

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Cathedra Bitcoin Inc.
320 – 638 Broughton Street Vancouver,
BC V6G 3K3

Item 2 Date of Material Change

May 1, 2023

Item 3 News Release

The press release attached as Schedule “A” was released on May 1, 2023, by a newswire company in Canada.

Item 4 Summary of Material Change

The material change is described in the press release attached as Schedule “A”.

Item 5 Full Description of Material Change

The material change is described in the press release attached as Schedule “A”.

Item 6 Reliance of subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Sean Ty
Chief Financial Officer
Cathedra Bitcoin Inc.
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Item 9 Date of Report

May 1, 2023

Cathedral Bitcoin Announces Fourth Quarter and Full-Year 2022 Financial Results

TORONTO--(BUSINESS WIRE)--May 1, 2023--(Block Height: 787,600) – Cathedral Bitcoin Inc. (TSX-V: CBIT; OTCQX: CBTTF) (“**Cathedral**” or the “**Company**”), a Bitcoin company that develops and operates world-class bitcoin mining infrastructure, today announces its fourth quarter and full-year audited financial results for 2022:

Fiscal Year 2022 Financial Highlights

- Revenue from bitcoin mining operations increased by 12% to C\$8.7 million, compared to C\$7.8 million in 2021.
- Gross bitcoin produced by mining operations increased by 104% to 244.7 bitcoin, compared to 120.2 bitcoin in 2021.
- The Company generated cash from operating activities of C\$2.0 million, as compared to (C\$19.2) million in 2021.
- The Company generated diluted earnings per share of (C\$0.39), compared to C\$0.01 in 2021, owing largely to depreciation expense of C\$7.7 million and an accounting write-down of C\$27.3 million on the value of bitcoin mining machines.
- In anticipation of a prolonged bear market in bitcoin mining, the Company proactively restructured its balance sheet and operations:
 - Liquidated approximately 235 bitcoin in Q2 2022 at an average price of US\$29,152, approximately 47% above bitcoin’s low price on the year.
 - Issued C\$9.3 million of equity capital in Q2 2022 to shore up the Company’s balance sheet.
 - Resold 400 Bitmain Antminer S19 XP machines in Q2 2022 at a price of \$49/TH, using proceeds to repay principal on the Company’s outstanding convertible debenture.
 - Repaid approximately C\$20.6 million of debt since Q1 2022 through a combination of cash prepayments and settlements for shares.
 - Liquidated certain credits and coupons from third-party suppliers for approximately US\$1.8 million in cash proceeds in Q4 2022 and Q1 2023.
 - Lowered corporate overhead and conserved cash by reducing headcount, cutting all remaining employees’ salaries, and restructuring board compensation.
- The Company held C\$3,341,000 of cash and C\$635,000 of bitcoin (15.85 BTC) for total liquidity of C\$3,976,000 as of April 28, 2023.

Fiscal Year 2022 Operational Highlights

- The Company increased net deployed bitcoin mining hash rate by 15% from 177 PH/s to 203 PH/s as of December 31, 2022.
- The Company upgraded its mining fleet to consist primarily of Bitmain Antminer S19J Pro and S19 XP machines, improving weighted average machine efficiency by approximately 43%, from 49 J/TH as of December 31, 2021, to 28 J/TH as of December 31, 2022.

- The Company expanded its bitcoin mining footprint to three states and five data center locations, reducing idiosyncratic climate, regulatory, and operating risks through diversification.
- The Company designed and manufactured proprietary modular bitcoin mining data centers (“Rovers”) in-house, which the Company intends to deploy using an off-grid energy source in the near future.
- The Company listed its shares on the OTCQX Best Market under the ticker symbol “CBTTF,” improving access for U.S. investors.
- Management wound up the Company’s legacy partnership with Great American Mining (“GAM”), which became unprofitable due to challenged bitcoin mining economics, impaired uptime, and increased power generation costs.
- The Company became one of the first public bitcoin miners to optimize its operations by “underclocking” machines, improving machine efficiency (and thereby operating cash flow margins) at two of its sites by approximately 36%.

Management Commentary

“2022 was a historically challenging year for the bitcoin mining industry. The price of bitcoin declined 78% from its 2021 all-time highs while network hash rate surged 42% to fresh highs on the year. Consequently, hash price (daily revenue per PH/s) hit an all-time low of US\$55, down 82% from the 2021 average. Many of our competitors fell into insolvency or incurred significant dilution events to continue as going concerns,” remarked CEO AJ Scalia.

“For our part, our plan to manufacture Rovers in-house and deploy our new machines at off-grid energy sources was clearly hamstrung by supply chain, energy market, and capital constraints. However, I am enormously proud of our team for remaining flexible and making sacrifices to get hash rate online in a capital-efficient manner. We stayed one step ahead of deteriorating market conditions all throughout the year, restructuring our balance sheet and operations early on to ensure our survival in the most brutal bitcoin mining bear market to date.

“We remain extremely optimistic about the future of bitcoin and Cathedra. At time of publication, we are generating approximately 28.58 gross bitcoin per month at an average cash cost of US\$13,778 per bitcoin across a hash rate portfolio totaling 343 PH/s. With 11 modular data centers on hand from our GAM partnership and proprietary Rover manufacturing, plus an inventory of over 2,000 idle older-generation machines, we are spring-coiled to thrive as mining conditions continue to improve. We thank our shareholders for their continued support and look forward to delivering returns for them as Bitcoin continues up the global adoption curve.”

About Cathedra Bitcoin

Cathedra Bitcoin Inc. (TSX-V: CBIT; OTCQX: CBTTF) is a Bitcoin company that develops and operates world-class bitcoin mining infrastructure.

Cathedra believes sound money and abundant energy are the fundamental ingredients to human progress and is committed to advancing both by working closely with the energy sector to secure the Bitcoin network. Today, Cathedra’s diversified bitcoin mining operations total 343 PH/s and

span three states and seven locations in the United States. The Company is focused on expanding its portfolio of hash rate through a diversified approach to site selection and operations, utilizing multiple energy sources across various jurisdictions.

For more information about Cathedra, visit cathedra.com or follow Company news on Twitter at @CathedraBitcoin or on Telegram at @CathedraBitcoin.

Cautionary Statement

Trading in the securities of the Company should be considered highly speculative. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements

This news release contains certain “forward-looking information” within the meaning of applicable Canadian securities laws that are based on expectations, estimates and projections as at the date of this news release. The information in this release about future plans and objectives of the Company, are forward-looking information. Other forward-looking information includes but is not limited to information concerning: the Debt Settlement, the approval of the TSXV, the intentions and future actions of senior management, the intentions, plans and future actions of the Company, as well as the Company’s ability to successfully mine digital currency; revenue increasing as currently anticipated; the ability to profitably liquidate current and future digital currency inventory; volatility of network difficulty and, digital currency prices and the resulting significant negative impact on the Company’s operations; the construction and operation of expanded blockchain infrastructure as currently planned; and the regulatory environment of cryptocurrency in applicable jurisdictions.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking information and are intended to identify forward-looking information.

This forward-looking information is based on reasonable assumptions and estimates of management of the Company at the time it was made, and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. The Company has also assumed that no significant events occur outside of the Company’s normal course of business. Although the Company has attempted to identify important factors that could cause actual results to differ

materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to revise or update any forward-looking information other than as required by law.

Contacts

Media and Investor Relations Inquiries

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