.

The adverse impact of recent geopolitical events on natural gas prices, as well as new importation restrictions, as detailed below, led the Company to revise the timing to fully utilize the infrastructure built in the first 50 MW warehouse and to reassess the timing of its build-out and deployment of further production facilities at the Rio Cuarto location.

Revised plan announced in 2022

Since September 2022, 10 MW of the 50 MW of the first warehouse became operational. Construction of the first warehouse was completed in November 2022, but has not yet been fully commissioned, due to the reasons detailed below. The first warehouse is expected to be fully commissioned during the first six months of 2023.

Since October 17, 2022, a new importation system, called Sistema de importaciones de la República Argentina (“SIRA”) replaced the previous one called Sistema integral de monitoreo de importaciones (“SIMI”). The SIRA system puts additional controls on importations into Argentina and limits the outflow of U.S. dollars from the country, resulting in additional restrictions on the importation of crypto Miners and many other categories of equipment. As a result, and for reasons beyond its control, the Company has been unable to import and deploy its Mining fleet in Argentina as originally expected. Additionally, the private Argentinian power producer is still awaiting approval of its final operation permit to provide power to the Company’s operations. In the meantime, the Rio Cuarto facility is drawing power, during the start-up and commissioning phase, from the provincial electrical utility at a higher cost than the expected contracted cost of power under the agreement with the power producer, which also impacts the planned deployment of Miners in the first warehouse.

The cost of developing the first two warehouses is currently estimated to range from $55 million to $65 million, including the installation of high voltage lines and a substation capable of supplying power to four warehouses and drawing up to 210 MW of electricity. The estimated cost range is net of any expected gains on disposition of marketable securities in connection with the Company’s mechanism for funding the Argentina Expansion, as described in section 8 - *Net financial income and expenses*, and excluding importation costs.

Position as of December 31, 2022

As of December 31, 2022, the Company has placed deposits of $8.8 million and $4.3 million with suppliers for existing and additional construction costs and for Blockchain Verification and Validation Equipment and electrical components, respectively. The Company has also acquired $51.6 million of PPE, incurred $0.3 million of expenditures relating to design and feasibility studies and recorded cumulative gains on disposition of marketable securities of $57.8 million associated with the mechanism to convert funds into Argentine Pesos for disbursements.

7. EXPANSION PROJECTS (Continued)

B. Argentina Expansion (Continued)

Revised plan announced in 2023

In February 2023, Management approved a temporary cessation of the development of the second warehouse until the power permit is obtained by the private Argentinian power producer, the importation limitations are resolved and natural gas prices stabilize at an acceptable level. In light of these circumstances, the Company is not in a position to determine when or if construction of warehouse 2 will resume and construction of warehouses 3 and 4 will commence.

C. Paraguay Expansion

Background

During the year ended December 31, 2021, the Company entered into an annually renewable 10 MW power purchase agreement with the city of Villarrica's electricity distribution company, Compañía Luz y Fuerza SA ("CLYFSA"), at an effective electricity cost of $0.036 per kilowatt hour. The Company also entered into a five-year lease agreement with another counterparty, beginning August 1, 2021, with monthly payments of $20,000, to lease land at the existing facility. The construction of the facility cost $1.1 million and was completed in December 2021.

2022 update

In January 2022, the facility became operational with the installation of 2,900 of the Company's older generation Miners relocated from Quebec and generating approximately 125 PH/s.

On July 18, 2022, the Paraguayan Congress approved a bill regulating the Mining, trading, intermediation, exchange, transfer, custody and administration of crypto-assets and instruments. The proposed legislation by the Paraguay Congress aimed to create an attractive regulatory environment within the country through the establishment of a straightforward licensing regime that clearly establishes the requirements to operate crypto-assets activities in the Country. On August 30, 2022, the law was vetoed by the President and was returned to the Paraguayan Congress to be discussed and potentially resubmitted. It is unknown if and when a new law will be approved. The absence of specific law in Paraguay regarding crypto assets has not impacted the Company's current operations in the country.

On September 16, 2022, the executive branch of the Paraguayan government issued decree No. 7824/22 under which the National Electricity Administration ("ANDE"), which is responsible for the distribution and delivery of the majority of electricity in the country, was requested to adopt complementary and temporary regulatory measures to adjust the variables corresponding to the electricity rates aimed at special intensive consumption sectors, including crypto asset Mining activities. In response, ANDE created the Special Intensive Consumption Group, which controls the supply of high and medium voltage and imposes rate tariffs in effect until at least December 2027. While these tariffs have no impact on the Company's current activities in Paraguay as its contract is with the local supplier CLYFSA as detailed above, the impact, if any, on the Company's future operations cannot be determined at this time.

During December 2022, ANDE, as part of a local development plan, installed a new transformer in the city of Villarrica which is expected to be operational in the first half of 2023. The new transformer will help ensure fewer energy curtailments to the Company's facility as well as to nearby residents.

7. EXPANSION PROJECTS (Continued)

C. Paraguay Expansion (Continued)

2023 update

In January 2023, all of the older generation Miners in the Villarrica facility were replaced with approximately 2,900 new M30S Whatsminer Miners generating approximately 290 PH/s, a 165 PH/s increase compared to the hashrate that was being produced by the older generation Miners. The Company has reached an agreement to sell the older generation Miners to a third party for approximately $0.2 million.

D. Washington Expansion

Background

On November 9, 2021, the Company completed the acquisition of a facility in Washington State consisting of 12 MW of hydro-electric power purchase agreements, an additional 12 MW of in-process applications for expanded power-purchase agreements, transformers with 17 MW of capacity, land, buildings, electrical distribution equipment and a below market lease arrangement for a 5 MW facility that was set to expire on November 8, 2022.

Upon closing of the transaction, the Company transferred approximately $23.0 million in cash and 415,000 common shares with a value of $3.7 million on the closing date. The net identifiable assets acquired include electrical distribution equipment valued at $6.0 million, buildings valued at $0.7 million, land valued at $0.1 million and a favorable lease valued at $2.0 million. The acquisition resulted in the Company recording goodwill of $17.9 million, which was determined as of June 30, 2022 to be fully impaired as a result of the decrease in the price of BTC.

2022 update

During the second quarter of 2022, the Company added 3 MW of electrical infrastructure and is currently operating approximately 20 MW of electrical infrastructure with the majority of the Company's Antminer S19j Pro Miners generating approximately 600 PH/s in this facility. The Company's power supplier has provided a preliminary indication that the next 6 MW of in-process applications are expected to be energized in the first half of 2023 with the remaining 3 MW of in-process applications estimated to be energized after 2027 due to the nearby substation being at capacity.

On October 20, 2022, the Company renewed on similar terms the property lease for a period of 23 months.

8. FINANCIAL PERFORMANCE

Consolidated Financial & Operational Results

(U.S.$ in thousands except where indicated)	Three months ended December 31, 2022	2021	$ Change	% Change	Year ended December 31, 2022	2021	$ Change	% Change
Revenues	**27,037**	59,598	(32,561)	(55)%	**142,428**	169,491	(27,063)	(16)%
Cost of revenues	**39,121**	20,613	18,508	90%	**131,910**	58,371	73,539	126%
Gross (loss) profit	**(12,084)**	38,985	(51,069)	(131)%	**10,518**	111,120	(100,602)	(91)%
Gross margin (1)	**(45)%**	65%	—	—	**7%**	66%	—	—
Operating expenses								
General and administrative expenses	**11,972**	18,928	(6,956)	(37)%	**51,506**	43,238	8,268	19%
Realized loss on disposition of digital assets	**28,567**	137	28,430	*nm*	**150,810**	289	150,521	*nm*
Change in unrealized (gain) loss on revaluation of digital assets	**(23,284)**	3,869	(27,153)	(702)%	**(2,166)**	4,861	(7,027)	(145)%
Loss (gain) on disposition of property, plant and equipment	**(415)**	(753)	338	(45)%	**1,277**	(848)	2,125	251%
Impairment (reversal) on equipment and construction prepayments, property, plant and equipment and right-of-use assets	**(8,903)**	1,800	(10,703)	(595)%	**75,213**	1,800	73,413	*nm*
Impairment on goodwill	**—**	—	—	—	**17,900**	—	17,900	100%
Impairment reversal on property, plant and equipment	**—**	—	—	—	**—**	(1,860)	1,860	100%
Operating (loss) income	**(20,021)**	15,004	(35,025)	(233)%	**(284,022)**	63,640	(347,662)	(546)%
Operating margin (1)	**(74)%**	25%	—	—	**(199)%**	38%	—	—
Net financial (income) expenses	**(3,369)**	(2,933)	(436)	15%	**(27,560)**	21,003	(48,563)	(231)%
Net (loss) income before income taxes	**(16,652)**	17,937	(34,589)	(193)%	**(256,462)**	42,637	(299,099)	(702)%
Income tax (recovery) expense	**191**	8,260	(8,069)	(98)%	**(17,412)**	20,507	(37,919)	(185)%
Net (loss) income and total comprehensive (loss) income	**(16,843)**	9,677	(26,520)	(274)%	**(239,050)**	22,130	(261,180)	*nm*
Basic (loss) earnings per share (in U.S. dollars)	**(0.08)**	0.05	—	—	**(1.15)**	0.14	—	—
Diluted (loss) earnings per share (in U.S. dollars)	**(0.08)**	0.05	—	—	**(1.15)**	0.13	—	—
Gross Mining profit (1)	**8,494**	49,055	(40,561)	(83)%	**82,584**	134,884	(52,300)	(39)%
Gross Mining margin (1)	**33%**	84%	—	—	**59%**	82%	—	—
EBITDA (1)	**7,396**	29,061	(21,665)	(75)%	**(169,821)**	70,533	(240,354)	(341)%
EBITDA margin (1)	**27%**	49%	—	—	**(119)%**	42%	—	—
Adjusted EBITDA (1)	**1,126**	40,275	(39,149)	(97)%	**51,568**	113,540	(61,972)	(55)%
Adjusted EBITDA margin (1)	**4%**	68%	—	—	**36%**	67%	—	—

nm: not meaningful

1 Gross margin, gross Mining profit, gross Mining margin, operating margin, EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin, are non-IFRS financial measures or ratios; refer to Section 10 - *Non-IFRS Financial Measures and Ratios* of this MD&A.

8. FINANCIAL PERFORMANCE (Continued)

A. Revenues

Q4 2022 v. Q4 2021

Revenues were $27.0 million in Q4 2022 compared to $59.6 million in Q4 2021, a decrease of $32.6 million, or 55%.

The most significant factors impacting the decrease in Bitfarms' revenues in Q4 2022, compared to Q4 2021, are presented in the table below. Revenues decreased mostly due to the decrease in average BTC price, partially offset by the increase in Bitfarms' hashrate in excess of the increase in network difficulty.

(U.S. $ in thousands except where indicated)	**Note**	**BTC**	**(USD)**	**% Change**
Revenues, including Volta, for the three months ended December 31, 2021		1,045	59,598	—
Impact of increase in average Bitfarms' BTC hashrate in excess of the increase in network difficulty during Q4 2022 as compared to Q4 2021	1	389	21,742	36%
Impact of difference in average BTC price in Q4 2022 as compared to Q4 2021	2		(54,201)	(91)%
Other Mining variance and change in Volta			(102)	—%
Revenues for the three months ended December 31, 2022		**1,434**	**27,037**	**(55)%**

Notes

1 Calculated as the difference in BTC mined in Q4 2022 compared to Q4 2021 multiplied by Q4 2021 average BTC price

2 Calculated as the difference in average BTC price in Q4 2022 compared to Q4 2021 multiplied by BTC mined in Q4 2022

The following table summarizes the revenues by country:

	Three months ended December 31,			
(U.S.$ in thousands except where indicated)	**2022**	2021	$ Change	% Change
Canada	**21,566**	48,613	(27,047)	(56)%
USA	**3,445**	10,985	(7,540)	(69)%
Paraguay	**729**	—	729	100%
Argentina	**1,297**	—	1,297	100%
	27,037	59,598	(32,561)	(55)%

Given its higher proportion of production capacity, the decrease of $32.6 million in revenues mainly reflects a decrease of $27.0 million in Canada. Revenues from the Company's Canadian operations were $21.6 million during Q4 2022 compared to $48.6 million in Q4 2021. US-based revenues decreased by $7.5 million from the Company's Washington operations in Q4 2022 when compared to the same period in the previous year. Paraguay and Argentina revenues were $0.7 million and $1.3 million in Q4 2022, respectively, compared to nil and nil in Q4 2021, respectively.

8. FINANCIAL PERFORMANCE (Continued)

A. Revenues (Continued)

FY 2022 v. FY 2021

Revenues were $142.4 million in FY 2022 compared to $169.5 million in FY 2021, a decrease of $27.1 million, or 16%.

The most significant factors impacting the decrease in Bitfarms' revenues in FY 2022, compared to FY 2021, are presented in the table below. Revenues decreased mostly due to the decrease in average BTC price, partially offset by the increase in Bitfarms' hashrate in excess of the increase in network difficulty.

(U.S. $ in thousands except where indicated)	Note	BTC	(USD)	% Change
Revenues, including Volta, for the year ended December 31, 2021		3,453	169,491	—
Impact of increase in average Bitfarms' BTC hashrate in excess of the increase in network difficulty during FY 2022 as compared to FY 2021	1	1,714	81,612	48%
Impact of difference in average BTC price in FY 2022 as compared to FY 2021	2		(107,022)	(63)%
Other Mining variance and change in Volta and hosting revenues			(1,653)	(1)%
Revenues for the year ended December 31, 2022		**5,167**	**142,428**	**(16)%**

Notes

1 Calculated as the difference in BTC mined in FY 2022 compared to FY 2021 multiplied by FY 2021 average BTC price

2 Calculated as the difference in average BTC price in FY 2022 compared to FY 2021 multiplied by BTC mined in FY 2022

The following table summarizes the revenues by country:

	Year ended December 31,			
(U.S.$ in thousands except where indicated)	**2022**	2021	$ Change	% Change
Canada	**112,106**	153,265	(41,159)	(27)%
USA	**25,095**	16,226	8,869	55%
Paraguay	**3,772**	—	3,772	100%
Argentina	**1,455**	—	1,455	100%
	142,428	169,491	(27,063)	(16)%

The decrease of $27.1 million in revenues, primarily resulting from lower BTC prices, was derived mainly from the Company's Canadian operations, which had revenues of $112.1 million during FY 2022 compared to $153.3 million in FY 2021. The decrease was partially offset by the increase in US-based revenues from the Company's Washington operations of $8.9 million during FY 2022 when compared to the same period in the previous year due to the additional 3 MW capacity added during 2022 as well as operating for two more months during 2022 compared to 2021. Further reducing the overall decrease of revenues were the Paraguay and Argentina revenues of $3.8 million and $1.5 million in FY 2022, respectively, compared to nil and nil in FY 2021, respectively.

8. FINANCIAL PERFORMANCE (Continued)

B. Cost of Revenues

	Three months ended December 31,				Year ended December 31,			
(U.S.$ in thousands except where indicated)	**2022**	2021	$ Change	% Change	**2022**	2021	$ Change	% Change
Energy and infrastructure	**17,445**	9,335	8,110	87%	**56,415**	30,195	26,220	87%
Depreciation and amortization	**20,777**	10,287	10,490	102%	**72,420**	24,476	47,944	196%
Purchases of electrical components	**507**	554	(47)	(8)%	**1,759**	1,973	(214)	(11)%
Electrician salaries and payroll taxes	**392**	437	(45)	(10)%	**1,316**	1,727	(411)	(24)%
	39,121	20,613	18,508	90%	**131,910**	58,371	73,539	126%

Q4 2022 v. Q4 2021

Bitfarms' cost of revenues for Q4 2022 was $39.1 million compared to $20.6 million for Q4 2021. The increase in cost of revenues was mainly due to the increase in energy and infrastructure expenses and non-cash depreciation and amortization expense:

- Energy and infrastructure expenses increased by $8.1 million, or 87%, mainly due to the Company adding new Miners, which increased energy utilization to an average of 169 MW during Q4 2022 versus 88 MW for the same period in 2021, resulting in an increase in electricity costs of $9.1 million. The availability and pricing of energy may be negatively affected by governmental or regulatory changes in energy policies in the countries and provinces where the Company operates.
- Depreciation and amortization expense increased by $10.5 million as the Company added new Miners and electrical infrastructure.
- The Company incurred a $0.4 million increase in rent and other expenses.
- The remaining difference is mainly due to the Company being able to terminate, following the Washington acquisition, its hosting agreements in November 2021 under which a third party operated the Company's equipment, resulting in $1.1 million lower energy and infrastructure costs in Q4 2022 compared to Q4 2021.

FY 2022 v. FY 2021

Bitfarms' cost of revenues for FY 2022 was $131.9 million compared to $58.4 million for FY 2021. The increase in cost of revenues was mainly due to the increase in energy and infrastructure expenses and non-cash depreciation and amortization expense:

- Energy and infrastructure expenses increased by $26.2 million, or 87%, mainly due to the Company adding new Miners and upgrading its fleet, which increased energy utilization to an average of 137 MW during the period, compared to 66 MW for the same period in 2021, resulting in an increase in electricity costs of $27.7 million.
- Depreciation and amortization expense increased by $47.9 million as the Company added new Miners and electrical infrastructure.
- The Company also invested additional resources in facilities to repair existing Mining hardware including the upgrade of existing facilities, which added $0.4 million to energy and infrastructure expenses in FY 2022 compared to FY 2021.

8. FINANCIAL PERFORMANCE (Continued)

B. Cost of Revenues (Continued)

FY 2022 v. FY 2021 (Continued)

- The Company also incurred a $2.2 million increase in rent and other expenses mainly due to the rent agreement for the Washington facility which started during Q4 2021 and, accordingly, was only in effect for less than two months in 2021 in comparison to the full year 2022.
- The remaining difference in FY 2022 compared to FY 2021 resulted from the Company terminating its hosting agreements during 2021 under which a third party operated the Company's equipment, reducing energy and infrastructure costs by $4.1 million during FY 2022.

C. General & Administrative Expenses

	Three months ended December 31,				**Year ended December 31,**			
(U.S.$ in thousands except where indicated)	**2022**	2021	$ Change	% Change	**2022**	2021	$ Change	% Change
Salaries and share based payment	**6,392**	13,989	(7,597)	(54)%	**30,040**	30,334	(294)	(1)%
Professional services	**3,592**	2,282	1,310	57%	**10,051**	6,985	3,066	44%
Advertising and promotion	**182**	87	95	109%	**333**	174	159	91%
Insurance, duties and other	**1,419**	2,239	(820)	(37)%	**9,370**	4,920	4,450	90%
Travel, motor vehicle and meals	**258**	187	71	38%	**1,152**	423	729	172%
Hosting and telecommunications	**129**	144	(15)	(10)%	**560**	402	158	39%
	11,972	18,928	(6,956)	(37)%	**51,506**	43,238	8,268	19%

Q4 2022 v. Q4 2021

Bitfarms' general and administrative ("G&A") expenses were $12.0 million in Q4 2022 compared to $18.9 million for Q4 2021. The decrease of $6.9 million, or 37%, in G&A expense was largely due to:

- A $6.2 million decrease in non-cash share-based payment expense in connection with the Company granting fewer stock options during FY 2022 compared to the same period in 2021.
- A $1.4 million decrease in salaries expense mainly due to the Company incurring lower bonus and incentives plans expenses in Q4 2022 compared to Q4 2021.
- These decreases were partially offset by the increase in professional services expenses of $1.3 million mainly due to $1.5 million of termination payments to two executive officers whose consulting agreements were terminated and executive responsibilities eliminated in December 2022.

8. FINANCIAL PERFORMANCE (Continued)

C. General & Administrative Expenses (Continued)

FY 2022 v. FY 2021

For FY 2022, Bitfarms' G&A expenses were $51.5 million, compared to $43.2 million for the same period in 2021. The increase of $8.3 million, or 19%, in G&A expenses was mainly due to:

- The Company's insurance expense increaseing by $3.2 million as a result of the increase of insured assets and higher industry-specific insurance premiums, as well as an increase in insurance premiums associated with the Company's Nasdaq listing on June 21, 2021 for the full year 2022 in comparison to a partial year for 2021.
- A $3.1 million increase in professional and other fees, mainly in connection with $1.5 million of termination payments to two executive officers whose consulting agreements were terminated and executive responsibilities eliminated in December 2022, as well as $0.9 million more consulting expenses in connection with the two-year consulting agreement with the previous owner of the Mining facility in Washington State that began in Q4 2021.
- In FY 2022, G&A expenses included $2.0 million of shipping costs and duties from transferring older generation Miners from Canada to Paraguay that did not exist in FY 2021.

The increase was partially offset by:

- A $0.8 million decrease in non-cash share-based payment expense in connection with the Company's grant of stock options and restricted share units during FY 2022 in comparison to FY 2021.

D. Net financial income and expenses

	Three months ended December 31,				Year ended December 31,			
(U.S.$ in thousands except where indicated)	**2022**	2021	$ Change	% Change	**2022**	2021	$ Change	% Change
Loss on revaluation of warrants	**—**	—	—	—	**—**	19,524	(19,524)	(100)%
Loss on embedded derivative	**—**	—	—	—	**—**	2,641	(2,641)	(100)%
Gain on disposition of marketable securities	**(7,317)**	(3,875)	(3,442)	89%	**(51,649)**	(6,149)	(45,500)	740%
Loss on currency exchange	**1,061**	201	860	428%	**2,945**	647	2,298	355%
Interest on Credit Facility and long-term debt	**2,854**	505	2,349	465%	**12,770**	1,907	10,863	570%
Interest on lease liabilities	**417**	332	85	26%	**1,451**	1,513	(62)	(4)%
Warrant issuance costs	**—**	—	—	—	**—**	668	(668)	(100)%
Discount (income) expense on VAT receivable	**(179)**	—	(179)	(100)%	**6,750**	—	6,750	100%
Other financial expenses	**(205)**	(96)	(109)	114%	**173**	252	(79)	(31)%
	(3,369)	(2,933)	(436)	15%	**(27,560)**	21,003	(48,563)	(231)%

8. FINANCIAL PERFORMANCE (Continued)

D. Net financial income and expenses (Continued)

Q4 2022 v. Q4 2021

Bitfarms' net financial income for Q4 2022 was $3.4 million compared to $2.9 million for Q4 2021.

The $0.5 million increase was primarily related to income from:
- A $3.4 million increase in gain on disposition of marketable securities related to the funding mechanism used to fund the Argentina Expansion that began in Q3 2021. The Company has funded its expansion in Argentina through the acquisition of marketable securities and in-kind contribution of these securities to a company in Argentina that it controls. The subsequent disposition of these marketable securities in exchange for Argentine Pesos gave rise to a gain as the equivalent amount received in Argentine Pesos exceeded the amount of Argentine Pesos the Company would have received from a direct foreign currency exchange.

The income was partially offset by:
- The increase of $2.4 million in interest expense on the Credit Facility which commenced on December 30, 2021 and was fully repaid and extinguished in December 2022, the BlockFi Loan which commenced on February 18, 2022, and the NYDIG Loan which commenced on June 15, 2022. The BlockFi Loan and the NYDIG Loan were classified as long-term debt in the statements of financial position.

FY 2022 v. FY 2021

Bitfarms' net financial income for FY 2022 was $27.6 million compared to net financial expenses of $21.0 million for FY 2021.

The $48.6 million change was mainly due to:
- A $45.5 million increase in gain on disposition of marketable securities related to the funding of the Argentina Expansion during FY 2022.
- A $19.5 million loss on the revaluation of warrants related to a private placement which closed on January 7, 2021 and a loan with Dominion Capital in Q1 2021 (the "Dominion Loan"), which were exercised in Q1 2021 and not applicable in FY 2022, in addition to a loss on embedded derivative of $2.6 million in Q1 2021 that no longer existed in FY 2022.
- A $0.7 million decrease in warrant issuance costs for 40,332,000 warrants granted in FY 2021 in comparison to no warrants issued in FY 2022.

The income was partially offset by:
- The discounting expense on the Argentina VAT receivable of $6.8 million during FY 2022 related to the country's historically high rate of inflation and length of time before the VAT receivable is refunded, which was not applicable in FY 2021.
- A $2.3 million increase in loss on currency exchange.
- The $10.9 million higher interest expense during FY 2022 compared to the same period in 2021 as a result of the Credit Facility that commenced on December 30, 2021, and the BlockFi Loan and NYDIG Loan that commenced on February 18, 2022 and June 15, 2022, respectively. The Credit Facility was fully repaid and extinguished in December 2022.

8. FINANCIAL PERFORMANCE (Continued)

E. Impairment

The net impairment reversal recorded in Q4 2022 amounted to $8.9 million, compared to an impairment loss of $1.8 million in Q4 2021. The net impairment loss recorded in FY 2022 amounted to $93.1 million, compared to an impairment reversal of $0.1 million in FY 2021.

The following tables detail the impairment loss (reversal) recorded per quarter, per cash-generating unit ("CGU") and per type of asset in FY 2022:

						Year ended December 31,
(U.S. $ in thousands)						2022
	Equipment and construction prepayments	Assets held for sale	ROU assets	Property, plant and equipment	Goodwill	Total
Washington CGU	—	—	306	6,208	17,900	24,414
Argentina CGU	50,326	—	1,728	32,027	—	84,081
Quebec CGU	(11,641)	—	—	—	—	(11,641)
Paraguay CGU	(8,486)	—	—	—	—	(8,486)
Miners held for sale	—	545	—	—	—	545
Suni mineral asset	—	—	—	4,200	—	4,200
	30,199	545	2,034	42,435	17,900	93,113

(U.S. $ in thousands)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY2022
Washington CGU	—	17,900	—	6,514	24,414
Argentina CGU	—	—	79,484	4,597	84,081
Quebec CGU	—	—	—	(11,641)	(11,641)
Paraguay CGU	—	—	—	(8,486)	(8,486)
Miners held for sale	—	—	432	113	545
Suni mineral asset	—	—	4,200	—	4,200
	—	17,900	84,116	(8,903)	93,113

(In U.S. dollars, except where otherwise indicated)

8. FINANCIAL PERFORMANCE (Continued)

E. Impairment (Continued)

CGUs impairment

During the last three quarters of 2022, the Company experienced consecutive declines in the price of BTC which resulted in impairment losses being recorded during the second, third and fourth quarters of 2022. The decline of the BTC prices is shown as follows:

	Q1 2022	Q2 2022	Q3 2022	**Q4 2022**
BTC price as of the end of the period	$ 45,500	$ 19,800	$ 19,400	**$ 16,500**

For each of the three last quarters of 2022, the Company performed an evaluation of the recoverable values of the assets for the operating cryptocurrency Mining facilities in Quebec, Washington State, Argentina and Paraguay separately. As the group of assets for each CGU do not generate cash inflows that are independent of each other, the recoverable amount was calculated for each CGU comprised of the PPE, right-of-use ("ROU") assets, long-term electricity deposits, long-term construction and equipment prepayments and favorable lease used in the operating cryptocurrency Mining facilities in Quebec, Washington State, Argentina and Paraguay.

For more details of the key assumptions used in the calculations, refer to Note 11, *Impairment* to the Financial Statements.

Washington CGU
During the second quarter of 2022, the Company recorded an impairment loss on its Washington CGU resulting in an impairment charge to goodwill of $17.9 million, which was recognized in profit or loss under Impairment on goodwill.

During the fourth quarter of 2022, the Company recorded an impairment loss on its Washington CGU resulting in an impairment charge to ROU and PPE of $0.3 million and $6.2 million, respectively, which was recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets.

Argentina CGU
During the third quarter of 2022, the Company determined that an impairment charge should be recorded on its operating Argentina CGU in the amount of $79.5 million, of which $48.9 million was allocated to equipment and construction prepayments, $1.6 million to ROU and $29.0 million to PPE. The impairment loss was recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets.

During the fourth quarter of 2022, the Company determined that an impairment charge should be recorded on its operating Argentina CGU in the amount of $4.6 million, of which $1.5 million was allocated to equipment and construction prepayments, $0.1 million to ROU and $3.1 million to PPE. The impairment loss was recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets.

8. FINANCIAL PERFORMANCE (Continued)

E. Impairment (Continued)

CGU's impairment (Continued)

Argentina CGU (Continued)
The majority of assets included in the Argentina CGU are funded through a funding mechanism facilitating the favorable conversion of U.S. dollars to Argentine Pesos, which generated a gain on disposition of marketable securities. The gain on disposition of marketable securities is reflected in the value of the assets before any impairment charge is incurred. The combined impact of the impairment charge on the operating Argentina CGU and the cumulative gain on disposition of marketable securities from Argentina is reflected as an expense of $26.3 million in profit or loss.

CGU's impairment reversal

Quebec CGU and Paraguay CGU
The renegotiation of the 48,000 unit purchase agreements, as described in Section 11 - *Liquidity and Capital Resources*, allowed the deployment of Miners intended for the Argentina CGU to be reassigned to the Quebec CGU and Paraguay CGU. As a result, a portion of the equipment prepayments in the Argentina CGU that were impaired during the third quarter of 2022 was allocated to the Quebec CGU and Paraguay CGU. The deposits were transferred to the Quebec CGU and Paraguay CGU at the impaired amount. After performing the evaluation of the recoverable amount of the assets for these CGUs, the impairment losses previously recognized on these deposits were reversed into the Quebec CGU and Paraguay CGU by $11.6 million and $8.5 million, respectively. The impairment reversals were recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets.

Suni mineral asset

In connection with the reverse acquisition of Bitfarms Ltd (Israel), which owned certain mineral assets, the Company engaged an independent appraiser to determine the fair value as of the acquisition date, April 12, 2018, of Suni, an iron ore deposit located in Canada held by the acquiree. Subsequently, the Suni mineral asset has been tested annually for impairment.

Based on the same valuation techniques, an independent appraiser determined that the fair value of Suni was lower than its carrying amount in the fourth quarter of 2021 and the third quarter of 2022, which resulted in an impairment of $1.8 million and $4.2 million, respectively, to Suni's mineral asset. The impairment loss was recognized in profit or loss under Impairment on equipment and construction prepayments, property, plant and equipment and right-of-use assets.

For more details of the key assumptions used in the calculations, refer to Note 11, *Impairment* to the Financial Statements.

9. SELECTED QUARTERLY INFORMATION

(U.S. $ in thousands except earnings per share)	**Q4 2022**	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenues	**27,037**	33,247	41,815	40,329	59,598	44,774	36,687	28,432
Net (loss) income	**(16,843)**	(84,808)	(141,918)	4,519	9,677	23,733	(3,675)	(7,605)
Basic net (loss) earnings per share	**(0.08)**	(0.40)	(0.70)	0.02	0.05	0.14	(0.02)	(0.06)

(U.S. $ in thousands except where indicated)	**Q4 2022**	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net (loss) income before income taxes	**(16,652)**	(89,533)	(161,234)	10,957	17,937	34,706	(3,071)	(6,935)
Interest expense	**3,271**	3,394	4,546	3,010	837	788	897	898
Depreciation and amortization expense	**20,777**	20,720	17,857	13,066	10,287	6,261	4,920	3,008
EBITDA	**7,396**	(65,419)	(138,831)	27,033	29,061	41,755	2,746	(3,029)
Share-based payment	**3,795**	3,961	7,927	6,105	10,036	5,787	6,342	420
Realized loss (gain) on disposition of digital assets	**28,567**	44,329	77,880	34	137	177	(47)	22
Change in unrealized (gain) loss on revaluation of digital assets	**(23,284)**	(45,655)	70,475	(3,702)	3,869	(13,893)	14,885	—
Impairment (reversal) on equipment and construction prepayments, property, plant and equipment and right-of-use assets	**(8,903)**	84,116	—	—	1,800	—	—	—
Impairment reversal on property, plant and equipment	**—**	—	—	—	—	(1,860)	—	—
Impairment on goodwill	**—**	—	17,900	—	—	—	—	—
Net financial (income) expenses and other	**(6,445)**	(11,015)	(16,666)	(8,030)	(4,628)	(2,204)	(146)	22,310
Adjusted EBITDA	**1,126**	10,317	18,685	21,440	40,275	29,762	23,780	19,723
Adjusted EBITDA margin	**4%**	31%	45%	53%	68%	66%	65%	69%

While the BTC Mining industry experiences volatility, it is typically not subject to seasonality. Seasonal fluctuations in energy supply, however, may impact the Company's operations. The majority of the Company's operations during the above periods were in Quebec, where power was sourced directly from Hydro-Quebec, Hydro-Magog and Hydro-Sherbrooke. The Company also had operations in Washington State which were powered by the Grant County Power Utility District as well as operations in Paraguay which were powered by CLYFSA. In Q3 2022, the Company began operations in Argentina. The production facility in Argentina has been temporarily connected to the power grid until such time as the private power producer obtains approval of its permit. Among other phenomena, changing weather in Quebec, Washington State, Paraguay or Argentina may impact seasonal electricity needs, and periods of extreme cold or extreme hot weather may contribute to service interruptions in cryptocurrency Mining operations. Changes to supply and/or demand of electricity may result in curtailment of electricity to the Company's cryptocurrency Mining operations. The Company's geographical diversification reduces the risk and extent of extreme weather unduly affecting the Company's overall performance.

For Q4 2022 details, refer to Section 8A - *Financial Performance* (*Revenues);* Section 11A - *Liquidity and Capital Resources (Cash Flows);* and Section 7 - *Expansion Projects* (*Washington Expansion, Paraguay Expansion and Argentina Expansion*) of this MD&A.

10. NON-IFRS FINANCIAL MEASURES AND RATIOS

The Company utilizes a number of non-IFRS financial measures and ratios in assessing operating performance. Non-IFRS financial measures and ratios may exclude the impact of certain items and are used internally when analyzing operating performance. Refer to Section 22 - *Cautionary Note Regarding Non-IFRS Financial Measures and Ratios* of this MD&A.

Non-IFRS financial measure

Measures	Definition	Purpose
Gross Mining profit	Gross Profit before: (i) non-Mining revenues; (ii) depreciation and amortization; (iii) purchase of electrical components and other expenses; and (iv) electrician salaries and payroll taxes.	● To assess profitability after power costs in cryptocurrency production, the largest variable expense in Mining. ● To provide the users of the MD&A the ability to assess the profitability of the Company's core digital asset Mining operations, exclusive of certain general and administrative expenses.
EBITDA	Net income (loss) before: (i) interest expense; (ii) income tax expense; and (iii) depreciation and amortization.	● To assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. ● Used by management to facilitate comparisons of operating performance from period to period and to prepare annual operating budgets and forecasts. ● Useful for providing users of the MD&A with additional information to assist them in understanding components of its financial results, including a more complete understanding of factors and trends affecting the Company's performance.
Adjusted EBITDA	EBITDA adjusted to exclude: (i) share-based compensation; (ii) non-cash finance expenses; (iii) asset impairment charges; (iv) realized and change in unrealized gains or losses on disposition and revaluation of digital assets; (v) gain on disposition of marketable securities and discount expense on VAT receivable; and (vi) other non-recurring items that do not reflect the core performance of the Company.	● To assess profitability before the impact of all of the items in calculating EBITDA in addition to certain other non-cash expenses. ● To provide a consistent comparable metric for profitability of the Company's core performance across time periods. ● Used by management to facilitate comparisons of operating performance from period to period and to prepare annual operating budgets and forecasts.

10. NON-IFRS FINANCIAL MEASURES AND RATIOS (Continued)

Non-IFRS financial ratios

Ratios	Definition	Purpose
Gross margin	The percentage obtained when dividing Gross profit by Revenues.	● To assess profitability of the Company across time periods.
Gross Mining margin	The percentage obtained when dividing Gross Mining profit by Mining related revenues.	● To assess profitability after power costs in cryptocurrency production, the largest variable expense in Mining. ● To provide the users of the MD&A the ability to assess the profitability of the Company's core digital asset Mining operations, exclusive of certain general and administrative expenses.
Operating margin	The percentage obtained when dividing Operating income by Revenues.	● To assess operational profitability of the Company across time periods.
EBITDA margin	The percentage obtained when dividing EBITDA by Revenues.	● To assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. ● Used by management to facilitate comparisons of operating performance from period to period and to prepare annual operating budgets and forecasts. ● Useful for providing users of the MD&A with additional information to assist them in understanding components of its financial results, including a more complete understanding of factors and trends affecting the Company's performance.
Adjusted EBITDA margin	The percentage obtained when dividing Adjusted EBITDA by Revenues.	● To assess profitability before the impact of all of the items in calculating EBITDA in addition to certain other non-cash expenses. ● To provide a consistent comparable metric for profitability of the Company's core performance across time periods. ● Used by management to facilitate comparisons of operating performance from period to period and to prepare annual operating budgets and forecasts.

10. NON-IFRS FINANCIAL MEASURES AND RATIOS (Continued)

A. Reconciliation of Consolidated Net Income (loss) to EBITDA and Adjusted EBITDA

	Three months ended December 31,				Year ended December 31,			
(U.S.$ in thousands except where indicated)	**2022**	2021	$ Change	% Change	**2022**	2021	$ Change	% Change
Revenues	**27,037**	59,598	(32,561)	(55)%	**142,428**	169,491	(27,063)	(16)%
Net (loss) income before income taxes	**(16,652)**	17,937	(34,589)	(193)%	**(256,462)**	42,637	(299,099)	(702)%
Interest expense	**3,271**	837	2,434	291%	**14,221**	3,420	10,801	316%
Depreciation and amortization expense	**20,777**	10,287	10,490	102%	**72,420**	24,476	47,944	196%
EBITDA	**7,396**	29,061	(21,665)	(75)%	**(169,821)**	70,533	(240,354)	*(341)%*
Share-based payment	**3,795**	10,036	(6,241)	(62)%	**21,788**	22,585	(797)	(4)%
Realized loss on disposition of digital assets	**28,567**	137	28,430	*nm*	**150,810**	289	150,521	*nm*
Change in unrealized (gain) loss on revaluation of digital assets	**(23,284)**	3,869	(27,153)	(702)%	**(2,166)**	4,861	(7,027)	(145)%
Impairment (reversal) on equipment and construction prepayments, property, plant and equipment and right-of-use assets	**(8,903)**	1,800	(10,703)	(595)%	**75,213**	1,800	73,413	*nm*
Impairment on goodwill	**—**	—	—	—%	**17,900**	—	17,900	100%
Impairment reversal on property, plant and equipment	**—**	—	—	—%	**—**	(1,860)	1,860	100%
Net financial (income) expenses and other	**(6,445)**	(4,628)	(1,817)	39%	**(42,156)**	15,332	(57,488)	(375)%
Adjusted EBITDA	**1,126**	40,275	(39,149)	(97)%	**51,568**	113,540	(61,972)	(55)%
Adjusted EBITDA margin	**4%**	68%	—	—	**36%**	67%	—	—

nm: not meaningful

10. NON-IFRS FINANCIAL MEASURES AND RATIOS (Continued)

B. Calculation of Gross Mining Profit and Gross Mining Margin

	Three months ended December 31,				Year ended December 31,			
(U.S.$ in thousands except where indicated)	**2022**	2021	$ Change	% Change	**2022**	2021	$ Change	% Change
Gross (loss) profit	**(12,084)**	38,985	(51,069)	(131)%	**10,518**	111,120	(100,602)	(91)%
Non-Mining revenues (1)	**(1,101)**	(1,206)	105	(9)%	**(3,443)**	(4,425)	982	(22)%
Depreciation and amortization expense	**20,777**	10,287	10,490	102%	**72,420**	24,476	47,944	196%
Purchases of electrical components and other	**510**	552	(42)	(8)%	**1,773**	1,986	(213)	(11)%
Electrician salaries and payroll taxes	**392**	437	(45)	(10)%	**1,316**	1,727	(411)	(24)%
Gross Mining profit (2)	**8,494**	49,055	(40,561)	(83)%	**82,584**	134,884	(52,300)	(39)%
Gross Mining margin	**33%**	84%	—	—	**59%**	82%	—	—

(1) Non-Mining revenues reconciliation:

	Three months ended December 31,				Year ended December 31,			
(U.S.$ in thousands except where indicated)	**2022**	2021	$ Change	% Change	**2022**	2021	$ Change	% Change
Revenues	**27,037**	59,598	(32,561)	(55)%	**142,428**	169,491	(27,063)	(16)%
Less Mining related revenues for the purpose of calculating gross Mining margin:								
Mining revenues	**(25,936)**	(58,392)	32,456	(56)%	**(138,985)**	(164,393)	25,408	(15)%
Hosting revenues	—	—	—	—	—	(673)	673	100%
Non-Mining revenues	**1,101**	1,206	(105)	(9)%	**3,443**	4,425	(982)	(22)%

(2) "Gross Mining profit" is defined as Gross profit excluding depreciation and amortization and other minor items included in cost of revenues that do not directly relate to Mining related activities. "Gross Mining margin" is defined as the percentage obtained when dividing Gross Mining profit by Revenues from Mining related activities.

11. LIQUIDITY AND CAPITAL RESOURCES

As discussed below, the Company's current financing strategy involves selling BTC mined and in treasury and utilizing short-term debt, long-term debt and equity instruments to fund its expansion activities, operating expenses and debt service requirements. The Company anticipates requiring additional funds to complete its growth plans discussed in Section 7 - *Expansion Projects* of this MD&A.

Although the Company operates through subsidiaries, there are no material legal restrictions and generally no practical restrictions on the ability of the subsidiaries to transfer funds to the Company, except that the Company may be subject to practical limitations on transferring funds from its Argentinian subsidiary. Beginning in the second half of 2019, the Argentine government has instituted certain foreign currency exchange controls which could restrict the Company's Argentinian subsidiary's access to foreign currency, including the US dollar, for making payments abroad or transferring funds to its parent without prior authorization from the Argentine Central Bank. These regulations have continued to evolve and may become more stringent depending on the Argentine government´s perception of availability of sufficient national foreign currency reserves. The Company sends funds periodically to Argentina to fund its expansion based on supplier invoices that are paid by the Argentinian subsidiary. The Argentinian subsidiary will provide Mining services to its Canadian parent which owns and will record revenue from the BTC mined in Argentina and, accordingly, the Argentinian subsidiary is not structured or contemplated to generate substantial cash flows above its internal requirements. The Argentinian subsidiary earns a market-based mark-up on the services it provides to its Canadian parent.

A. Cash Flows

	Year ended December 31,			
(U.S. $ in thousands except where indicated)	**2022**	2021	$ Change	% Change
Cash, beginning of the period	**125,595**	5,947	119,648	*nm*
Cash flows from (used in):				
Operating activities	**36,250**	(43,319)	79,569	184%
Investing activities	**(155,011)**	(208,998)	53,987	(26)%
Financing activities	**24,010**	371,986	(347,976)	(94)%
Exchange rate differences on currency translation	**43**	(21)	64	305%
Cash, end of the period	**30,887**	125,595	(94,708)	(75)%

nm: not meaningful

Cash Flows from Operating Activities
Cash flows from operating activities increased by $79.6 million during FY 2022 compared to FY 2021.

The increase in net cash flows from operating activities was primarily driven by:
- the liquidation of 9,063 BTC for total operating proceeds of $158.7 million during FY 2022, compared to 152 BTC for total proceeds of $6.4 million for the same period in 2021.

The increase was partially offset by:
- higher energy and infrastructure costs of $26.2 million;
- higher cash G&A expenses of $9.1 million;
- higher interest and financial expenses paid of $13.7 million;
- higher income taxes paid of $15.0 million; and
- other working capital variances totaling $19.4 million that are explained in Section 12 - *Financial Position* of this MD&A.

11. LIQUIDITY AND CAPITAL RESOURCES (Continued)

A. Cash Flows (Continued)

Cash Flows used in Investing Activities
Cash flows used in investing activities decreased by $54.0 million during FY 2022 compared to FY 2021.

The decrease in cash flow used in investing activities is explained by:
- $51.6 million of net proceeds received from the purchase and disposition of marketable securities to fund the Argentina expansion activities compared to $6.1 million for the same period in 2021, as described in Note 28 - *Additional Details to the Statement of Profit or Loss and Comprehensive Profit or Loss* to the Financial Statements;
- $41.8 million in advance payments made on new PPE, and on construction deposits relating to the Argentina expansion, compared to $85.1 million in advanced payments made on new PPE for the same period in 2021; and
- $23.0 million paid in FY 2021 for the business acquisition of a cryptocurrency Mining facility in Washington State. Refer to Note 5 - *Business Combination* to the Financial Statements.

The decrease was partially offset by:
- $142.6 million of net additions to PPE for Miners and infrastructure during FY 2022, compared to $107.1 million of net additions for the same period in 2021; and
- $43.2 million to purchase 1,000 BTC, of which a portion was sold for proceeds of $21.1 million. Refer to Section 11B - *Liquidity and Capital Resources (capital resources - digital asset management program)* of this MD&A.

Cash Flows from Financing Activities
Cash flows from financing activities decreased by $348.0 million from $372.0 million for FY 2021 to $24.0 million for FY 2022.

- During FY 2022, the Company raised $40.0 million of proceeds from the BTC-backed Credit Facility, $67.2 million of net proceeds from new long-term debt to help finance the purchase of new Miners and $54.1 million of net proceeds from the Company's at-the-market equity offering program;
- During FY 2022, these proceeds were partially offset by payments relating to the credit facility, long-term debt and lease liabilities of approximately $100.0 million, $31.2 million and $6.1 million, respectively. The Credit Facility was fully repaid and extinguished on December 29, 2022;
- During FY 2021, $259.2 million was raised from the issuance of common shares and warrants, $63.3 million was raised from the exercise of warrants and stock options, $14.2 million was raised from long-term debt and $60.0 million was raised from the BTC-backed Credit Facility; and
- During FY 2021, these proceeds were partially offset by long-term debt and lease repayments of $20.5 million and $4.2 million, respectively, including the full repayment of the Dominion Loan. Refer to Note 17 - *Long-Term Debt* to the Financial Statement.

11. LIQUIDITY AND CAPITAL RESOURCES (Continued)

A. Cash Flows (Continued)

Cash Flows from Financing Activities (Continued)

Modification of the BlockFi Loan to align with market conditions
On January 13, 2023, the Company announced that it was working to modify and reduce the indebtedness at one of its wholly-owned corporate subsidiaries, as described below.

On February 18, 2022, Bitfarms' subsidiary, Backbone Mining Solutions Inc. ("Backbone Mining"), entered into a $32.0 million equipment financing facility with BlockFi, which was classified as long-term debt in the statement of financial position. Backbone Mining owns or leases the assets of Bitfarms' 20-megawatt active crypto mining facilities in the State of Washington. The BlockFi loan was recourse only against Backbone Mining, and the loan was secured by its Miners, and in the event of default, BTC produced by those Miners.

As of December 31, 2022, the value of the assets securing the loan was estimated by Backbone Mining to be approximately $5.0 million, while the outstanding principal and interest was approximately $20.0 million. The Company determined that it would be advisable to seek from BlockFi more favorable terms that would be better aligned with the market outlook and the Company's business strategy.

In late December 2022, the Company began taking proactive actions, including not making installment payments, which constituted a default under the loan agreement and entitling BlockFi to exercise various rights and remedies against Backbone Mining and in respect of the collateral. As of December 31, 2022, BlockFi did not exercise rights or remedies against the Company as a result of the intentional payment defaults.

On February 8, 2023, BlockFi and the Company negotiated a settlement of the loan in its entirety for cash consideration of $7.8 million, discharging Backbone Mining of all further obligations and resulting in a gain on extinguishment of long-term debt of $12.6 million. Upon settlement, all of Backbone Mining's assets, including 6,100 Miners, were unencumbered.

At-The-Market Equity Offering Program
Bitfarms commenced an at-the-market ("ATM") equity offering program on August 16, 2021, by means of a prospectus supplement dated August 16, 2021, to the Company's short form base shelf prospectus dated August 12, 2021, and U.S. registration statement on Form-F-10, which includes the prospectus supplement. The Company may, at its discretion and from time-to-time, sell common shares of the Company as would result in the Company receiving aggregate proceeds of up to $500 million. Since the ATM equity offering program commenced, the Company had issued 53,247,000 common shares for net proceeds of $199.7 million as of December 31, 2022.

Q4 2022 v. Q4 2021
During the three months ended December 31, 2022, the Company issued under the ATM 8,489,000 common shares in exchange for gross proceeds of $5.8 million at an average share price of approximately $0.68. The Company received net proceeds of $5.6 million after paying commissions of $0.2 million to the Company's agent. During the three months ended December 31, 2021, the Company issued 17,593,000 common shares in exchange for gross proceeds of $113.9 million at an average share price of approximately $6.47. The Company received net proceeds of $110.4 million after paying commissions of $3.4 million to the Company's agent, in addition to $0.1 million of other transaction fees.

11. LIQUIDITY AND CAPITAL RESOURCES (Continued)

A. Cash Flows (Continued)

Cash Flows from Financing Activities (Continued)

At-The-Market Equity Offering Program (Continued)

FY 2022 v. FY 2021

During FY 2022, the Company issued 29,324,000 common shares in exchange for gross proceeds of $56.0 million at an average share price of approximately $1.91. The Company received net proceeds of $54.1 million after paying commissions of $1.8 million to the Company's agent, in addition to $0.1 million of other transaction fees. During the year ended December 31, 2021, the Company issued 23,923,000 common shares in exchange for gross proceeds of $150.3 million at an average share price of approximately $6.28. The Company received net proceeds of $145.6 million after paying commissions of $4.5 million to the Company's agent, in addition to $0.2 million of other transaction fees.

Use of Proceeds
The Company has used and intends to continue to use the proceeds from the ATM equity offering program prudently to support the growth and development of the Company's Mining operations, as described in Section 7 - *Expansion Projects* of this MD&A, as well as for working capital and general corporate purposes. Described below are the actual use of proceeds from the commencement of the ATM equity offering program through December 31, 2022:

(U.S. $ in thousands except where indicated)

Categories	Use of proceeds from August 16, 2021 to December 31, 2022
MicroBT Miners	**83,626**
Bitmain Miners	**24,057**
Washington Expansion	**26,106**
Sherbrooke Expansion	**21,812**
Argentina Expansion, net of gain on disposition of marketable securities	**40,283**
Cowansville Expansion	**573**
Paraguay Expansion	**3,230**
	199,687

The Company intends to continue to explore expansion opportunities in new and existing facilities, subject to market conditions and the ability to continue to obtain suitable financing.

11. LIQUIDITY AND CAPITAL RESOURCES (Continued)

B. Capital Resources

Bitfarms' capital management objective is to provide the financial resources that will enable the Company to maximize the return for its shareholders while optimizing its cost of capital. In order to achieve this objective, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risks to which the Company is exposed. The Company's strategy for achieving this objective is to maintain a flexible capital structure that optimizes the cost of capital at an acceptable level of risk, to preserve its ability to meet financial obligations as they come due, and to ensure the Company has sufficient financial resources to fund its organic and acquisitive growth.

In December 2022, the Company renegotiated its 48,000 Miner purchase agreement by extinguishing the outstanding commitment of $45.4 million without penalty and establishing a $22.4 million credit for deposits previously made which will be carried forward until the end of 2023 and applied against future purchase agreements. As of December 31, 2022, the Company no longer had any such commitments with any of its suppliers.

Based on the current capital budget and BTC prices, the Company currently anticipates that additional financing will be required to complete construction of warehouse #2 in Argentina and to initiate and complete the construction of warehouse #3 and #4 in Argentina, if the Company elects to do so. The Company also anticipates that additional financing will be required to purchase sufficient Miners for the Company to meet its objective of generating 6.0 Exahash of computer power by the end of 2023. In order to achieve its business objectives, the Company may sell or borrow against the BTC that have been accumulated as of the date hereof as well as BTC generated from ongoing operations, which may or may not be possible on commercially attractive terms. Bitfarms intends to continue to manage its capital structure by striving to reduce operating expenses and unnecessary capital spending, disposing of inefficient or underutilized assets, obtaining short-term and long-term debt financing and issuing equity.

Digital Asset Management Program
In early January 2021, the Company implemented a digital asset management program pursuant to which the Company added 3,301 BTC to its balance sheet during the year ended December 31, 2021. In January 2022, the Board of Directors (the "BOD") authorized management to purchase 1,000 BTC. During the second quarter of 2022, following the BOD approval, the Company sold 3,000 BTC in collateral to repay part of the Credit Facility and 350 BTC in treasury to manage liquidity levels. During the third quarter of 2022, the Company sold 670 BTC in collateral to repay part of the Credit Facility and 1,925 BTC in treasury to manage liquidity levels. On August 1, 2022, management received approval from the BOD to sell the daily production, in addition to any sale of up to 1,000 BTC from treasury should market conditions be justified in the discretion of management. During Q4 2022, the Company sold 1,359 BTC in collateral to repay the remaining balance of the Credit Facility in full and 1,734 BTC in treasury to manage liquidity levels. The purchase and disposal of BTC as described above while the Company continued to mine BTC resulted in the net reduction from December 31, 2021 to December 31, 2022 of 2,896 BTC for total holdings of 405 BTC as of December 31, 2022, valued at approximately $6.7 million based on a BTC price of approximately $16,500 as of December 31, 2022.

11. LIQUIDITY AND CAPITAL RESOURCES (Continued)

B. Capital Resources (Continued)

Custody of digital assets
The Company’s BTC is mined to multi-signature wallets that the Company controls. On a regular basis, the Company transfers BTC from its multi-signature wallets to an external third-party custodian, Coinbase Custody, LLC (“Coinbase Custody”). Coinbase Custody is a US-based fiduciary and qualified custodian under New York Banking Law and is licensed by the State of New York to custody digital assets. Currently, Coinbase Custody provides only custodial services to the Company and does not use a sub-custodian. Coinbase Custody is not a related party to the Company. Coinbase Custody is a fiduciary of § 100 of the New York Banking Law and is licensed to custody its clients’ digital assets in trust on their behalf. Coinbase Custody is a qualified custodian for the purposes of § 206 (4) -2(d)(6) of the U.S. Investment Advisers Act of 1940, as amended.

As of March 20, 2023, the Company has 385 BTC, net of BTC sales, valued at $10.7 million on its balance sheet. As of the date of this MD&A, 99% of the Company’s BTC are held in custody with Coinbase Custody or held as collateral within Coinbase Custody by NYDIG, the counterparty to the Company’s equipment financing, which is classified as long-term debt in the statement of financial position.

Coinbase Custody maintains an insurance policy of $320 million for its cold storage; however, the Company cannot ensure that the limits of this policy would be available to the Company or, if available, sufficient to make the Company whole for any BTC that are lost or stolen. The Company is unaware of: (i) any security breaches involving Coinbase Custody which have resulted in the Company’s crypto assets being lost or stolen, and (ii) anything with regards to Coinbase Custody’s operations that would adversely affect the Company’s ability to obtain an unqualified audit opinion on its audited financial statements. The Company’s crypto assets held in custody with Coinbase may not be recoverable in the event of bankruptcy by Coinbase or its affiliates. In its annual report, on Form 10-K, filed with the U.S. Securities Exchange Commission on February 21, 2023, Coinbase disclosed that, in the event of a bankruptcy, custodially held crypto assets could be considered to be the property of the bankruptcy estate and that the crypto assets held in custody could be subject to bankruptcy proceedings with Coinbase Custody’s customers being treated as general unsecured creditors. Further, regardless of efforts made by the Company to securely store and safeguard assets, there can be no assurance that the Company’s cryptocurrency assets will not be defalcated through hacking or other forms of theft.

11. LIQUIDITY AND CAPITAL RESOURCES (Continued)

C. Contractual obligations

The following are the contractual maturities of financial liabilities and gross lease liabilities (non-financial liabilities) with estimated future interest payments as of December 31, 2022:

(U.S. $ in thousands)	2023	2024	2025	2026	2027 and thereafter	Total
Trade payables and accrued liabilities	20,541	—	—	—	—	20,541
Long-term debt*	45,747	4,085	—	—	—	49,832
Lease liabilities	4,333	3,587	2,493	2,408	8,869	21,690
	70,621	7,672	2,493	2,408	8,869	92,063

*Included in the 2023 repayment of long-term debt of $45.7 million is $20.0 million relating to the BlockFi Loan which was extinguished for $7.8 million in February 2023.

D. Commitments

In December 2022, the Company renegotiated its 48,000 unit purchase agreements by extinguishing the outstanding commitment of $45.4 million without penalty and establishing a $22.4 million credit for deposits previously made which will be carried forward until the end of 2023 and applied against future purchase agreements.

As of December 31, 2022, the Company no longer had commitments.

E. Off-Balance Sheet Arrangements

As of March 20, 2023, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources.

12. FINANCIAL POSITION

A. Working Capital

As of December 31, 2022, Bitfarms had working capital of $1.8 million compared to $185.9 million as of December 31, 2021. The decrease in working capital was mostly due to the decrease by $146.2 million in total digital assets (including the digital assets pledged as collateral) following the disposal of 9,063 BTC. The proceeds from the disposal of BTC were used in part to pay down the Credit Facility for a net decrease of $60.0 million, which was offset by the net increase of the current portion of long-term debt by $32.8 million following the additional funds raised from the February 2022 BlockFi Loan and June 2022 equipment financing agreement with NYDIG. Other proceeds were used primarily to acquire PPE and make deposits to secure orders of Mining hardware and electrical distribution equipment, which resulted in a decrease of cash of $94.7 million when comparing to the working capital position as of December 31, 2022 to December 31, 2021.

B. Property, plant and equipment

As of December 31, 2022, Bitfarms had PPE of $219.4 million compared to $136.9 million as of December 31, 2021. The increase of $82.6 million, or 60%, was primarily due to a $59.3 million increase of PPE in Canada, mainly relating to building three new production facilities and the delivery of approximately 28,000 Miners in Sherbrooke, Quebec. It was offset by a $19.0 million decrease of PPE in the US mostly due to depreciation expense incurred on Miners purchased for the Washington facilities in 2021. Bitfarms also added PPE of $31.9 million mostly in connection with the construction of the first warehouse and Miners received in Rio Cuarto, Argentina and $12.2 million related to the expansion in Paraguay as Miners were in-transit as of December 31, 2022 and were installed subsequently in January 2023. Refer to section 8e - *Impairment* for details on impairment recorded on PPE.

13. FINANCIAL INSTRUMENTS

The Company discloses information on the classification and fair value of its financial instruments, as well as on the nature and extent of risks arising from financial instruments, and related risk management in Note 22 to the Financial Statements. Risks are related to foreign currency, credit, counterparty, liquidity, and concentration.

14. RELATED PARTY TRANSACTIONS

The Company discloses information on its related party transactions, as defined in IAS 24, *Related Party Disclosures,* in Note 23 to the Financial Statements.

15. INTERNAL CONTROLS OVER FINANCIAL REPORTING

A. Disclosure Controls and Procedures

Management, under the supervision of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company, has designed disclosure controls and procedures ("DC&P"), or caused to be designed under their supervision, to provide reasonable assurance that:

i) material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared; and

ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Management, under the supervision of the Company's CEO and CFO, has evaluated, or caused to be evaluated, the effectiveness of the Company's DC&P as defined in National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings* as of December 31, 2022, and have concluded that such DC&P were effective.

B. Internal control over financial reporting

Management, under the supervision of the CEO and CFO, is also responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR"). Management, under the supervision of the CEO and CFO, has designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management, under the supervision of the CEO and CFO of the Company, has evaluated the effectiveness of its ICFR as defined in National Instruments 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings*. The evaluation was based on the *Internal Control* - *Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Management, under the supervision of the Company's CEO and CFO, has evaluated or caused to be evaluated the effectiveness of its ICFR and concluded that, as of December 31, 2022, the ICFR were effective.

C. Changes in internal control over financial reporting

There have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the period beginning on October 1, 2022 and ended December 31, 2022.

D. Limitation of DC&P and ICFR

All control systems contain inherent limitations, no matter how well designed. As a result, the Company's management acknowledges that its internal control over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

16. RECENT AND SUBSEQUENT EVENTS

A. At-The-Market Equity Offering Program

During the period from January 1, 2023, to March 20, 2023, the Company issued 14,185,000 common shares in exchange for gross proceeds of $14.6 million at an average share price of approximately $1.03. The Company received net proceeds of $14.1 million after paying commissions of $0.5 million to the Company's agent.

A. BlockFi Loan

During February 2023, the Company negotiated a settlement of its loan agreement with BlockFi with a then outstanding debt balance of $20.3 million for a payment of $7.8 million. As a result, a gain on extinguishment of long-term debt will be recognized in the amount of $12.6 million in the first quarter of 2023.

A. Reliz Lease

During February 2023, the Company modified its lease agreement with Reliz Ltd. (where BlockFi was the lender to Reliz Ltd.) in order to settle its outstanding lease liability of $0.4 million for a payment of $0.1 million. As a result, a gain on extinguishment of long-term debt will be recognized in the amount of $0.3 million in the first quarter of 2023.

A. Repayment of Foundry Loans #2, #3 and #4

During January 2023, the principal amount of the remaining Foundry Loans #2, #3 and #4 (as defined in the Financial statements) were fully repaid before their maturity date without prepayment penalty for $0.8 million.

A. Disposition of Miners

During the period from January 1, 2023, to March 20, 2023, the Company sold 409 Bitmain S19 XP Miners for proceeds of $1.7 million resulting in a loss on disposition of $0.6 million.

17. SHARE CAPITAL

As of the date of this MD&A, the Company has 238,385,000 common shares outstanding, 15,294,000 vested and 6,510,000 unvested stock options, 19,153,000 warrants outstanding and 400,000 restricted stock units. There are no preferred or any other classes of shares outstanding.

18. RISK FACTORS

The following discussion summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business and financial condition and results of operations, and/or the trading price of the Company's shares. Due to the nature of the Company's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, the Company is subject to significant risks. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with its operations. Additional risks and uncertainties not presently known to the Company, or that are currently deemed immaterial, may also impair operations. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected. Investors should carefully consider the risks, factors, and uncertainties described below, together with the other information contained in this MD&A, as well as the risk factors, uncertainties, and other information disclosed in the Company's other public filings before making an investment decision regarding the Company's securities.

BTC Halving Event

The BTC reward for solving a block is subject to periodic incremental halving. Halving is a process designed to control the overall supply and reduce the risk of inflation in BTC using a proof of work consensus algorithm. At a predetermined block, the Mining reward is cut in half, hence the term "halving". The BTC blockchain has undergone halvings three times since its inception. Most recently, in May 2020, the BTC Block Reward decreased from 12.5 to 6.25 BTC per block (a "BTC Halving"), and, consequently, the number of new BTC issued to Miners as a subsidy decreased to approximately 900 per day, excluding transaction fees.

The May 2020 BTC Halving had a significant negative impact on the Company's profitability for several months following the BTC Halving. Given that profitability is required for self-acting agents to perform Mining to continue to support the validation of transactions, the expected impact of the BTC Halving is that market variables of BTC price will adjust over time to ensure that Mining remains profitable. The period of market normalization after the next BTC Halving to incentivizing profitability levels is unknown.

A BTC Halving is scheduled to occur once every 210,000 blocks, or roughly every four years, until the total amount of BTC rewards issued reaches 21 million, which is expected to occur around 2140. The next BTC Halving is expected to occur in late April or early May 2024. Once 21 million BTC are generated, the network will stop producing more. While BTC prices have had a history of price fluctuations around BTC Halving events, there is no guarantee that the price change will be favorable or would compensate for the reduction in Mining reward.

If BTC price and difficulty do not maintain or continue their trend of adjusting to pre-BTC Halving profitability levels over time, or the period of market normalization after the BTC Halving to pre-BTC Halving profitability levels is too long, there is a risk that the BTC Halving will render the Company unprofitable for a sustained time period such that it could be unable to continue as a going concern.

18. RISK FACTORS (Continued)

Valuation and Price Volatility of Cryptocurrencies

The profitability of the Company's operations has been and will continue to be significantly affected by changes in the spot price of cryptocurrencies, specifically BTC. Cryptocurrency prices (and BTC prices in particular) are highly volatile, fluctuating due to numerous factors beyond the Company's control, including speculation and incomplete information, rapidly changing investor sentiment, changes in technology, regulatory changes, fraudulent or malicious actors, coverage of cryptocurrency in the media, inflation, and political or economic events as well as market acceptance and demand for cryptocurrency. The market price of one BTC, in the Company's principal market, ranged from approximately $15,600 to $48,100 during the year ended December 31, 2022 and ranged from approximately $28,700 to $68,800 during the year ended December 31, 2021. Because the Company does not currently hedge its investment in BTC, the Company is directly exposed to BTC's price volatility and surrounding risks.

Currently, the Company does not use a formula or specific methodology to determine whether or when it will sell BTC that it holds, or the number of BTC it will sell. Rather, decisions to hold or sell bitcoins are currently determined by management by analyzing forecasts and monitoring the market in real time. Such decisions, however well-informed, may result in untimely sales and even losses, adversely affecting an investment in the Company. Further, some of the business decisions (for example, purchases of Miners and debt financing) the Company has made, and will in future make, were or will be tied to the prices of BTC at the time of those decisions. For example, the Company made purchase commitments in respect of a significant number of new Miners while BTC and Miner prices were much higher, and, although the Company has been able to cancel some of those purchase commitments, that may not always be possible. If cryptocurrency spot prices decline and remain at low market levels for a sustained period while network difficulty does not decrease proportionally, the Company's results of operations and financial condition, as well as the trading price of the Company's common shares, could be materially adversely affected.

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

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. Specifically, the trading price of the Company's common shares has already been correlated, and, in the future, is likely to continue to be highly correlated, to the trading prices of BTC. BTC Mining companies' stock has shown volatility relative to BTC, with many such stocks outperforming BTC in 2020 and 2021 but underperforming relative to BTC in 2022. For example, the closing price of the Company's common shares on December 31, 2021 was $5.05 and the closing price of BTC was approximately $46,200 and, as of December 30, 2022, the closing price of the Company's common shares was $0.44 and the closing price of BTC was approximately $16,500.

18. RISK FACTORS (Continued)

Valuation and Price Volatility of Cryptocurrencies (Continued)

The Company's operating results and financial condition have been and may continue to be adversely affected by declines in cryptocurrency market prices. In addition, the Company made decisions concerning the execution of its business plan, including the development of its facilities and expansion into new markets, purchases of new Miners and incurrence of indebtedness, when BTC prices were significantly higher than they currently are, resulting in plans and obligations that the Company reassesses and likely will continue to reassess, particularly in light of general declines in cryptocurrency market prices, to determine the practicality, profitability and timeline of such plans and commitments.

Volatility may have an impact on the value of the Company's inventory of cryptocurrencies and could result in margin calls on the Company's long-term debt collateral BTC with NYDIG as described in Note 17 - *Long-term Debt* to the Financial Statements.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those in cryptocurrency-focused businesses and those considered development stage companies (such as the Company), have experienced wide fluctuations in price. The market price of the Company's common shares ranged from $0.38 to $5.39 on Nasdaq and CAD$0.52 to CAD$6.83 on the TSX-Venture Exchange and Toronto Stock Exchange from January 1, 2022 to December 31, 2022. The market price of the Company's common shares fluctuates significantly in response to a number of factors, most of which the Company cannot control and many of which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, the trading price of the Company's common shares is in many cases directly tied to the price of BTC. Other factors that may impact the trading price of the Company's common shares include:

- variations in the Company's financial results or those of companies that are perceived to be similar to the Company;
- actions by the Company or its competitors, such as acquisitions, bankruptcies or restructurings;
- additions or departures of key management personnel;
- legal proceedings involving the Company, the cryptocurrency industry, or both;
- legislative or regulatory actions;
- changes in market valuations of companies similar to the Company;
- the prospects of and changes affecting participants in the cryptocurrency industry;
- actions by the Company's shareholders;
- speculation or reports by the press or investment community with respect to the Company or the cryptocurrency industry in general;
- changes in the pricing or availability of hydro-electricity, natural gas and other sources of energy;
- general economic, regulatory, market and political conditions; and
- other risks, uncertainties and factors described in these risk factors.

18. RISK FACTORS (Continued)

Share Price Fluctuations (Continued)
The stock markets in general have often experienced volatility that has sometimes been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations have caused, and may continue to cause, the trading price of the Company's common shares to decline. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on the Company's ability to access capital, on its business, financial condition, results of operations, cash flow and prospects, and on the market price of its common shares. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been brought against that company. The Company may become involved in this type of litigation in the future. Litigation of this type may be expensive to defend and may divert management's attention and resources from the operation of the Company's business.

In addition, since the Company's common shares currently trade on the Nasdaq Global Market, the Company must comply with Nasdaq's continued listing requirements to avoid its common shares being delisted. The standards include, among others, a minimum bid price requirement of $1.00 per share and any of: (i) a minimum stockholders' equity of $10 million; (ii) a market value of listed securities of $50 million; or (iii) total assets or total revenue from continuing operations of $50 million in the most recently completed fiscal year or in two of the last three fiscal years. The Company's results of operations and fluctuating share price directly impact its ability to satisfy these listing standards. Nasdaq notified the Company on December 13, 2022 that it did not satisfy the minimum bid price requirement under Nasdaq's continued listing rules. If the Company is unable to reestablish and maintain compliance with Nasdaq's listing standards, the Company's common shares may be subject to delisting. A delisting from Nasdaq would result in the Company's common shares being eligible for quotation on the over-the-counter (OTC) market, which is generally considered to be a less efficient system than listing on national exchanges such as NASDAQ because of the OTC's lower trading volumes, transaction delays, and reduced security analyst and news media coverage. These factors could contribute to lower prices and larger spreads in the bid and ask prices for the Company's common shares.

Future Capital Needs, Uncertainty of Additional Financing and Dilution
As of December 31, 2022, the Company had cash of $30.9 million, compared to $125.6 million as of December 31, 2022. The Company expects to continue to depend upon selling BTC mined and in treasury and utilizing short-term debt, long-term debt and equity instruments to fund its ongoing expansion activities, operating expenses and debt service requirements. Further, the Company expects that it will need to raise additional capital in the future to fund more rapid expansion, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities, and it may seek to do so through public of private financing, strategic relationships or other arrangements. 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. 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 the common shares will have on the price of the shares.

18. RISK FACTORS (Continued)

Future Capital Needs, Uncertainty of Additional Financing and Dilution (Continued)
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 additional funds are raised through the incurrence of indebtedness, such indebtedness may involve restrictive covenants that impair the ability of the Company to pursue its growth strategy and other aspects of its business plan, expose the company to greater interest rate risk and volatility, require the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures, increase the Company's vulnerability to general adverse economic and industry conditions, place the Company at a competitive disadvantage compared to its competitors that have less debt, limit the Company's ability to borrow additional funds, otherwise subject the Company to the risks discussed under Indebtedness below and heighten the possible effects of the other risks discussed in these risk factors.
If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its business, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

Indebtedness
The Company is party to various arrangements with short-term and long-term lenders as described in more detail in this MD&A, and the Company may become party to additional debt financing arrangements in the future. The Company's ability to generate and maintain a level of cash flows from operating activities to make scheduled payments on any debt obligations, or to refinance its debt obligations, will depend on, among other things, its future financial and operating performance, which is subject to prevailing economic and competitive conditions and to various financial, business, regulatory and other factors, some of which are beyond the Company's control. If the Company is unable to fulfill its debt service obligations, it may be forced to reduce or delay capital expenditures or sell assets, seek additional capital or seek to restructure or refinance its indebtedness. Further, any such indebtedness may impair the Company's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, restructuring, acquisitions or general corporate purposes.

In addition, any agreements governing the Company's debt obligations may contain financial covenants and covenants that restrict the Company's and its subsidiaries' ability to:

- incur additional indebtedness or issue equity securities;
- create liens on the Company's assets;
- pay dividends or make other equity distributions;
- repurchase the Company's equity securities;
- make certain investments;
- sell assets; and
- consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets.

18. RISK FACTORS (Continued)

Indebtedness (Continued)
As a result of those and any other covenants, the Company could be limited in the manner in which it conducts its business, and it may be unable to engage in favorable business activities or finance future operations or capital needs. Any violation by the Company of any of these covenants or failure by the Company to meet payment obligations (as recently was the case in respect of the Company's strategic decision to delay the making of principal and interest payments on its previously outstanding loan from BlockFi) could provide the lender with the ability to accelerate the maturity of the indebtedness and exercise a variety of remedies, including foreclosing on any collateral securing the debt.

Global Financial Conditions
Global financial conditions over the last few years have been characterized by volatility, which has contributed to the bankruptcy of several financial institutions or the rescue thereof by governmental authorities. The continuation of such adverse economic conditions and other related factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favorable to it and 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 financial condition of the Company may suffer and the price of the Company's common shares may be adversely affected.

In the future, the Company may enter into certain hedging transactions to mitigate its exposure to aspects of the economy or specific economic conditions that are particularly volatile, including the market price of BTC and interest rates. If the Company engages in hedging transactions, the Company may expose itself to risks associated with such transactions. Hedging against a decline in the values of portfolio investments caused by interest rate risk or volatile BTC market prices does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline for other reasons. Such hedging transactions may also limit the opportunity for gain if the values of the portfolio investments should increase. Moreover, it may not be possible to hedge against a particular fluctuation that is so generally anticipated by the markets that a hedging transaction at an acceptable price is unavailable. In light of these and other factors, the Company may not be successful in mitigating its exposure to volatile economic conditions through any hedging transactions it undertakes.

Possibility of BTC Mining Algorithms Transitioning to Proof of Stake Validation
Proof of stake is an alternative method of validating cryptocurrency transactions. If BTC shifts from a proof of work validation method to a proof of stake validation method, Mining would require less energy and may render any company that maintains advantages in the current climate (lower priced electricity, processing, real estate, or hosting) less competitive. Another prominent cryptocurrency, Ether, in September 2022, shifted from proof of work to a proof of stake validation method. Bitfarms, as a result of its efforts to optimize and improve the efficiency of its BTC Mining operations, may be exposed to the risk in the future of losing the benefit of Bitfarms' capital investments and the competitive advantage Bitfarms hopes to gain from this as a result, and may be negatively impacted if a switch to proof of stake validation were to occur. Such events could have a material adverse effect on Bitfarms' ability to continue as a going concern or to pursue its strategy at all, which could have a material adverse effect on Bitfarms' business, prospects or operations and potentially the value of any BTC that Bitfarms mines or otherwise acquires or holds for its own account.

Debt Covenants
The agreements governing the Company's long-term debt contain restrictive covenants that could limit its discretion with respect to certain business matters.

Limited Operating History
The Company has only a limited operating history upon which an evaluation of the Company and its prospects can be based. The Company is subject to many risks common to venture enterprises, including under-capitalization, potential 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.

18. RISK FACTORS (Continued)

Employee Retention and Growth
The Company depends on a number of key employees, including, in particular, the members of the Company's management team, the departure, death, disability or other extended loss of services of any of whom, particularly with little or no notice, could cause delays on projects, frustrate the Company's growth prospects and could have an adverse impact on the Company's industry relationships, the Company's project exploration and development programs, other aspects of its business and its financial condition, results of operations, cash flow and prospects. The Company does not expect to purchase key person insurance on such individuals, which insurance would provide the Company with insurance proceeds in the event of their death.

The growth and development of the business of the Company will also depend on its ability to attract and retain highly qualified management and Mining personnel while maintaining its corporate culture and technical and service standards. The Company will face competition for personnel from other employers. If the Company is unable to attract or retain qualified personnel as required, it may not be able to adequately manage and implement its business plan. 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.

Cybersecurity Threats and Hacking
Malicious actors may seek to exploit vulnerabilities within cryptocurrency programming codes. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create cryptocurrency or money occur somewhat regularly. For example, hackers have been able to gain unauthorized access to digital wallets and cryptocurrency exchanges.

The computer network operated by the Company may be vulnerable to intrusions by hackers who could interfere with and introduce defects to the Mining operation. Private keys which enable holders to transfer funds may also be lost or stolen, resulting in irreversible losses of cryptocurrencies.

Limited History of De-centralized Financial System
Compared to 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.

In light of those and other factors, traditional banks and banking services may limit or refuse the provision of banking services to businesses that supply cryptocurrencies as payment and may refuse to accept money derived from cryptocurrency-related businesses. This may make the establishment and management of bank accounts held by companies operating in the field difficult. To the extent that the Company experiences any such banking challenges, they could have a material adverse effect on the Company's business, prospects or operations and potentially the value of any BTC or other cryptocurrencies the Company mines or otherwise acquires or holds for its own account.

18. RISK FACTORS (Continued)

Risk Related to Technological Obsolescence and Difficulty in Obtaining Hardware
To remain competitive, the Company will continue to monitor the state of the technology available and invest in hardware and equipment required for maintaining its operations. The Company has in the past replaced, and, in the future, may be required to replace, obsolete hardware and software, which required, and, in the future, may require, substantial capital investments by the Company. There can be no assurance that mining hardware will be readily available when the need is identified. 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.

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. As Mining companies produce more hashrate and the BTC network hashrate is increased, the BTC network difficulty is adjusted upwards by requiring more hashrate to be deployed to solve a block. Thus, Mining companies are further incentivized to grow their hashrate to maintain their chance of earning new BTC rewards. In theory, these dual processes should continually replicate themselves until the supply of available BTC is exhausted. In response, Mining Companies have attempted to achieve greater hashrate by deploying increasingly sophisticated and expensive Miners in ever greater quantities. If the price of BTC is not sufficiently high to allow the Company to fund its desired hashrate growth, including through new Miner acquisitions, and if it is otherwise unable to access additional capital to acquire Miners, its hashrate may stagnate and fall behind its competitors, resulting in a likely decline in its revenues, which would have a material adverse effect on its results of operations and financial condition.

Economic Dependence on Regulated Terms of Service and Electricity Rates Risks
The Company's operations are dependent on its ability to maintain reliable and economical sources of power to run its cryptocurrency Mining assets. The Company conducts Mining in the Province of Québec, Washington State and Paraguay and expects to conduct Mining in Argentina. The Company's current and future operations, anticipated growth, and sustainability of hydro-electricity and natural gas at economical prices for the purposes of cryptocurrency Mining in multiple locations poses certain risks. These risks as well as the supply of electrical power, electricity rates, terms of service and regulatory regime are summarized as follows:

Currently the Company sources its energy from Hydro-Québec, Hydro-Sherbrooke, Hydro-Magog, Grant PUD CLYFSA and temporarily from EPEC in Rio Cuarto, Argentina. The Province of Québec mandates electrical service providers to supply their customers under an obligation to serve power delivery regime; consequently, the Company believes Hydro-Québec, Hydro-Sherbrooke and Hydro-Magog are reliable. Grant PUD and CLYFSA do not operate under highly regulated regimes, like the Province of Quebec. Any suspension of power or failure of electrical networks, however, could result in a material adverse effect on the Company.

18. RISK FACTORS (Continued)

Economic Dependence on Regulated Terms of Service and Electricity Rates Risks (Continued)
Quebec
The Company's operations are dependent on its ability to maintain reliable and economical sources of power to run its cryptocurrency mining assets. Until the adoption of Bill-2, on February 15, 2023, the Province of Québec mandated electrical service providers to supply their customers under the obligation to serve power delivery regime; however, Bill-2 amended the Act respecting the Régie de L'Énergie (the "Régie") by giving the Government of Quebec the power to determine by regulation, the cases in which Hydro-Quebec, or any other electrical service provider may be exempt from their obligation to provide electricity to industrial clients in the Province of Québec.

The price of electricity supplied directly by Hydro-Québec is set by a provincial administrative tribunal, the Régie. Hydro-Québec supplies power to certain of the Company's facilities, and to the Municipal Electrical Networks for the Magog and Sherbrooke facilities, under an obligation to serve power delivery regime. The rates imposed on Hydro-Québec by the Régie are subject to change. There are no long-term arrangements. Although power is supplied by the Municipal Networks to the Company under the long-term power contracts, the rates in those contracts are adjusted in response to tariff changes imposed by the Régie. Modifications to the rates are set out pursuant to the Hydro-Quebec Act by operation of law on April 1st each year, by a rate corresponding to the annual change in the overall average Québec consumer price index, on a tariff class basis such that any adjustment would apply equally to all CB tariff users, M tariff users or LG tariff users regardless of end use. Hydro-Quebec shall apply to the Régie to request it to fix rates or modify the rates set out in the Hydro-Québec Act on April 1, 2025 and subsequently every five years. Accordingly, there is no assurance that future electricity rates will remain stable or economical. In particular, on June 14, 2018, Hydro-Québec requested the Régie to set rates and service conditions specifically for enterprises involved in cryptocurrency Mining as a result of increased electricity demand from cryptocurrency Miners. The Régie has undertaken regulatory proceedings, to which the Company has participated as an intervenor, to establish a framework for the provision of electricity for cryptocurrency Mining in Québec in three Steps:

- Step 1: On July 13, 2018, the Régie provisionally ordered that a new tariff be established for cryptocurrency Miners and on July 19, 2018, the Régie approved a provisional tariff of CAD$0.15/kWh on cryptocurrency Mining facilities built after that date. Under Step 1, the new tariff cannot be applied to any cryptocurrency contracts entered into prior to June 7, 2018 or facilities constructed prior to July 19, 2018. Therefore, Step 1 didn't have an impact on the Company's pre-existing operations and secured existing rates until the completion of Phase 3.

- Step 2: On April 29, 2019, the Régie rendered its decision on Step 2 of the request filed by Hydro-Québec. The Régie decided to create a new class of energy consumers called Electricity consumer class for cryptographic use applied to blockchain. It decided to allocate to this new class an aggregate supply of 300 megawatts of electricity, with the requirement to curtail electricity use during peak hours at Hydro-Québec's request (up to a maximum of 300 hours a year). Cryptocurrency Mining projects will be required to submit tenders to consume electricity from the 300 megawatt block based exclusively on economic development and environmental criteria. The Régie rejected Hydro-Québec's proposal to launch a tariff auction as part of the call for tenders. It decided to create a new tariff applicable to the crypto Mining industry, the CB tariff, and determined that the applicable tariff of the energy component, in ¢/kWh, will correspond to the M or LG tariff in force, as the case may be. In order for the Company to be able to procure electricity for future Quebec expansion projects, it will be required to participate to the call for tenders process which is expected to launch shortly by Hydro-Québec. However, the Régie's decision also means that the Company's pre-existing operations at the Current Facilities will remain subject to the M or LG tariff in force, as the case may be, and they are exempt from the tender process as well as the provisional tariff of CAD$0.15/kWh which had been requested by Hydro-Québec. The provisional tariff will apply to energy consumption not authorized under cryptocurrency contracts, to those cryptocurrency contracts entered into after June 7, 2018 and to any substitution of use or any increase of capacity for crypto Miners not already under authorized cryptocurrency contracts. The decision of the Régie does impose the potential requirement to curtail electricity use (of up to 95%) during peak hours at Hydro-Québec's request (up to a maximum of 300 hours a year) under all cryptocurrency contracts including those at the Company's pre-existing operations at the Current Facilities. A shut down of 95% of operations for the maximum of 300 hours could result in a revenue decrease of approximately 3.4%.

18. RISK FACTORS (Continued)

Economic Dependence on Regulated Terms of Service and Electricity Rates Risks (Continued)
Quebec (Continued)

- Step 3: On January 28, 2021, the Régie rendered its decision on Step 3 of the request filed by Hydro-Québec. The Régie decided that the existing subscriptions on the Hydro-Québec network will be subject to non-firm service, starting in Winter 2021-2022. The non-firm service will apply for a maximum of 300 hours/year, without any monetary compensation. In considering the financial consequences of this conclusion the Régie requested that Hydro-Québec implement the non-firm service for existing clients during a three-year period through progressive implementation. The Régie did not provide any guidance to Hydro-Québec on how to proceed. The Régie provided the following reasons to justify this conclusion:

  (a) existing clients, such as the Company, have already executed agreements with municipal electricity networks with non-firm service (without financial compensation) for at least 300 hours per year;
  (b) new clients entering the market through the call for tenders process will be subject to non-firm service, without financial compensation. The treatment of those new clients must be fair and equitable with existing clients; and
  (c) load shedding for 300 hours represents only 3.4% of the 8,760 hours in a year. The Régie does not consider this request unreasonable considering the risks that cryptocurrency clients represent for Hydro-Québec.

In accordance with the Step 3 decision, the Company's operations are on a non-firm service basis for a maximum of 300 hours per year. The Company has undertaken a challenge to the Step 3 decision through an administrative review process. Consequently, the main difference between the CB tariff and the M or LG tariff is the curtailment obligation applicable to the CB tariff.

On November 17, 2021, in Step 3 of the Régie's regulatory proceedings, the Régie ratified the process for allocating the balance of the 300 MW block reserved for crypto Miners that was not already allocated pursuant to the call for tenders approved in Step 2. The allocation process of the balance of the 300 MW block would be based on a "first come, first serve" process, without any reference to economic development condition and environmental criteria.

On April 6, 2022, the Régie rendered a decision confirming the decision rendered in Step 3, resulting in the application of the non-firm service to the Company's facilities in Quebec.

On May 30, 2022, the Company filed with the Regie an administrative complaint against Hydro-Quebec requesting information regarding the process for the allocation of the balance of the 300 MW block. The filing of this complaint was justified by the fact that Hydro-Quebec, at the time of filing and more than 6 months after the decision rendered by the Régie in Step 3, was still not able to put in place the allocation process approved by the Régie de l'énergie.

On June 30, 2022, Hydro-Quebec responded to the Company's administrative complaint confirming that the allocation process of the 300 MW Block would be opened in September 2022.

On November 1, 2022, Hydro-Québec submitted to the Régie, its Supply Plan for the period 2023 to 2032 and requested the Régie, to authorize the suspension of the allocation process for the granting of the 300 MW reserved block, and to reassess the amount of MWs to be allocated to crypto Miners for future operations. The Company is participating in the regulatory process on the approval, by the Régie, of the Supply Plan and intends to challenge Hydro-Québec's request to suspend the allocation of the 300 MW block.

On January 10, 2023, the Régie rendered its decision on Hydro-Quebec request to suspend the allocation process for the granting of the 300 MW reserved block. The Régie decided to suspend the allocation process while it assesses the Supply Plan submitted by Hydro-Québec.

18. RISK FACTORS (Continued)

Economic Dependence on Regulated Terms of Service and Electricity Rates Risks (Continued)
Quebec (Continued)

- Electricity supplied by Hydro-Québec and the Municipal Electrical Networks may be set at Preferential Rates in an effort to encourage investment and development in particular regions. Hydro-Québec and Municipal Electrical Networks may offer a discretionary Preferential Rate to certain customers, such rate being lower than the rate set by the Régie, notwithstanding that Hydro-Québec and the Municipal Electric Networks may suffer a financial loss on the supply of electricity to those customers. If a Preferential Rate is changed or no longer available to the Company, the Company's operations and profitability may experience a material adverse effect. In addition, although power is supplied by the Municipal Networks to the Company under the power contracts, the rates in those contracts are adjusted in response to tariff changes imposed by the Régie.

Washington State
On November 9, 2021, the Company completed the acquisition of a cryptocurrency Mining facility in Washington State. The facility is powered by the Grant County Power Utility District ("Grant PUD"). Grant PUD was established in 1938 and is a public utility district that owns and operates hydro-electric plants capable of generating more than 2,000 MW of electricity. Grant PUD establishes rate schedules for different categories of customers at the discretion of its publicly elected Board of Commissioners. During 2022, the rate schedules that could have applied to the Company were Schedule 7, which applies to consumption up to 5 MW, Schedule 14, which applies for consumption of 5 MW to 15 MW, or schedule 15, which applies to consumption of greater than 15 MW. The Company operates its cryptocurrency Mining activities in several different buildings with their own power meters not exceeding 5 MW each, thus, for the year 2022, the Company was classified in Schedule 7. The applicable rates for Schedule 7 are a demand charge of $4.96 per kW of billing demand plus a variable component of USD 2.100¢ per kWh for the first 50,000 kWh of consumption and USD 1.857¢ per additional kWh of consumption. Historically, rates for Schedule 7 have increased by an annual average of 1.27% per year. Effective February 1, 2023, Grant PUD's commissioners authorized the addition of cryptocurrency Mining into the Evolving Industry Rate Schedule 17. The applicable rates for Schedule 17 are a demand charge for $28.18 per kW plus a variable component of 0.389¢ per KwH of consumption. Grant PUD may adjust the rate pricing with approval from its Board of Commissioners. An increase in the rates applicable to the Company's electricity consumption may adversely impact its profitability.

18. RISK FACTORS (Continued)

Economic Dependence on Regulated Terms of Service and Electricity Rates Risks (Continued)
Paraguay
In December 2021, the Company completed the construction of a 10 MW facility in Paraguay (Villarrica). The facility is powered by CLYFSA. CLYFSA is the first private energy distribution company in Paraguay which purchases energy from ANDE, the operator of Paraguay's national electricity grid, and provides power to almost 15,000 residential and commercial customers in Villarrica.

The Company entered into a power purchase agreement with CLYFSA securing 10 MW of hydro-electric energy with a demand charge of $15.90 per kW of billing demand plus a variable component of 1.422¢ per kWh of consumption for the current one-year renewal period. The power purchase agreement stipulates that CLYFSA can pass on any modifications to pricing by ANDE to Backbone Paraguay. A rate increase could adversely impact the profitability of the Company's operations in Paraguay.

On September 16, 2022, the executive branch of the Paraguayan government issued decree No. 7824/22 by which ANDE was requested to adopt complementary and temporary regulatory measures to adjust the variables corresponding to the electricity rates aimed at special intensive consumption sectors, including crypto asset Mining activities. In response, ANDE created the Special Intensive Consumption Group, which controls the supply of high and medium voltage and imposes rate tariffs in effect until at least December 2027. While these tariffs have no impact on our current activities in Paraguay as our contract is with the local supplier CLYFSA as detailed above, they may be relevant to future new operations in that territory.

Argentina
In 2021, the Company entered into engineering, procurement and construction contracts and commenced construction of a 210 MW facility in Argentina (Rio Cuarto - Cordoba). The facility will receive electricity from Generacion Mediterranea S.A. ("GMSA") one of the subsidiaries of Grupo Albanesi. Grupo Albanesi is an Argentine private corporate group focused on the energy market which provides natural gas and electrical energy to its clients from its multiple facilities.

The terms of the electricity supplied by GMSA in Argentina are included in the Company's power contract, which establishes a rate of $0.02 per kWh, up to a maximum amount of 1,103,760 megawatt hours per year. The annual maximum megawatt hours the Company can draw at $0.02 per kilowatt hour is further subject to pro-rata adjustments based on the Company's actual power draw relative to the total 210 MW. The agreement stipulates that GMSA may provide the Company with power in excess of the 1,103,760 megawatt hours, or such adjusted quantity of megawatt hours based on the pro-rata calculation described above, at a price that will be negotiated by the Company and GMSA. The price to be negotiated between the Company and GMSA will likely be impacted by the cost of natural gas and currency exchange rates in Argentina, among other factors.

18. RISK FACTORS (Continued)

Economic Dependence on Regulated Terms of Service and Electricity Rates Risks (Continued)
Argentina (Continued)
The agreement also allows for GMSA to renegotiate the $0.02 per kilowatt hour rate if the ratio of the exchange rate under the blue-chip swap mechanism (refer to section 8d - *Net financial income and expenses)* used in Argentina to the official exchange rate is less than 1.50. The $0.02 per kilowatt hour rate and applicable adjustments described above are in effect for the first four years of the contract. The kilowatt hour price for the remaining four years of the contract will be determined by a formula based mainly on changes in gas costs and currency exchange rates. The contract also includes certain situations where the Company’s supply of electricity can be interrupted, including:

- Regulatory intervention preventing GMSA from providing the Company with electricity, or directing GMSA to reroute its electricity to the wholesale market;
- Scheduled and unscheduled maintenance required to service the power plant or related equipment; and
- Regulatory intervention limiting GMSA’s supply of natural gas.

The Company’s contract with GMSA also includes certain megawatt hour consumption thresholds and pro-rata adjustments. The Company’s production in Argentina can be materially adversely impacted if the Company is unable to exploit the contractually secured MW capacity on a full-time basis or if the cost of energy negotiated under the pro-rata calculation or calculated using the defined formula in effect for the second four years of the contract, both primarily driven by natural gas prices and foreign currency rates, are not economically viable.

An increase in the Company’s electricity costs, cost of natural gas, changes in currency exchange rates in Argentina or regulatory changes in the energy regimes in the jurisdictions in which the Company operates may adversely impact the Company’s profitability.

Increases in Commodity Prices or Reductions in the Availability of Such Commodities
The Company uses and intends to use certain commodities in its current and future cryptocurrency Mining operations, including hydro-electricity and natural gas. Unexpected, sudden or prolonged price increases in those commodities whether as a result of geopolitical events, natural disasters or otherwise have caused and, in the future, may cause a reduction in the Company’s profits where beneficial fixed-priced contracts do not exist or unfavorable fixed-price contracts cannot be modified. There also may be curtailment in electricity or natural gas supply. In particular, the Russia-Ukraine conflict has had an inflationary effect on the cost of natural gas, the duration and future magnitude of which could be difficult to predict given the fluidity of the military conflict, the novelty of sanctions against Russia and the possibility of yet harsher ones as well as other related developments. The realization or continuation of any of the foregoing risks with respect to commodity prices could increase the Company’s operating costs, reduce its profitability and, depending upon the duration and extent of the impact, have a material adverse effect on its financial condition.

Future Profits/Losses and Production Revenues/Expenses
Further development and acquisitions of server farms and the ongoing operation of the existing Mining farms will require additional capital and monthly expenses. The Company’s operating expenses and capital expenditures may increase in future years as it adds consultants, personnel and equipment associated with the maintenance of the Mining farms and any other Mining farms the Company may acquire or develop. The Company may not be successful in obtaining the required financing for these or other purposes, including for general working capital.

18. RISK FACTORS (Continued)

Fraud and Failure of Cryptocurrency Exchanges, Custodians and Other Trading Venues
Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues. As compared to traditional securities, derivatives and currency exchanges, cryptocurrency exchanges, custodians and other trading venues are relatively new and, in most cases, largely unregulated, which may make them more susceptible to fraud and failure. The fraud and failure of several cryptocurrency platforms and other actors in the industry, including recent and ongoing bankruptcies of several large cryptocurrency exchanges in the second half of 2022 (namely, FTX, Celsius Network, BlockFi, Voyager Digital Ltd., Three Arrows Capital, and Genesis Global Holdco LLC), has impacted and may continue to impact the broader cryptocurrency ecosystem, including the Company. In response to these events, the digital asset markets, including the market for BTC specifically, have experienced extreme price volatility and several other entities in the digital asset industry have been, and may continue to be, negatively affected, further undermining confidence in the digital assets markets and in BTC. These events have also negatively impacted the liquidity of the digital assets markets, and, in turn, the market price of shares of companies in the cryptocurrency industry, including the Company, as certain entities affiliated with bankrupt cryptocurrency exchanges engaged in significant trading activity. If the liquidity of the digital assets markets continues to be negatively impacted by these events, digital asset prices (including the price of BTC) may continue to experience significant volatility and confidence in the digital asset markets may be further undermined. These events are continuing to develop, and it is not possible to predict at this time all of the risks that they may pose to the Company, its service providers or the digital asset industry as a whole.

Although the Company had no direct exposure to any of the above-mentioned cryptocurrency companies (other than BlockFi prior to the repayment by the Company of indebtedness under its equipment financing arrangement with BlockFi, as discussed in this MD&A) nor any material assets that may not be recovered or may otherwise be lost or misappropriated due to the bankruptcies, the failure or insolvency of large exchanges may cause the price of BTC to fall and decrease confidence in the ecosystem, which could adversely affect an investment in the Company. Such market volatility and decrease in BTC price have had a material and adverse effect on the Company's results of operations and financial condition, and the Company expects its results of operations to continue to be affected by the BTC price as the results of its operations are significantly tied to the price of BTC.

Those and similar events have had, and, in the future, may have, an adverse impact on the profitability of the Company's BTC Mining operations and the Company's financial condition and results of operations.

To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues in the future, cryptocurrency prices could be suddenly and adversely impacted. Furthermore, fraud or failure of Coinbase (or any other future custodian of the Company's BTC) or exchanges can result in a direct loss of the Company's cryptocurrency and fiat currency assets, which loss may not be recoverable by the Company, whether under any insurance policies it has in place or otherwise.

18. RISK FACTORS (Continued)

Political and Regulatory Risk
The Company's primary properties and assets are subject to changes in political conditions and regulations within the Province of Québec, Canada, the United States (including, in particular, the State of Washington), Paraguay and Argentina. Changes, if any, in Mining or investment policies or shifts in political attitude could adversely affect the Company's operations or profitability. Operations have been and, in the future, may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on price controls, currency remittance, income taxes, consumption taxes, foreign investment, maintenance of claims, environmental matters, land use, electricity use and safety, as well as buying and selling cryptocurrency and other transactions involving cryptocurrency. See section 7b - *Argentina Expansion,* for a discussion of recent changes in the Argentine regulatory environment that have adversely affected, and are currently adversely affecting, the Company's ability to pursue its expansion plans in Argentina. For example, cryptocurrency Mining involves considerable computing power, which is likely to increase. This computing power necessitates a high consumption of energy. Although a portion of the Company's energy costs are determined and controlled by various regulators, there is no certainty that any relevant regulator will not raise energy tariffs, which may reduce the profitability of Mining cryptographic currencies.

In the future, Canada, the United States, Paraguay and/or Argentina may also curtail or outlaw, the acquisition, use or redemption of cryptocurrencies. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation or prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, future government actions may result in restrictions on the acquisition, ownership, holding, selling, use or trading in the Company's common shares. Any such restriction could result in the Company liquidating its cryptocurrency inventory at unfavorable prices and may adversely affect the Company's shareholders.

Ongoing 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 any such change could be substantial and adverse to the Company.

The Company believes the present attitude toward foreign investment and the cryptocurrency Mining industry in each of the jurisdictions in which it operates is favorable, but conditions may change, including changes that are rapid and unexpected. The Company's operations may be affected in varying degrees by government regulation with respect to restrictions on production, price controls, export and import controls, foreign exchange controls, income taxes, consumption taxes and environmental legislation, depending upon the nature of any such government regulation.

On February 4, 2022, the Canadian Department of Finance released for public comment a set of draft legislative proposals to implement certain tax measures. These tax measures include restricting the ability of cryptocurrency Mining companies to claim back the consumption taxes they incur on purchases of goods and services made in Canada and imports into Canada. If enacted into law, the restriction on the Company's ability to claim back its consumption taxes, namely the Goods and Services Tax, Harmonized Sales Tax and Quebec Sales Tax, which apply at combined rates from 5% to 14.975% on the cost of goods and services, could significantly add to the Company's ongoing operating costs and the costs of its capital expenditures and imports into Canada.

18. RISK FACTORS (Continued)

Political and Regulatory Risk (Continued)
Similarly, various branches, departments and agencies of the federal government in the U.S. have solicited comments and initiated procedures to consider further regulating cryptocurrency and Mining, including through proposed taxes on Mining operations and policy statements and guidance to companies in the cryptocurrency industry, as well as third parties that do business with those companies. In March 2023, the U.S. Treasury Department proposed a 30% excise tax on the cost of powering Mining facilities that, if enacted, would be based on the costs of electricity used in Mining and would be phased in over the next three years, increasing 10% each year. The proposal, if enacted, would also require Miners, like the Company, to report how much electricity they use and what type of power was tapped.

Further, the global supply of Miners is unpredictable and presently heavily dependent on manufacturers from Asia, which was severely affected and may continue to be affected by the COVID-19 pandemic. The Company currently utilizes several types of Miners as part of its Mining operations, all of which are produced in Asia. Geopolitical matters may impact the Company's ability to import Miners in the future, and the may not be able to obtain adequate replacement parts for its existing Miners or obtain additional Miners from manufacturers in other jurisdictions on a timely basis.

Given the difficulty of predicting the outcomes of ongoing and future regulatory actions and legislative and geopolitical developments, it is possible that any legislative, regulatory or geopolitical change could have a material adverse effect on the Company's business, prospects or operations, the magnitude and duration of which cannot be predicted.

Permits and Licenses
The current and future operations of the Company, including development activities and Mining on its properties, may require permits from various federal, provincial or territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, exports, taxes, labour standards, occupational health, and other matters. There can be no assurance, however, that all permits which the Company may require for its operations will be obtained on reasonable terms, on a timely basis, or at all, or that applicable laws and regulations would not have an adverse effect on any Mining project or related activities that the Company might undertake.

Server Failures
At any time, the servers or central processing units could experience a severe malfunction and/or collapse. Although the Company works to reduce this risk by employing a team of experts with many years of experience in building and managing data centers as well as a hardware team that focuses, among other things, on Miner repair and daily evaluation of the technical condition of the server farms that the Company operates, including through software (developed by its management) that facilitates, among other things, control, management and reporting of malfunctions in real time, any server crashes or failures, even if quickly addressed, may interrupt the Company's operations and cause significant economic harm to the Company.

18. RISK FACTORS (Continued)

Tax Consequences
The transactions described herein 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 MD&A 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
The Company's operations are subject to environmental regulations, which are evolving in each of the jurisdictions where the Company has a presence. Any modification of existing environmental regulations, or the imposition of new environmental regulations, may lead to stricter standards, more diligent enforcement, and heavier fines and penalties for non-compliance. The cost of compliance with changes in, or the imposition of new, environmental regulations has a potential to reduce the profitability of the Company's operations or cause delays in the development of its Mining projects.

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 that are unknown to the Company at present and have been caused by previous or existing owners or operators of the property which may result in environmental pollution. If any of those environmental hazards is deemed to violate existing rules and regulations in the relevant jurisdiction, the Company may become subject to 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 Company's potential financial exposure for such matters may be significant and could have a material adverse effect on the Company.

Erroneous Transactions and Human Error
Cryptocurrency transactions are irreversible. Improper or compromised transfers will generally be irreversible and irrevocable. Such errors may be the result of computer or human error despite internal controls the Company has adopted to mitigate this risk. To the extent that the Company is unable to seek a corrective transaction with the third party or is incapable of identifying the third party that has received the Company's cryptocurrencies through error or theft, the Company will be unable to revert or otherwise recover incorrectly transferred cryptocurrencies. The Company will also be unable to convert or recover cryptocurrencies transferred to uncontrolled accounts.

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.

18. RISK FACTORS (Continued)

Erroneous Transactions and Human Error (Continued)
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 Bitfarms' operations. 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 BTC specifically and cryptocurrencies generally.

Facility Developments
The continued development of existing and planned facilities is subject to risks that may cause such development plans to be delayed or otherwise adversely affected, including factors beyond the Company's control such as 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 also exceed the Company's planned budget. Delays, cost overruns, changes in market circumstances and other factors may result in different outcomes than those intended. If any development projects are delayed or more expensive than contemplated, the Company's operations may be adversely impacted, and the Company may not realize, or may be delayed in realizing, the benefits of such projects. See Note 7 - *Expansion Projects*, for a discussion of the status of the Company's various development efforts, including, in particular, in Argentina.

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

18. RISK FACTORS (Continued)

Insurance risks (Continued)
The Company's BTC, which is held in custody by Coinbase Custody, is not insured. Although Coinbase Custody maintains an insurance policy of $320 million for its cold storage, the limits of that policy may not be available to the Company or, if available, sufficient to make the Company whole for any BTC that are lost or stolen from its account. Therefore, a loss may be suffered with respect to the Company's BTC that is not covered by insurance and for which no person is liable in damages.

Any losses incurred by the Company for which insurance coverage is not available or has not been obtained could adversely impact the Company, including its financial condition and results of operations.

Competition
The Company's business is in an intensely competitive industry, and the Company competes with other Mining companies, some of which have, or may in the future have, greater resources and experience. A fundamental property of Mining associated with many cryptocurrencies is that the computational complexity of the Mining algorithm increases over time. This factor, along with new industry entrants and price volatility, may make certain cryptocurrencies relatively unprofitable to mine compared to others.

Regulation of cryptocurrency outside of Canada has led some Mining companies to consider Canada as a jurisdiction in which to operate, which may increase competition to the Company. Despite the Company's strategic planning and expected advantages over competitors, the Company may face unexpected competition in the form of new entrants in the marketplace. 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.

If the award of coins for solving Blocks and transaction fees is not sufficiently high, Mining Companies 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 Mining Companies to continue to contribute processing power to the network may transition from a set reward to transaction fees. Either the requirement from Mining Companies 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.

In order to incentivize Mining Companies to continue to contribute processing power to the network, the network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. This transition could be accomplished either by Mining Companies independently electing to record on the blockchains they solve only those transactions that include payment of a transaction fee or by the network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. If transaction fees paid for the recording of transactions in the blockchain become too high, the marketplace may be reluctant to accept the network as a means of payment and existing users may be motivated to switch between cryptocurrencies or back to fiat currency. Decreased use and demand for coins may adversely affect their value and result in a reduction in the market price of coins.

If the award of coins for solving Blocks and transaction fees is not sufficiently high, Mining Companies 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 blockchain solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of 50 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, the value of its inventory of coins, and future investment strategies.

18. RISK FACTORS (Continued)

Uncertainty of acceptance and/or Widespread Use of Cryptocurrency
Currently, cryptocurrencies are used relatively rarely in the retail and commercial marketplaces in comparison to purchases of overall cryptocurrencies worldwide. Cryptocurrency payment methods have not been widely adopted as a means of a payment for goods and services by major retail and commercial outlets. 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 market price of the Company's cryptocurrency holdings and the profitability of its Mining operations.

Hazards Associated with High-voltage Electricity Transmission and Industrial Operations
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.

Adoption of ESG Practices and the Impacts of Climate Change
Companies across many industries, including cryptocurrency Mining, are facing scrutiny related to their environmental, social, and governance ("ESG") practices. Investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the non-financial impacts of their investments. Enhanced public awareness and concern regarding environmental risks, including global climate change, may result in increased public scrutiny of the Company's business and the cryptocurrency Mining industry in general. As a result, the Company's management team may divert significant time and energy towards responding to such scrutiny and addressing and enhancing the Company's ESG practices.

In addition, the impacts of climate change may affect the availability and cost of materials, natural resources, and sources and supplies of energy, which may increase the costs of the Company's operations. Other factors which may impact the Company's profitability include demand for BTC and other cryptocurrencies, insurance and other operating costs, and damage incurred as a result of extreme weather events. New environmental laws, regulations or industry standards may be adopted with little or no notice to the Company and impose significant operational restrictions and compliance requirements on its operations. The cost of compliance with changes in government regulations has the potential to reduce the profitability of the Company's operations or cause delays in the development of new Mining projects.

Corruption
The Company operates in multiple jurisdictions, which generally prohibit bribery and other forms of corruption. The Company has policies in place to minimize the risk of corruption or bribery, which includes enforcement of policies against giving or accepting money or gifts in certain circumstances; namely the Company's Code of Business Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy and Whistleblower Policy. Despite such policies and training however, it is possible that the Company, or any employees or contractors, could be charged with bribery or corruption as a result of the unauthorized actions of its employees or contractors. If the Company is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, the Company could be subject to onerous penalties and reputational damage. A mere investigation could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). Any government investigations or other allegations against the Company, the directors, the officers or the employees of the Company, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage the Company's reputation and its ability to do business and could have a material adverse effect on the Company's business, results of operations and financial condition.

18. RISK FACTORS (Continued)

Corruption (Continued)

Fraud, bribery and corruption are more common in some jurisdictions than in others. Bitfarms Canada currently carries on its business in certain jurisdictions that have been allocated low scores on Transparency International's "Corruption Perceptions Index". Doing business in international developing markets brings with it inherent risks associated with enforcement of obligations, fraud, bribery and corruption. Bitfarms Canada uses its best efforts to prevent the occurrence of fraud, bribery and corruption, but it may not be possible to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which its employees, agents, or contractors are located. The Company may therefore be subject to civil and criminal penalties and to reputational damage.

Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which Bitfarms Canada operates, could have a material adverse effect on its business, prospects, financial condition or results of operations. In addition, as a result of the Bitfarms Canada's anti-corruption policies and other safeguards, there is a risk that the Company could be at a commercial disadvantage and may fail to secure contracts within jurisdictions that have been allocated a low score on the Corruption Perceptions Index, to the benefit of other companies who may not have or comply with such anti-corruption safeguards.

US Foreign Corrupt Practices Act and Similar Legislation

The Foreign Corrupt Practices Act (United States), the Corruption of Foreign Public Officials Act (Canada) and anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business or other commercial advantages. The Company's policies mandate compliance with applicable anti-bribery laws, which often carry substantial penalties. The Company operates in jurisdictions that have experienced governmental and private sector corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. There can be no assurance that the Company's internal control policies and procedures will always protect it from reckless or other inappropriate acts committed by the Company's affiliates, employees, agents or companies acquired by or merged with the Company. Violations of these laws, or allegations of such violations, could have a material adverse effect on the Company's reputation, as well as business, financial position and results of operations and could cause the market value of Bitfarms Canada's common shares to decline. Investigations by governmental authorities could also have a material adverse effect on the business, consolidated results of operations, and consolidated financial condition of Bitfarms Canada.

Political Instability

The Company operates in multiple jurisdictions, including in geographic regions which may be subject to a greater risk of political instability, geopolitical upheaval and social unrest. The Company's ability to carry on its business in the normal course may be adversely affected by political and economic considerations such as civil unrest, war (including in neighbouring states), terrorist actions, labour disputes, corruption, sovereign risk (including coup d'état), political instability, the failure of foreign parties or governments to honour contractual relations, consents, rejections or waivers granted, changing government regulations with respect to cryptocurrency mining including environmental requirements, taxation, foreign investments, income repatriation and capital recovery (which changes may be arbitrary and with little or no notice), severe fluctuations in currency exchange and inflation rates, import and export restrictions, problems renewing licenses and permits, opposition to cryptocurrency mining from non-governmental organizations, increased financing costs, instability due to economic under-development, inadequate infrastructure, and the expropriation of property interests. Any of these events could result in conditions that have a material adverse impact on the Company and its operations.

Third-party Supplier Risks

The Company enters into contracts with a limited number of third-party suppliers to procure Mining hardware. If any of those suppliers is unable to or otherwise does not fulfill, or does not fulfill in a timely manner, its obligations to the Company for any reason (including, but not limited to, bankruptcy, computer or other technological interruptions or failures, personnel loss, negative regulatory actions, or acts of God) or engages in fraud or other misconduct during the course of such relationship, the Company may need to seek alternative third-party suppliers, or discontinue using certain Miners or otherwise alter its operations. In addition, the Company may in the future be held directly or indirectly responsible, or be otherwise subject to liability, for actions or omissions of third parties undertaken in connection with the Company's arrangement with such third parties. Any such responsibility or liability in the future may have a material adverse effect on the Company's business and financial results.

Potential of Bitfarms Being Classified as a Passive Foreign Investment Company

Generally, if for any taxable year 75% or more of the Company's gross income is passive income, or at least 50% of the average quarterly value of the Company's assets are held for the production of, or produce, passive income, the Company would be characterized as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. The Company does not believe it was a PFIC for 2022 and does not expect to be a PFIC for 2023. However, PFIC status is determined annually, and whether the Company will be a PFIC for any future taxable year is uncertain. Moreover, the Company is not committing to determine whether it is or is not a PFIC on an annual basis. If the Company is characterized as a PFIC, United States holders of Bitfarms Shares may suffer adverse tax consequences, including the treatment of gains realized on the sale of Bitfarms Shares as ordinary income, rather than as capital gain, the loss of the preferential income tax rate applicable to dividends received on Bitfarms Shares by individuals who are United States holders, and the addition of interest charges to the tax on such gains and certain distributions. A United States shareholder of a PFIC generally may mitigate these adverse U.S. federal income tax consequences by making a Qualified Electing Fund ("QEF") election, or, to a lesser extent, a mark-to-market election. The Company does not intend to provide the information necessary for United States shareholders to make a QEF election if the Company is classified as a PFIC for any year.

18. RISK FACTORS (Continued)

Pandemic and Infectious Disease Risk (including COVID-19)
Pandemic risk is the risk of large-scale outbreaks of infectious diseases that can greatly increase morbidity and mortality over a wide geographic area and cause significant social and economic disruption. Pandemics, epidemics or outbreaks of an infectious disease in Canada or worldwide could have an adverse impact on the Company's business, including changes to the way the Company and its counterparties operate, and on the Company's financial results and condition. In March 2020, the World Health Organization declared COVID-19 a pandemic. The global response to the pandemic is constantly evolving, including various measures implemented at the global, national, provincial and local levels.

Although many health and safety restrictions have been lifted, certain adverse consequences of the pandemic continue to impact the macroeconomic environment and may continue to persist. The growth in economic activity and demand for goods and services, alongside labor shortages and supply chain complications and/or disruptions, has also contributed to rising inflationary pressures. Further, COVID-19 has contributed to cryptocurrency price volatility and delays in the Company's receipt of Mining hardware and electrical components. The final outcome and/or potential duration of the economic disruption that resulted from the onset and subsequent recovery from COVID-19 remains uncertain at this time, and the financial markets continue to be impacted. Despite the decreased severity of the pandemic in recent months and the decreased global travel restrictions, the Company cannot accurately predict the impact that COVID-19 will have on its future revenue and business undertakings, due to uncertainties relating to future outbreaks and potential new variants of COVID-19, and their duration. The Company has been operating, and is expected to continue to operate, throughout the pandemic.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government interventions. At the onset of the COVID-19 pandemic in March 2020, governments and regulatory bodies in affected areas imposed a number of measures designed to contain the COVID-19 pandemic, including widespread business closures, social distancing protocols, travel restrictions, quarantines, curfews and restrictions on gatherings and events. While substantially all containment measures in Canada have been lifted, additional safety precautions and operating protocols aimed at containing the spread of COVID-19 may be instituted in line with guidance of public health authorities. Additional waves of the COVID-19 pandemic, together with the emergence of new COVID-19 variant strains, may lead to the imposition of containment measures to varying degrees in many regions within Canada and globally. Although the impact of COVID-19 appears to be less severe and government interventions appears to be minimal compared to the beginning of the pandemic, it is not possible to reliably estimate the length and severity of these developments as well as the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The extent to which the Company's business and financial condition will continue to be affected by the COVID-19 pandemic will depend on future developments including the spread of variants, efficacy of vaccines against new variants, the vaccination progress and the impact of related controls and restrictions imposed by government authorities.

19. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Company's Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

The Financial Statements include estimates that, by their nature, are uncertain. Key areas of estimation uncertainty include those relating to:

- revenue recognition (Note 4 and Note 9 to the Financial Statements);
- liquidity risk and going concern (Note 2 and Note 4 to the Financial Statements);
- leases (Note 4 and Note 18 to the Financial Statements);
- property, plant and equipment and intangible assets (Note 4, Note 12 and Note 13 to the Financial Statements);
- impairment and reversal of impairment of non-financial assets (Note 4 and Note 11 to the Financial Statements);
- goodwill (Note 4 and Note 5 to the Financial Statements); and
- effective interest rates of long-term debt (Note 4 and Note 17 to the Financial Statements).

The impacts of such estimates are pervasive throughout the Financial Statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Refer to Note 4 to the Financial Statements for more information regarding the Company's significant accounting estimates.

20. SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING POLICIES

Refer to Note 3 to the Financial Statements for more information regarding the Company's significant accounting policies.

21. CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives, future liquidity, and planned capital investments. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "maintain", "achieve", "grow", "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. The Company's expectation of operating and financial performance is based on certain assumptions including assumptions about operational growth, anticipated cost savings, operating efficiencies, anticipated benefits from strategic initiatives, future liquidity, and planned capital investments. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements. Such risks and uncertainties include:

- BTC Halving event;
- Counterparty risk;
- the availability of financing opportunities and risks associated with economic conditions, including BTC price and BTC network difficulty;
- the speculative and competitive nature of the technology sector;
- dependency on continued growth in blockchain and cryptocurrency usage;
- limited operating history and share price fluctuations;
- cybersecurity threats and hacking;
- controlling shareholder risk;
- risk related to technological obsolescence and difficulty in obtaining hardware;
- economic dependence on regulated terms of service and electricity rates;
- increases in commodity prices or reductions in the availability of such commodities could adversely impact the Company's results of operations;
- permits and licenses;
- server failures;
- global financial conditions;
- tax consequences;

21. CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS (Continued)

Such risks and uncertainties include: (Continued)

- environmental regulations and liability;
- erroneous transactions and human error;
- facility developments;
- non-availability of insurance;
- loss of key employees;
- lawsuits and other legal proceedings and challenges;
- conflict of interests with directors and management;
- political and regulatory risk;
- adoption of ESG practices and the impacts of climate change;
- third-party supplier risks;
- COVID-19 pandemic; and
- other factors beyond the Company's control.

The above is not an exhaustive list of the factors that may affect the Company's forward-looking statements. For a more comprehensive discussion of factors that could affect the Company, refer to the risk factors discussed above and those contained in the section "Risk Factors" of the Annual Information Form of the Company dated March 20, 2023. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed, implied or projected in its forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

22. CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES AND RATIOS

This MD&A makes reference to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. The Company uses non-IFRS financial measures and ratios including "Gross margin," "EBITDA," "EBITDA margin," "Adjusted EBITDA," "Adjusted EBITDA margin," "Gross Mining profit," "Operating margin," and "Gross Mining margin" as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Refer to Section 10 - *Non-IFRS Financial Measures and Ratios* of the MD&A for more details.

These measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Reconciliations from IFRS measures to non-IFRS measures are included throughout this MD&A.

23. ADDITIONAL INFORMATION

Additional information and other publicly filed documents relating to the Company, including the Company's Annual Information Form, are available through the internet on SEDAR at www.sedar.com and EDGAR at www.sec.gov/edgar.

24. GLOSSARY OF TERMS

Terms	Definition
ASIC	ASIC stands for Application Specific Integrated Circuit and refers primarily to specific computer devices designed to solve the SHA-256 algorithm, as well as other machines used in the Mining of Litecoin which use the Scrypt algorithm.
Bitcoin (BTC)	BTC is a decentralized digital currency that is not controlled by any centralized authority (e.g. a government, financial institution or regulatory organization) that can be sent from user to user on the BTC network without the need for intermediaries to clear transactions. Transactions are verified through the process of Mining and recorded in a public ledger known as the Blockchain. BTC is created when the BTC network issues Block Rewards through the Mining process.
Block Reward	A BTC block reward refers to the new BTC that are awarded by the Blockchain network to eligible cryptocurrency Miners for each block they successfully mine. The current block reward is 6.25 BTC per block.
Blockchain	A Blockchain is a cloud-based public ledger that exists on computers that participate on the network globally. The Blockchain grows as new sets of data, or 'blocks', are added to it through Mining. Each block contains a timestamp and a link to the previous block, such that the series of blocks form a continuous chain. Given that each block has a separate hash and each hash requires information from the previous block, altering information an established block would require recalculating all the hashes on the Blockchain which would require an enormous and impracticable amount of computing power. As a result, once a block is added to the Blockchain it is very difficult to edit and impossible to delete.
Exahash	One quintillion (1,000,000,000,000,000,000) hashes per second or one million Terahash.
Hash	A hash is a function that converts or maps an input of letters and numbers into an encrypted output of a fixed length, which outputs are often referred to as hashes. A hash is created using an algorithm. The algorithm used in the validation of BTC transactions is the SHA-256 algorithm.
Hashrate	Hashrate refers to the number of hash operations performed per second and is a measure of computing power in Mining cryptocurrency.
Megawatt	A megawatt is 1,000 kilowatts of electricity and, in the industry of cryptocurrency Mining, is typically a reference to the number of megawatts of electricity per hour that is available for use.
Miners	ASICs used by the Company to perform Mining.
Mining	Mining refers to the process of using specialized computer hardware, and in the case of the Company, ASICs, to perform mathematical calculations to confirm transactions and increase security for the BTC Blockchain. As a reward for their services, BTC Miners collect transaction fees for the transactions they confirm, along with newly created BTC as Block Rewards.
Mining Pool	A Mining pool is a group of cryptocurrency Miners who pool their computational resources, or hashrate, in order to increase the probability of finding a block on the BTC Blockchain. Mining pools administer regular payouts to mitigate the risk of Miners operating for a prolonged period of time without finding a block.

24. GLOSSARY OF TERMS (Continued)

Terms	Definition
Network Difficulty	Network difficulty is a unitless measure of how difficult it is to find a hash below a given target. The BTC network protocol automatically adjusts Network Difficulty by changing the target every 2,016 blocks hashed based on the time it took for the total computing power used in BTC Mining to solve the previous 2,016 blocks such that the average time to solve each block is ten minutes.
Network Hashrate	Network hashrate refers to the total global hashrate (and related computing power) used in Mining for a given cryptocurrency.
Petahash	One quadrillion (1,000,000,000,000,000) hashes per second or one thousand Terahash.
SHA-256	SHA stands for Secure Hash Algorithm. The SHA-256 algorithm was designed by the US National Security Agency and is the cryptographic hash function used within the BTC network to validate transactions on the BTC Blockchain.
Terahash	One trillion (1,000,000,000,000) hashes per second.

Exhibit 99.4

CERTIFICATION

I, L. Geoffrey Morphy, certify that:

1. I have reviewed this Annual Report on Form 40-F of Bitfarms Ltd. (the “issuer”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the issuer’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the issuer’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer’s internal control over financial reporting; and

5. The issuer’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer’s auditors and the audit committee of the issuer’s board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer’s ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer’s internal control over financial reporting.

Date: March 20, 2023

/s/ L. Geoffrey Morphy

Name: L. Geoffrey Morphy
Title: President and Chief Executive Officer

Exhibit 99.5

CERTIFICATION

I, Jeffrey Lucas, certify that:

1. I have reviewed this Annual Report on Form 40-F of Bitfarms Ltd. (the "issuer");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 20, 2023

/s/ Jeffrey Lucas

Name: Jeffrey Lucas
Title: Chief Financial Officer

Exhibit 99.6

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Bitfarms Ltd. (the "Company") on Form 40-F for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, L. Geoffrey Morphy, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 20, 2023

/s/ L. Geoffrey Morphy
Name: L. Geoffrey Morphy
Title: President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.7

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Bitfarms Ltd. (the "Company") on Form 40-F for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey Lucas, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 20, 2023

	/s/ Jeffrey Lucas
Name:	Jeffrey Lucas
Title:	Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 99.8

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Annual Report on Form 40-F for the year ended December 31, 2022 of Bitfarms Ltd. of our report dated March 20, 2023, relating to the consolidated financial statements, which appears in Exhibit 99.2 to this Annual Report on Form 40-F.

We also consent to the incorporation by reference in the Registration Statement on Form F-10 (No. 333-258788) of Bitfarms Ltd. of our report dated March 20, 2023 referred to above. We also consent to the references to us under the heading “Interests of Experts”, which appears in the Annual Information Form included in Exhibit 99.1 incorporated by reference in this Annual Report on Form 40- F, which is incorporated by reference in such Registration Statement.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Canada
March 20, 2023

PricewaterhouseCoopers LLP
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