



LUXFOLIO

Corporate Presentation  
June 2022



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# Industry 2022 Themes

## Greening of power and ESG

- Movement to zero emissions
- Power options are scarce, and the US is now the largest location of miners (over 1/3 of the BTC mining network)
- ESG plan

## An industry of constraints

- Supply chain matters in flux
- Miners appear to be moving down in price
- Immersion and overclocking is the next horizon in mining operations

## Diversity

- Bitcoin is still the first and most recognized use case
- Other areas in the metaverse, NFTs and decentralized storage offer outsized returns that leverage mining infrastructure and skill sets



# BTC 2022 Themes



Wars create inflation, cripple commerce, and make #bitcoin compelling.



12:21 PM · Feb 24, 2022

7.4K Reply Share

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Dry Powder Ratio



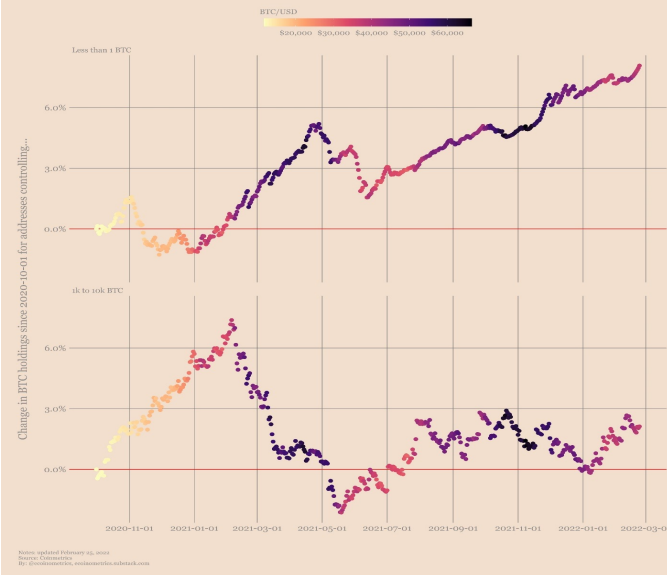
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- 2021 proved that the cryptocurrency industry is more than just Bitcoin. At the beginning of the year, BTC accounted for over 70% of all cryptocurrency investments. According to CoinMarketCap data, the figure is now standing at 40%.
- Anchorage, the third largest BTC custodian (corporates/institutional), has a 4 month backlog of accounts to onboard
- Anchorage suggests that the amount of money coming into BTC is steady and significant
- Difficulty will continue to rise and there will be a significant drop off of the older machines (which account for about 20% of the network).

## Bitcoin On-Chain - Accumulation trends vs price level

Everyone is buying the dip. Probably a smart move.



- The number of Bitcoin addresses with a balance greater than 0.01 BTC (~\$400) reached a record high of 9.51 million, the latest data from Coin Metrics shows.
- Meanwhile, the number of addresses that hold at least 0.1 BTC (~\$3,850) also reached 3.34 million for the first time in history.



# LUXX 2022 Business Update

## 7 MW Expansion



- Miners arriving monthly (1700 of the latest Bitmain miner) moving us to approx. 375 PH
- 6MW is immersion overclock may add another 30-50% (upto 40 PH)
- Testing overclocking for our air cooled machines which can also increase PH
- Continue to automate operations to keep our margins high (about 81%)
- Moved pools - \$400k+ of savings per year

## High Growth



- Developing an exclusive relationship for solar power balancing near term opportunity of doubling our size and an option for future power

## Diversity



- Filecoin R&D

## Commitment to ESG



- Investment into power going forward is Solar Energy
- Pilot with Sustainable Bitcoin Standard ([www.sustainablebtc.org](http://www.sustainablebtc.org))



- Hardware set up, Start sealing sectors by 3/15/2022
- Applying for Protocol Labs grant, 5000 FIL
- Piknik Storage Provider Bootcamp sessions

March 2022

April 2022

Hardware implementation completed (2<sup>nd</sup> shipment)

Cash flow positive

Jan 2023

Mar 2023

All sectors sealed

Capital costs paid off

Q4 2023

#### How we will get there:

- Acquire & onboard verified clients (SAIT)
- Advertising business on dmg.xyz (storage matching marketplace)
- Filecoin Plus registry
- Partnerships

# LUXX Investment Highlights

## Profitable Assets



- New Bitcoin miners (average age of <6 mths) with high efficiency (~30 W/TH) <sup>(1)</sup>
- Low average power costs with a mining cost of ~\$9,900 per Bitcoin <sup>(2)</sup>

## High Growth



- Current hash rate of 140 PH/s expected to increase 179% to 367 PH/s by mid 2022 <sup>(3)</sup>
- Additional power will increase capacity by 5x at the end of 2022 (exit year at ~ 700 PH/s)

## Undervalued



- Significantly undervalued compared to our peers
- Experienced management that has navigated BTC market cycles

## Commitment to ESG



- Exclusive partnership with Navajo Nation for power (~60% renewable)
- Investment into power going forward is Solar Energy
- Navajo Nation is friendly to the Bitcoin ecosystem and was previously a JV mining partner
- Committed to investment into the Navajo Community through jobs and education

(1) Based on current production hashrate and power consumption.

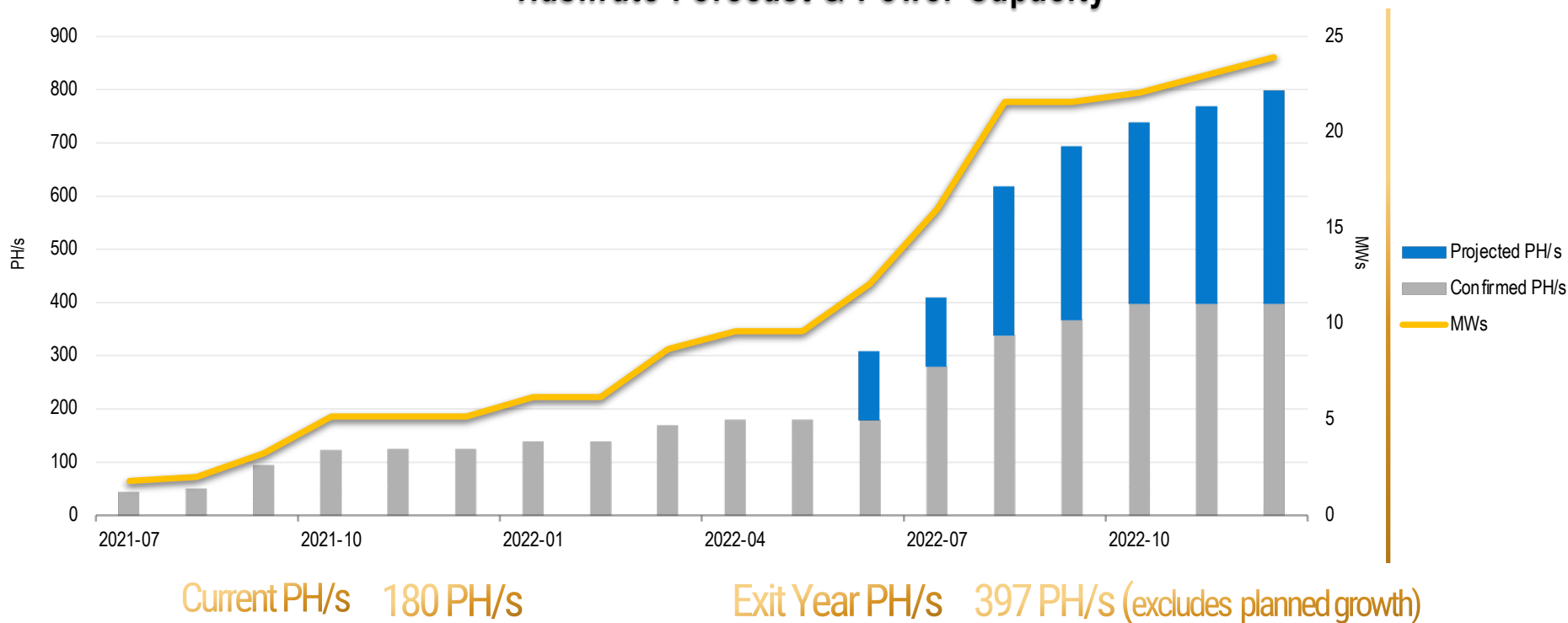
(2) Includes electricity expenses and all operating costs.

(3) Based on current mining orders and expected delivery schedule.



# Operational and Financial Snapshot

## Hashrate Forecast & Power Capacity <sup>(1)</sup>



(1) Based on expansion of Navajo power facility to 15 MW in Q2 2022 with an additional 9MW planned to be built out by the end of 2022. Graph factors in both PH/s of unconfirmed miners that are planned to be purchased & current confirmed purchased miner delivery schedule.

# Key Relationships to Succeed as a Miner



## Energy

Navajo Tribal Utility Authority ("NTUA") is the power and utility partner of LUXX, providing unused, low cost power that is primarily renewable

BITMAIN



## Mining Industry

Deep relationships into the Bitcoin industry provides access to miners, acceleration of miner delivery schedules, new mining technologies and M&A opportunities

CypressHills  
NYDIG



## Financing

Partnership with financial organizations on creative financing has enabled aggressive growth strategies and minimized equity dilution.



# Navajo Nation Partnership



Exclusive partnership with Navajo Tribal Utility Authority ("NTUA"). Expanding mining operation into new solar projects in 2022.



Competitive power prices resulting in a low Bitcoin supply cost (~\$9,900)



Current power mix is ~60% renewable energy (compared to the US utility average of 20%) and 100% of power is otherwise wasted energy



LUXX supports local work force and community investment



# Social Empowerment



**LUXX is committed to investing in its communities and promoting Bitcoin adoption and financial inclusion for the underbanked**

## **Benefits to the Navajo Nation:**

- Economic Contribution– All Navajo workforce, electricity and tax revenues
- Education
- Community involvement including sponsorships and scholarships

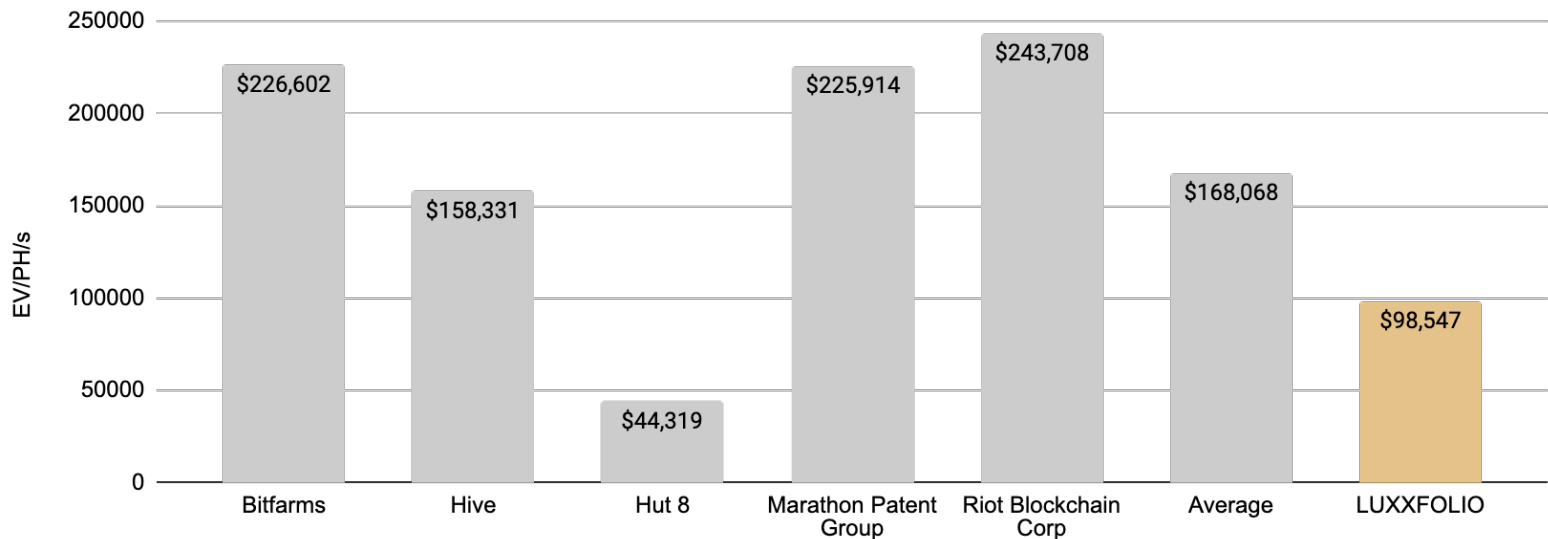


<https://youtu.be/b94XAejlFa8> – Mining Bitcoin with the Navajo Nation

# Capital Markets Benchmarking

LUXX is highly undervalued relative to its peers

EV/PH/s vs. Companies



PI FINANCIAL  
experience. driven.



Target: C\$1.20

(1) Includes ETH mining in BTC equivalent.

CSE: LUXX OTCQB: LUXFF FRANKFURT: LUH

# LUXX Management Team

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**Ken MacLean**  
**President**

Ken began working in the technology world with positions at IBM, Sun Microsystems and Digital and has been active in the crypto markets since 2017. He has been an integral part of financing and building organizations across multiple industries including real estate, retail, heavy industry, and technology. Ken has an MBA from the University of Calgary with a focus on new venture finance and technology.



**Kien Tran**  
**COO**

Kien founded Westblock Capital in 2017 as an integrated digital asset company where he built and operated an industrial scale mining facility. He has developed an extensive network of relationships in the cryptocurrency industry. Prior to Westblock, Kien spent 15 years in Investment Banking and Capital Markets in New York, Toronto, and Calgary. He has an MBA from the University of Chicago and a Bachelor of Commerce from the University of Calgary.



**Geoffrey McCord**  
**CFO**

Geoff McCord's professional career spans 33 years as a senior financial and operations level executive for several financial organizations, including 11 years at Connor, Clark and Co., a Toronto based investment dealer where Geoff served as Chief Financial Officer and Director of Operations. At IPC Financial Network Inc., he served in a number of roles including Executive Vice-President and Chief Operating Officer, as well as President of IPC Securities Corporation, IPC's IROC dealer.



**Tim Yong**  
**Director of Business Development**

Tim has a technology background in enterprising networking, where he spent 10 years consulting for various private and public sector organizations. His passion for helping people learn and integrate new technology into their businesses is what led him to founding Isotechnics, a consulting firm specializing in retail, industrial, and crypto mining. His start in the blockchain industry came in 2017, presenting to corporate executives on how decentralized systems could impact their respective industries.



# LUXX Board of Directors



**Kelly Klatik, MBA, ICD.D**  
**Executive Chairman**

Kelly Klatik has over 27 years of experience in the investment banking/management and alternative asset sectors. He was born and raised in Saskatchewan, Canada and is a Managing Partner at Cypress Hills Partners, an alternative specialty lending firm, which he co-founded in 2014. Prior to this, he was a co-founder of TSX-V listed Falco Resources, a natural resource data mining play which harvested a 100 year old data set resulting in the largest digital mining discovery in Canada (10M oz Au Eq).



**Brad Farquhar, MPA**  
**Director**

Brad Farquhar is Co-Founder, Executive Vice President and Chief Financial Officer of Input Capital Corp. Input is the world's first agriculture commodity streaming company and is publicly traded on the TSX Venture Exchange. Previously, Brad was a founding partner at Assiniboia Capital Corp. and co-founded Assiniboia Farmland Limited Partnership, the oldest and largest farmland investment fund in Canada. The company was sold to the Canada Pension Plan Investment Board in 2014 for \$128 million.



**Anthony Wong, LL.B**  
**Director & Corp. Secretary**

Anthony has over 25 years of experience in the corporate finance and communications industry. His diverse skill set uniquely positions him to understand and work with a variety of businesses and ventures from law to technology to digital media. Anthony earned his law degree from the University of British Columbia. His corporate affairs experience in both the private and public sectors bring tremendous value to LUXXFOLIO.



**David Gens, B.Comm**  
**Director**

David Gens is a financial services entrepreneur/investor and is the founder, Chairman, President & CEO of Merchant Growth and Merchant Opportunities Fund. He has successfully built one of Canada's largest fintech lending platforms using automation and AI, which are key technologies to be harnessed by LUXXFOLIO in our crypto mining management solutions and smart contracts.



**Dr. Michael J. Byron, Ph.D**  
**Director**

Dr. Byron currently sits on the board of five publicly-traded companies and has had executive roles in several others, bringing to LUXXFOLIO over 30 years of domestic and international experience, taking and managing companies from early stage to public listing.

Share Price	\$0.19 CAD
Shares Outstanding	86.718M
Stock Options & Share Purchase Warrants	5.263M
Warrants	32.189M
BTC Held on Balance Sheet (1)	52.4
Current Hashrate	180
Future Hashrate (1)	397

(1) Includes ETH mining in BTC equivalent.

## Research Coverage

**PI FINANCIAL**

experience. driven.

Kris Thompson

Email: [kthompson@pifinancial.com](mailto:kthompson@pifinancial.com)



Target: C\$1.20

CSE: **LUXX**    OTCQB: **LUXFF**    FRANKFURT: **LUH**

# APPENDIX



# WHY BITCOIN?

A rules based  
monetary asset  
(with no rulers)

## ABSOLUTE SCARCITY

Total capped supply of 21 million coins (year 2140)

## IMMUTABLE RECORD

Every Bitcoin transaction transparent and verified by the network

## PRE DETERMINED ISSUANCE RATE

Mining rewards are halved every ~4 years

## DECENTRALIZED

The Blockchain is distributed globally over 12000 full nodes running the Bitcoin Core software

## MARKET CAP

Significant financial asset at ~\$1 trillion market value

# Bitcoin Core Values & Principles Underpin Mining Business

## ENVIRONMENTAL



Bitcoin mining uses **primarily wasted energy**

Load balancing attributes **promotes adoption of renewable energy**

## SOCIAL



Bitcoin mining supports **property rights** for 8 billion people

**Economic empowerment** / financial inclusion, pristine collateral

**Protection from inflationary monetary policies** / authoritarian governments

## GOVERNANCE



Bitcoin mining secures the **transparent blockchain ledger**

Rules based monetary governance with **immutable record and coin issuance**

Open network with **minimal barriers to entry**

# Bitcoin Monetary Network Adoption

NEUBERGER BERMAN

"Bitcoin's amalgamation of attractive attributes in combination with its straightforward implementation of blockchain technology, makes it uniquely situated as a 'cornerstone' digital asset."



"We are at the top of the first inning for Bitcoin."  
- Legendary Investor Bill Miller



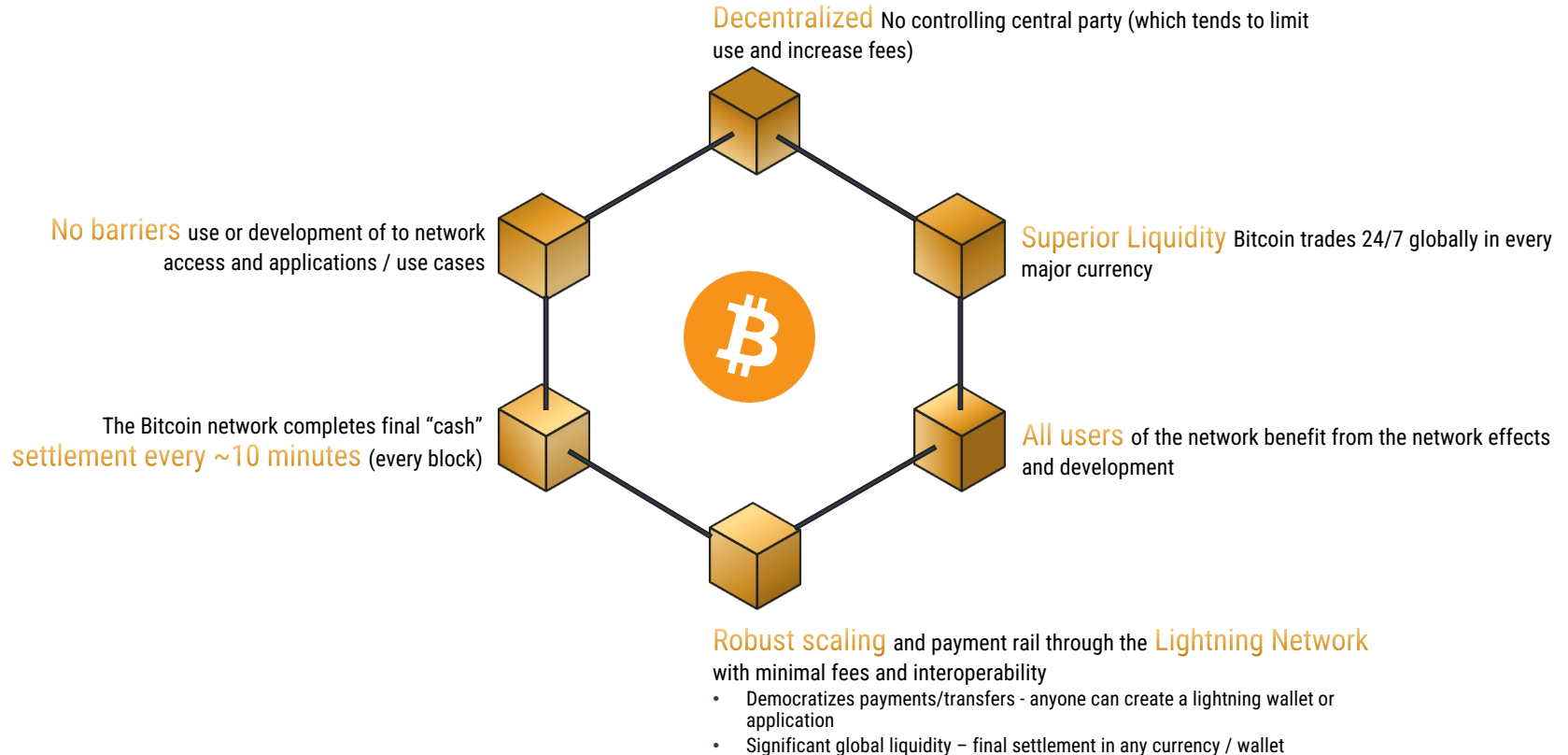
"Right now it's clear Bitcoin is a store of value"  
- Dallas Fed President Kaplan



"Our clients are looking for a service offering that is consistent with U.S. Bank's exceptional standards of quality and risk management...so we're thrilled to offer our institutional clients NYDIG's industry-leading Bitcoin expertise, backed by the financial strength of U.S. Bank"



# Bitcoin is an Open Monetary Network



# Growth of the Lightning Network



## Overview

- The Lightning Network enables **trustless instant payments** while keeping most transactions off-chain – leveraging the security of the underlying Bitcoin blockchain as an arbitration layer
- This is accomplished through “payment channels” where two parties commit funds and pay each other while keeping a rolling balance – final settlement occurs on the Bitcoin blockchain at a later date
- The cost of opening and closing channels (Bitcoin transaction fee) is amortized over the volume of payments in that channel resulting in extremely **low transaction fees**

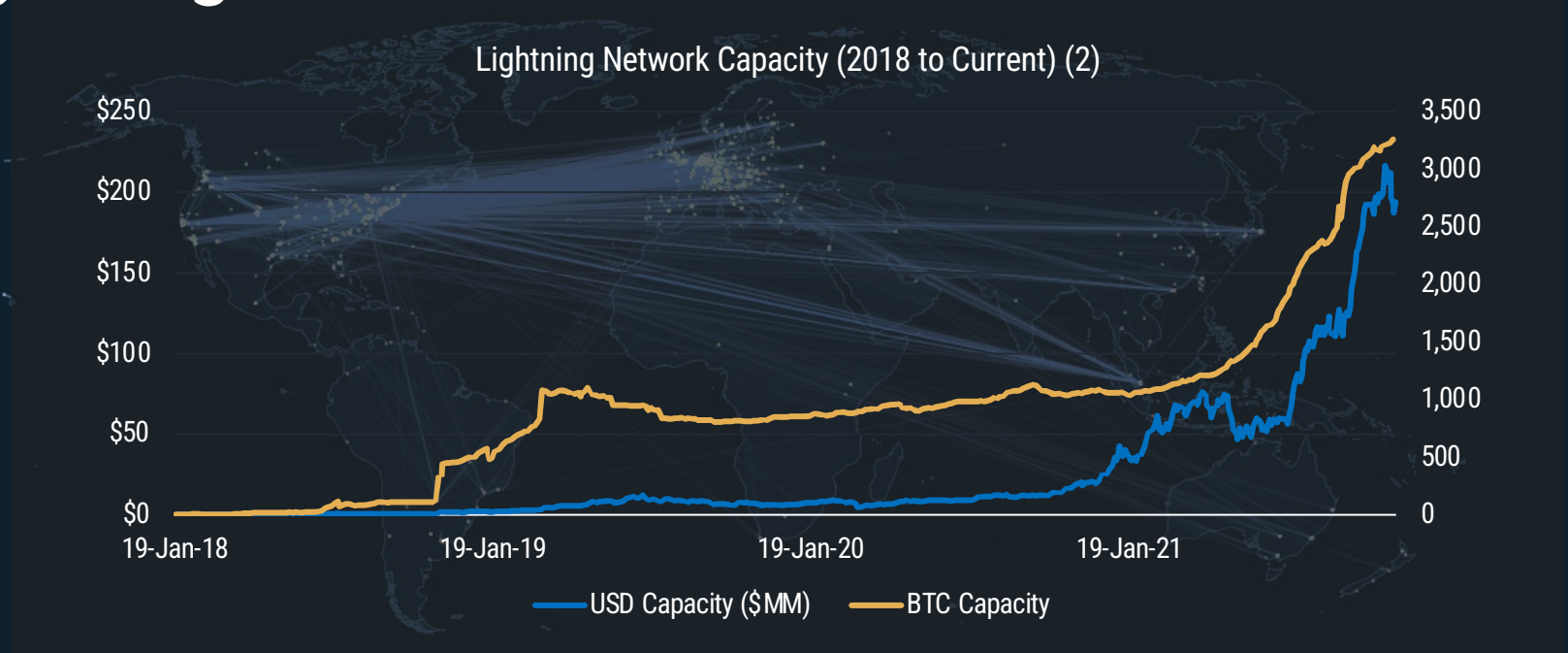
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## Stats <sup>(2)</sup>

- **17,311 nodes** with over **75,000 payment channels**
- Current **capacity of ~3,150 BTC (~\$200MM)**
- Largest channel amount is 14 BTC, average **channel amount is 0.04 BTC**



# Scaling Bitcoin with the Lightning Network



Average growth rate of ~5% per day

# Bitcoin Financial Empowerment: El Salvador

- 70% of Salvadorians do not have a bank account
- In 2020, El Salvador received nearly \$6Bn in remittances (~23% of its gross domestic product)
- Many Salvadorians travel multiple hours on a bus each month to pick up remitted cash at Western Union or similar offices
  - Average remittance fees are ~5% to 10% (upwards of 20% to 50% on smaller amounts + other costs)
- After observing a smalltown Bitcoin circular economy on the coast, President Bukele determined that peer-to-peer Bitcoin payments over the lightning network was a more efficient method of remittances and local medium of exchange (network fees are near zero)
- On June 8, 2020, President Bukele passed The Bitcoin Law making Bitcoin legal tender in El Salvador

## Excerpt From the Bitcoin Law

- IV. Central banks are increasingly taking actions that may cause harm to the economic stability of El Salvador;
- V. That in order to mitigate the negative impact from central banks, it becomes necessary to authorize the circulation of a digital currency with a supply that cannot be controlled by any central bank and is only altered in accord with objective and calculable criteria;



Nayib Bukele   
@nayibbukele

...

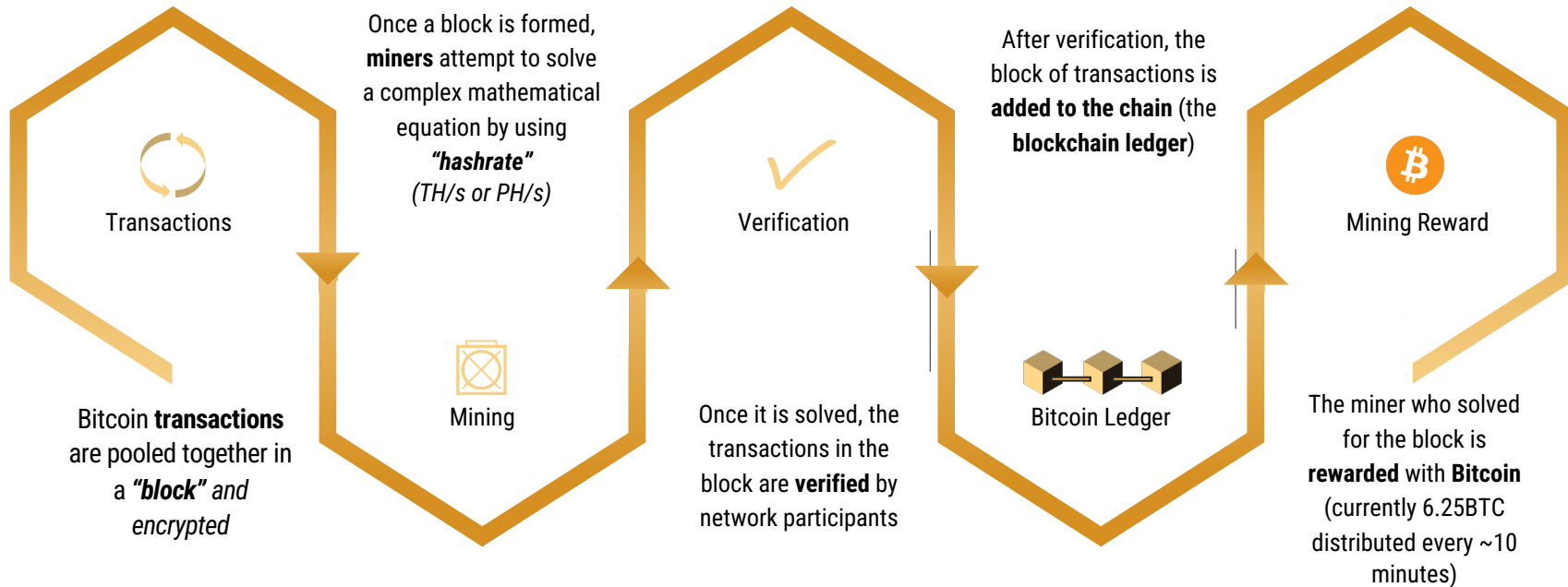
The [#BitcoinLaw](#) has been approved by a supermajority in the Salvadoran Congress.

62 out of 84 votes!

History! [#Btc](#)  

2:05 AM · Jun 9, 2021 · Twitter for iPhone

# Bitcoin Mining – Securing the Network



# Bitcoin Monetizes Unused Energy & Promotes Renewables

## Mining Energy Compared to Unused Energy<sup>(2)</sup>

**5.7x Bitcoin Mining**  
688 TWH

Global Natural Gas Flaring  
Recovery Potential

**1.7x Bitcoin Mining**

206 TWH

U.S. Transmission  
and Distribution  
Energy Losses



**120 TWH**

Bitcoin Mining

*“Bitcoin then acts like an economic battery.  
Energy that was otherwise of little value locally is  
turned into an economic asset that can be used  
globally.”*

*~ Seetee, Bitcoin Division of Aker ASA (Norway)*

## Flexible Load Option for Renewables <sup>(2)</sup>

- Bitcoin mining, as a flexible load option, can serve as a complementary technology for **wind and solar intermittency and grid congestion problems**
- The Bitcoin miners would thereby support addition deployment of green energy projects and help **bring down the cost of green energy projects globally**