**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

# FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **December 31, 2023**

☐ TRANSITION REPORT UNDER SECTION13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number: **000-55681**

# INTEGRATED VENTURES, INC.

(Exact Name of Registrant as Specified in Its Charter)

| | |
|---|---|
| **Nevada** | **82-1725385** |
| (State or Other Jurisdiction of Incorporation or Organization) | (I.R.S. Employer Identification No.) |

**18385 Route 287, Tioga, PA 16946**
(Address of principal executive offices) (Zip Code)

**(215) 613-9898**
(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act: None.

Securities registered under Section 12(g) of the Exchange Act: Common Stock, $0.001 par value per share

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $0.001 par value | INTV | N/A |

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 during the preceding 12 months (or such shorter period that the registrant was required to submit such files. Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated Filer | ☐ | Smaller reporting company | ☒ |
| Emerging growth company | ☐ | | |

If an emerging growth company, 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. Yes ☐ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

As of February 9, 2024, the registrant had 5,064,492 shares of its common stock, $0.001 par value, issued and outstanding.

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**PART I - FINANCIAL INFORMATION**
**INDEX TO FINANCIAL STATEMENTS**





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**INTEGRATED VENTURES, INC.**
**BALANCE SHEETS**

| | December 31, 2023 (Unaudited) | June 30, 2023 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash | $ 27,452 | $ 257,998 |
| Prepaid expenses and other current assets | 4,215 | 7,165 |
| Total current assets | 31,667 | 265,163 |
| | | |
| Non-current assets: | | |
| Property and equipment, net of accumulated depreciation and amortization of $4,898,813 and $3,608,202 as of December 31, 2023 and June 30, 2023, respectively | 4,046,670 | 5,299,834 |
| Digital currencies | 788,864 | 447,425 |
| Deposits | 578,147 | 578,147 |
| Total non-current assets | 5,413,681 | 6,325,406 |
| | | |
| Total assets | $ 5,445,348 | $ 6,590,569 |
| | | |
| LIABILITIES, MEZZANINE AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 248,511 | $ 293,711 |
| Accrued preferred stock dividends | 2,060,804 | 1,645,210 |
| Accrued expenses | 117,243 | 121,243 |
| Due to related party | 99,484 | 415,288 |

| | | |
|---|---|---|
| Notes payable in default, net of debt discount | 500,000 | 500,000 |
| Total current liabilities | 3,026,042 | 2,975,452 |
| | | |
| Mezzanine: | | |
| Series C preferred stock, $0.01 par value, 3,000 shares authorized, 1,125 shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively. | 1,125,000 | 1,125,000 |
| Series D preferred stock, $0.01 par value, 4,000 shares authorized, 3,000 shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively. | 3,000,000 | 3,000,000 |
| | | |
| Commitments and contingencies | - | - |
| | | |
| Stockholders' equity: | | |
| Series A preferred stock, $0.001 par value, (1,000,000 shares authorized, 500,000 shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively) | 500 | 500 |
| Series B preferred stock, $0.001 par value, 1,000,000 shares authorized, 130,000 and 100,000 shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively) | 130 | 100 |
| Common stock, $0.001 par value; (750,000,000 shares authorized; 5,064,492 and 2,864,492 shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively) | 5,065 | 2,864 |
| Additional paid in capital | 81,195,589 | 72,588,520 |
| Accumulated deficit | (82,906,978) | (73,101,867) |
| Total stockholders' deficit | (1,705,694) | (509,883) |
| | | |
| Total liabilities, mezzanine and stockholders' equity | $ 5,445,348 | $ 6,590,569 |

The accompanying notes are an integral part of these financial statements.



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**INTEGRATED VENTURES, INC.**
**STATEMENTS OF OPERATIONS**
**(Unaudited)**

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue: | | | | |
| Cryptocurrency mining | $ 1,728,108 | $ 370,292 | $ 2,787,172 | $ 925,657 |
| Total revenue, net | 1,728,108 | 370,292 | 2,787,172 | 925,657 |
| | | | | |
| Cost of revenues | 1,917,470 | 678,690 | 3,490,844 | 1,447,582 |
| | | | | |
| Gross profit (loss) | (189,362) | (308,398) | (703,672) | (521,925) |
| | | | | |
| Operating expenses: | | | | |
| General and administrative | 202,570 | 302,251 | 8,679,952 | 695,524 |
| Loss on disposition of property and equipment | 121,670 | - | 121,670 | 46,715 |
| Total operating expenses | 324,240 | 302,251 | 8,801,622 | 742,239 |
| | | | | |
| Income (loss) from operations | (513,602) | (610,649) | (9,505,294) | (1,264,164) |
| | | | | |
| Other income (expense): | | | | |
| Interest expense | (23,884) | (109,049) | (46,914) | (217,901) |
| Realized gain (loss) on sale of digital currencies | 183,146 | (43,899) | 162,691 | (67,914) |
| Total other income (expense) | 159,262 | (152,948) | 115,777 | (285,815) |
| | | | | |
| Income (loss) before income taxes | (354,340) | (763,597) | (9,389,517) | (1,549,979) |
| Provision for income taxes | - | - | - | - |
| | | | | |
| Net income (loss) | $ (354,340) | $ (763,597) | $ (9,389,517) | $ (1,549,979) |
| | | | | |
| Dividends on Preferred Stock | (207,797) | (632,287) | (415,594) | (785,542) |
| | | | | |
| Deemed dividend | - | - | - | (162,037) |
| | | | | |
| Net income (loss) attributable to shareholders | $ (562,137) | $ (1,395,884) | $ (9,805,111) | $ (2,497,558) |
| | | | | |
| Net income (loss) per common share attributable to shareholders, basic | $ (0.13) | $ (0.70) | $ (2.60) | $ (1.32) |
| Net income (loss) per common share attributable to shareholders, diluted | $ (0.13) | $ (0.70) | $ (2.60) | $ (1.32) |

| | | | | |
|---|---|---|---|---|
| Weighted average number of common shares outstanding, basic | $ 4,228,742 | $ 2,000,600 | $ 3,768,780 | $ 1,897,948 |
| Weighted average number of common shares outstanding, diluted | $ 4,228,742 | $ 2,000,600 | $ 3,768,780 | $ 1,897,948 |

The accompanying notes are an integral part of these financial statements.



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**INTEGRATED VENTURES, INC.**
**STATEMENTS OF STOCKHOLDERS' EQUITY**
**(Unaudited)**

| | Series C Preferred Stock | | Series D Preferred Stock | | Series A Preferred Stock | | Series B Preferred Stock | | Common Stock | | Additional Paid in Capital | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | | | |
| Balance, June 30, 2022 | 1,125 | $1,125,000 | 3,000 | $3,000,000 | 500,000 | $ 500 | 902,633 | $ 903 | 1,657,973 | $ 1,658 | $56,781,410 | $ (46,192,164) | $10,592,307 |
| Issuance of common stock for conversion of Series B preferred stock | - | - | - | - | - | - | (190,000) | (190) | 152,000 | 152 | 38 | - | - |
| Issuance of Series B preferred stock for related party compensation | - | - | - | - | - | - | 50,000 | 50 | - | - | 207,450 | - | 207,500 |
| Issuance of common shares for exercise of warrants | - | - | - | - | - | - | - | - | 164,061 | 164 | (164) | - | - |
| Deemed dividend for warrant modification | - | - | - | - | - | - | - | - | - | - | 162,037 | (162,037) | - |
| Preferred stock dividends | - | - | - | - | - | - | - | - | - | - | - | (153,255) | (153,255) |
| Net loss | - | - | - | - | - | - | - | - | - | - | - | (786,382) | (786,382) |
| Balance, September 31, 2022 | 1,125 | 1,125,000 | 3,000 | 3,000,000 | 500,000 | 500 | 762,633 | 763 | 1,974,034 | 1,974 | 57,150,771 | (47,293,838) | 9,860,170 |
| Issuance of common shares for exercise of warrants | - | - | - | - | - | - | - | - | 31,334 | 31 | (31) | - | - |
| Issuance of Series B preferred stock for related party compensation | - | - | - | - | - | - | 50,000 | 50 | - | - | 144,950 | - | 145,000 |
| Preferred stock dividends | - | - | - | - | - | - | - | - | - | - | - | (632,287) | (632,287) |
| Net loss | - | - | - | - | - | - | - | - | - | - | - | (763,597) | (763,597) |
| Balance, December 31, 2022 | 1,125 | $1,125,000 | 3,000 | $3,000,000 | 500,000 | $ 500 | 812,633 | $ 813 | 2,005,368 | $ 2,005 | $57,295,690 | $ (48,689,722) | $ 8,609,286 |
| Balance, June 30, 2023 | 1,125 | $1,125,000 | 3,000 | $3,000,000 | 500,000 | $ 500 | 100,000 | $ 100 | 2,864,492 | $ 2,864 | $72,588,520 | $ (73,101,867) | $ (509,883) |
| Issuance of common stock for conversion of | - | - | - | - | - | - | (11,355) | (11) | 1,135,500 | 1,136 | (1,125) | - | - |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Series B preferred stock | | | | | | | | | | | | | |
| Issuance of Series B preferred stock for related party compensation | - | - | - | - | - | - | 50,000 | 50 | - | - | 8,299,950 | - | 8,300,000 |
| Preferred stock dividends | - | - | - | - | - | - | - | - | - | - | - | (207,797) | (207,797) |
| Net loss | - | - | - | - | - | - | - | - | - | - | - | (9,035,177) | (9,035,177) |
| Balance, September 31, 2023 | 1,125 | 1,125,000 | 3,000 | 3,000,000 | 500,000 | 500 | 138,645 | 139 | 3,999,992 | 4,000 | 80,887,345 | (82,344,841) | (1,452,857) |
| Issuance of common shares for purchase of bitcoin miners | - | - | - | - | - | - | - | - | 200,000 | 200 | 309,100 | - | 309,300 |
| Issuance of common stock for conversion of Series B preferred stock | - | - | - | - | - | - | (8,645) | (9) | 864,500 | 865 | (856) | - | - |
| Preferred stock dividends | - | - | - | - | - | - | - | - | - | - | - | (207,797) | (207,797) |
| Net loss | - | - | - | - | - | - | - | - | - | - | - | (354,340) | (354,340) |
| Balance, December 31, 2023 | 1,125 | $1,125,000 | 3,000 | $3,000,000 | 500,000 | $ 500 | 130,000 | $ 130 | 5,064,492 | $ 5,065 | $81,195,589 | $ (82,906,978) | $ (1,705,694) |

The accompanying notes are an integral part of these financial statements.



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**INTEGRATED VENTURES, INC.**
**STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | Six Months Ended December 31, 2023 | Six Months Ended December 31, 2022 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | $ (9,389,517) | $ (1,549,979) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 1,479,284 | 822,106 |
| Stock-based compensation - related party | 8,300,000 | 352,500 |
| Loss on disposition of property and equipment | 121,670 | 46,715 |
| Amortization of debt discount | - | 105,928 |
| Realized loss (gain) on sale of digital currencies | (162,691) | 67,914 |
| Changes in operating assets and liabilities: | | |
| Digital currencies | (2,753,408) | (935,221) |
| Prepaid expenses and other current assets | 2,950 | (3,810) |
| Deposits | - | (500,000) |
| Accounts payable | (45,200) | 74,640 |
| Accrued expenses | 46,000 | 111,776 |
| Due to related party | 104,083 | 213,637 |
| Net cash provided by (used in) operating activities | (2,296,829) | (1,193,794) |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Equipment deposits | - | (32,514) |
| Net proceeds from the sale of digital currencies | 2,403,748 | 1,021,232 |
| Purchase of digital currencies | (237,195) | (198,313) |
| Purchase of property and equipment | (1,740) | - |

| | | |
|---|---|---|
| Net cash provided by (used in) investing activities | 2,164,813 | 790,405 |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayment of related party advance | (48,530) | - |
| Repayment of accrued interest on note payable | (50,000) | - |
| Net cash provided by (used in) financing activities | (98,530) | - |
| | | |
| Net increase (decrease) in cash | (230,546) | (403,389) |
| Cash, cash equivalents, and restricted cash - beginning of period | 257,998 | 490,280 |
| Cash, cash equivalents, and restricted cash - end of period | $ 27,452 | $ 86,891 |
| | | |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Cash paid during the period for: | | |
| Interest | $ 50,914 | $ 197 |
| Income taxes | $ - | $ - |
| Non-cash investing and financing activities: | | |
| Equipment deposits transferred to property and equipment | $ - | $ 2,387,681 |
| Common stock issued for purchase of bitcoin miners | $ 309,300 | $ - |
| Accrued preferred stock dividends | $ 415,594 | $ 785,542 |
| Conversion of Series B preferred stock for common stock | $ 2,001 | $ 19,000 |
| Payment of amounts due to related party with digital currencies | $ 371,357 | $ - |
| Purchase of property and equipment with digital currencies | $ 36,750 | $ - |
| Common stock issued with warrants | $ - | $ 24,425 |
| Deemed dividend for warrant modification | $ - | $ 162,037 |

The accompanying notes are an integral part of these financial statements.



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**Integrated Ventures, Inc.**
**Notes to Financial Statements**
**Six Months Ended December 31, 2023**
**(Unaudited)**

## 1. ORGANIZATION BASIS OF PRESENTATION

### Organization

Integrated Ventures, Inc. (the "Company," "we" or "our") was incorporated in the State of Nevada on March 22, 2011, under the name of Lightcollar, Inc. On March 20, 2015, the Company amended its articles of incorporation and changed its name from Lightcollar, Inc. to EMS Find, Inc. On May 30, 2017, Integrated Ventures, Inc. ("Integrated Ventures"), a Nevada corporation, was formed as a wholly owned subsidiary of the Company. Pursuant to an Agreement and Plan of Merger dated May 30, 2017, Integrated Ventures was merged into the Company, with the Company being the surviving corporation and changing its name to Integrated Ventures, Inc.

The Company has discontinued its prior operations and changed its business focus from its prior technologies relating to the EMS Find platform to acquiring, launching, and operating companies in the cryptocurrency sector, mainly in digital currency mining, equipment manufacturing, and sales of branded mining rigs, as well as blockchain software development.

The Company is developing and acquiring a diverse portfolio of digital currency assets and block chain technologies. Cryptocurrencies are a medium of exchange that uses decentralized control (a block chain) as opposed to a central bank to track and validate transactions. The Company is currently mining Bitcoin, whereby the Company earns revenue by solving "blocks" to be added to the block chain. The Company also purchases certain digital currencies for short-term investment purposes.

On April 17, 2023, the Board of Directors of the Company approved a 1-for-125 reverse split of the Company's common shares. The reverse split has been given retroactive effect in the financial statements for all periods presented.

### Basis of Presentation

The accompanying unaudited financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") for interim financial information and the instructions to Form 10-Q and Article 8 of Regulation S-X. The results of operations for the interim period ended December 31, 2023 shown in this report are not necessarily indicative of results to be expected for the full fiscal year ending June 30, 2024. In the opinion of the Company's management, the information contained herein reflects all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the Company's results of operations, financial position and cash flows. The unaudited interim financial statements should be read in conjunction with the audited financial statements in the Company's Annual Report on Form 10-K for the year ended June 30, 2023 filed on September 28, 2023 and Management's Discussion and Analysis of Financial Condition and Results of Operations.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of the Company are disclosed in Notes to Financial Statements included in the Company's Annual Report on Form 10-K for the year ended June 30, 2023 filed on September 28, 2023. The following summary of significant accounting policies of the Company is presented to assist in understanding the Company's interim financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the use of estimates inherent in the financial reporting process, actual results could differ significantly from those estimates.



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**Cash and Cash Equivalents**

The Company maintains cash balances in non-interest-bearing accounts that at times may exceed federally insured limits. For the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. The Company had no cash equivalents at December 31, 2023.

**Digital Currencies**

Digital currencies consist mainly of Bitcoin, generally received for the Company's own account as compensation for cryptocurrency mining services, and other digital currencies purchased for short-term investment and trading purposes. Given that there is limited precedent regarding the classification and measurement of cryptocurrencies under current Generally Accepted Accounting Principles ("GAAP"), the Company has determined to account for these digital currencies as indefinite-lived intangible assets in accordance with Accounting Standards Codification ("ASC") No. 350, Intangibles – Goodwill and Other, for the period covered by this report and in future reports unless and until further guidance is issued by the Financial Accounting Standards Board ("FASB"). An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not than an impairment exists. If it is determined that it is more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted. Realized gains or losses on the sale of digital currencies are included in other income (expense) in the statements of operations. The Company had realized gain (losses) on sale of digital currencies of $183,146 and $(43,899) in the three months ended December 31, 2023 and 2022, respectively and of $162,691 and $(67,914) in the six months ended December 31, 2023 and 2022, respectively. Cryptocurrency mining revenues were $1,728,108 and $370,292 in the three months ended December 31, 2023 and 2022, respectively and $2,787,172 and $925,657 in the six months ended December 31, 2023 and 2022, respectively.

**Property and Equipment**

Property and equipment, consisting primarily of computer and other cryptocurrency mining equipment (transaction verification servers), is stated at the lower of cost or estimated realizable value and is depreciated when placed into service using the straight-line method over estimated useful lives. Management has assessed the basis of depreciation of these assets and believes they should be depreciated over a three-year period due to technological obsolescence reflecting rapid development of hardware that has faster processing capacity and other factors. Maintenance and repairs are expensed as incurred and improvements are capitalized. Gains or losses on the disposition of property and equipment are recorded upon disposal.

During the six months ended December 31, 2023, the Company discontinued the use of damaged or non-serviceable mining equipment and wrote off its net book value of $121,670 to loss on disposition of property and equipment.

During the six months ended December 31, 2022, the Company discontinued the use of damaged or non-serviceable mining equipment and wrote off its net book value of $46,715 to loss on disposition of property and equipment.

Management has determined that the three-year diminishing value best reflects the current expected useful life of transaction verification servers. This assessment takes into consideration the availability of historical data and management's expectations regarding the direction of the industry including potential changes in technology. Management will review this estimate annually and will revise such estimates as and when data becomes available.

To the extent that any of the assumptions underlying management's estimate of useful life of its transaction verification servers are subject to revision in a future reporting period, either as a result of changes in circumstances or through the availability of greater quantities of data, then the estimated useful life could change and have a prospective impact on depreciation expense and the carrying amounts of these assets.

Payments to equipment suppliers prior to shipment of the equipment are recorded as equipment deposits.



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**Derivatives**

As of December 31, 2023, and June 30, 2023, the Company had no derivative liabilities.

The Company evaluates its convertible debt, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for. The result of this accounting treatment is that under certain circumstances the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. If the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income or expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Equity instruments that are initially classified as equity that become subject to reclassification under this accounting standard are reclassified to liability at the fair value of the instrument on the reclassification date.

Where the number of warrants or common shares to be issued under these agreements is indeterminate, the Company has concluded that the equity environment is tainted, and all additional warrants and convertible debt are included in the value of the derivatives.

We estimate the fair value of the derivatives using, as applicable, either the Black-Scholes pricing model or multinomial lattice models that value the derivative liability based on a probability weighted discounted cash flow model using future projections of the various potential outcomes. We estimate the fair value of the derivative liabilities at the inception of the financial instruments, and, in the case of our convertible notes payable, at the date of conversions to equity and at each reporting date, recording a derivative liability, debt discount, additional paid-in capital and a gain or loss on change in derivative liabilities as applicable. These estimates are based on multiple inputs, including the market price of our stock, interest rates, our stock price volatility, variable conversion prices based on market prices as defined in the respective agreements and probabilities of certain outcomes based on management projections. These inputs are subject to significant changes from period to period and to management's judgment; therefore, the estimated fair value of the derivative liabilities will fluctuate from period to period, and the fluctuation may be material.

**Impairment of Long-Lived Assets**

All assets, including intangible assets subject to amortization, are reviewed for impairment when changes in circumstances indicate that the carrying amount of the asset may not be recoverable in accordance with ASC 350 and ASC 360. If the carrying amount of the asset exceeds the expected undiscounted cash flows of the asset, an impairment charge is recognized equal to the amount by which the carrying amount exceeds fair value or net realizable value. The testing of these intangibles under established guidelines for impairment requires significant use of judgment and assumptions. Changes in forecasted operations and other assumptions could materially affect the estimated fair values. Changes in business conditions could potentially require adjustments to these asset valuations. We reported no impairment expense for the three and six months ended December 31, 2023 and 2022.

**Mezzanine**

Series C and D preferred stock that contain certain default provisions requiring mandatory cash redemption that are outside the control of the Company are recorded as Mezzanine in the accompanying balance sheets.

**Stock-Based Compensation**

The Company accounts for all equity-based payments in accordance with ASC Topic 718, *Compensation – Stock Compensation.* ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock awards, stock options, warrants and other equity-based compensation issued to employees. The value of the portion of an award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method. The fair value of a stock award is recorded at the fair market value of a share of the Company's stock on the grant date. The Company estimates the fair value of stock options and warrants at the grant date by using an appropriate fair value model such as the Black-Scholes option pricing model or multinomial lattice models.



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The Company accounts for non-employee share-based awards based upon ASC 505-50, *Equity-Based Payments to Non-Employees.* ASC 505-50 requires the costs of goods and services received in exchange for an award of equity instruments to be recognized using the fair value of the goods and services or the fair value of the equity award, whichever is more reliably measurable. The fair value of the equity award is determined on the measurement date, which is the earlier of the date that a performance commitment is reached or the date that performance is complete. Generally, our awards do not entail performance commitments. When an award vests over time such that performance occurs over multiple reporting periods, we estimate the fair value of the award as of the end of each reporting period and recognize an appropriate portion of the cost based on the fair value on that date. When the award vests, we adjust the cost previously recognized so that the cost ultimately recognized is equivalent to the fair value on the date the performance is complete.

**Revenue Recognition**

We recognize revenue in accordance with ASC 606, Revenue from Contracts with Customers. This standard provides a single comprehensive model to be used in the accounting for revenue arising from contracts with customers. The standard's stated core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, ASC 606 includes provisions within a five-step model that includes identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue when, or as, an entity satisfies a performance obligation.

Our revenues consist of cryptocurrency mining revenues recognized in accordance with ASC 606 as discussed above. Amounts collected from customers prior to shipment of products are recorded as deferred revenue.

The Company earns its cryptocurrency mining revenues by providing transaction verification services within the digital currency networks of cryptocurrencies, such as Bitcoin. The Company satisfies its performance obligation at the point in time that the Company is awarded a unit of digital currency through its participation in the applicable network and network participants benefit from the Company's verification service. In consideration for these services, the Company receives digital currencies, net of applicable network fees, which are recorded as revenue using the closing U.S. dollar price of the related cryptocurrency on the date of receipt.

Expenses associated with running the cryptocurrency mining operations, such as equipment depreciation, rent, operating supplies, rent, utilities and monitoring services are recorded as cost of revenues.

There is currently no specific definitive guidance in GAAP or alternative accounting frameworks for the accounting for the production and mining of digital currencies and management has exercised significant judgment in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in ASC 606, including identifying the transaction price, when performance obligations are satisfied, and collectability is reasonably assured being the completion and addition of a block to a blockchain and the award of a unit of digital currency to the Company. In the event authoritative guidance is enacted by the FASB, the Company may be required to change its policies which could result in a change in the Company's financial statements.

**Income Taxes**

The Company adopted the provisions of ASC 740-10, *Accounting for Uncertain Income Tax Positions*. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all highly certain of being upheld upon examination. As such, the Company has not recorded a liability for unrecognized tax benefits. As of December 31, 2023, tax years 2017 through 2022 remain open for IRS audit. The Company has received no notice of audit from the IRS for any of the open tax years.



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The Company adopted ASC 740-10, *Definition of Settlement in FASB Interpretation No. 48,* ("ASC 740-10"). ASC 740-10 provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. The term "effectively settled" replaces the term "ultimately settled" when used to describe recognition, and the terms "settlement" or "settled" replace the terms "ultimate settlement" or "ultimately settled" when used to describe measurement of a tax position under ASC 740-10. ASC 740-10 clarifies that a tax position can be effectively settled upon the completion of an examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely based on its technical merits and the statute of limitations remains open. The adoption of ASC 740-10 has not had an impact on our financial statements.

**Income (Loss) Per Share**

Basic net income or loss per share is calculated by dividing net income or loss by the weighted average number of common shares outstanding for the period. Diluted income or loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock, such as "in-the-money" stock options and warrants using the treasury stock method, convertible debt, and convertible preferred stock, were exercised or converted into common stock. Equivalent shares are not utilized when the effect is anti-dilutive. For the three and six months ended December 31, 2023 and 2022, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share; therefore, basic net loss per share is the same as diluted net loss per share.

**Recently Issued Accounting Pronouncements**

In December 2023, the FASB issued ASU No. 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. The amendments in ASU No. 2023-08 are intended to improve the accounting for certain crypto assets by requiring an entity to measure those crypto assets at fair value each reporting period with changes in fair value recognized in net income. The amendments also improve the information provided to investors about an entity's crypto asset holdings by requiring disclosure about significant holdings, contractual sale restrictions, and changes during the reporting period. The amendments are effective for all entities for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. ASU No. 2023-08 requires a cumulative-effect adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets) as of the beginning of the annual reporting period in which an entity adopts the amendments. The Company has not yet adopted ASU No. 2023-08 and is currently evaluating the impact that the adoption will have on the Company's financial statement presentation and disclosures.

There were no other new accounting pronouncements issued or proposed by the FASB during the six months ended December 31, 2023 and through the date of filing this report which the Company believes will have a material impact on its financial statements.

**Reclassifications**

Certain amounts in the financial statements for prior year periods have been reclassified to conform to the presentation for the current year periods.

**3. GOING CONCERN**

Historically, the Company has reported recurring net losses from operations and used net cash in operating activities. As of December 31, 2023, the Company's current liabilities exceeded its current assets by $2,994,375 and the Company had an accumulated deficit of $82,906,978. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

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The accompanying financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The ability of the Company to reach and maintain a successful level of operations is dependent on the execution of management's plans, which include the raising of capital through the debt and/or equity markets, until such time that funds provided by operations are sufficient to fund working capital requirements. If the Company were not to continue as a going concern, it would likely not be able to realize its assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of the financial statements.

There can be no assurances that the Company will be successful in attaining a profitable level of operations or in generating additional cash from the equity/debt markets or other sources fund its operations. The financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary. Should the Company not be successful in its business plan or in obtaining the necessary financing to fund its operations, the Company would need to curtail certain or all operational activities and/or contemplate the sale of its assets, if necessary.

**4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of:

| | December 31, 2023 | June 30, 2023 |
|---|---|---|
| Cryptocurrency mining equipment | $ 8,705,472 | $ 8,668,025 |
| Furniture and equipment | 240,011 | 240,011 |
| Total | 8,945,483 | 8,908,036 |
| Less accumulated depreciation and amortization | (4,898,813) | (3,608,202) |
| Net | $ 4,046,670 | $ 5,299,834 |

Depreciation and amortization expense, included in cost of revenues, for the three months ended December 31, 2023 and 2022 was $745,720 and $389,901, respectively and $1,479,284 and $822,106 for the six months ended December 31, 2023 and 2022, respectively.

During the six months ended December 31, 2023 and 2022, we disposed of and wrote off non-serviceable, defective mining equipment with a net book value of $121,670 and $46,715, respectively.

**5. RELATED PARTY TRANSACTIONS**

We have one executive officer, Steve Rubakh, who is currently our only full-time employee and sole member of our Board of Directors. Mr. Rubakh is paid an annual salary established by the Board of Directors, cash bonuses as determined by the Board of Directors, and is issued shares of Series B preferred stock on a quarterly basis for additional compensation. The number and timing of Series B preferred shares issued to Mr. Rubakh is at the discretion of the Board of Directors.

During the six months ended December 31, 2023, Mr. Rubakh's annual salary was $250,000 ($62,500 quarterly). In addition, $100,000 of bonuses ($50,000 quarterly) were approved by the Board of Directors. Last, the Company issued to Mr. Rubakh 50,000 shares (during the three months ended September 30, 2023) of Series B convertible preferred stock valued on an "as converted to common" basis at $8,300,000, using the closing market price of the Company's common stock. Each share of Series B preferred stock is convertible into 100 shares of the Company's common stock. This non-cash, related party stock-based compensation is included in operating expenses in the accompanying statements of operations.



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During the six months ended December 31, 2022, Mr. Rubakh's annual salary was $250,000 ($62,500 quarterly). In addition, $100,000 of bonuses ($50,000 quarterly) were approved by the Board of Directors. Last, the Company issued to Mr. Rubakh 100,000 shares (50,000 quarterly) of Series B convertible preferred stock valued on an "as converted to common" basis at $352,500, using the closing market price of the Company's common stock. Each share of Series B preferred stock is convertible into 100 shares of the Company's common stock. This non-cash, related party stock-based compensation is included in operating expenses in the accompanying statements of operations.

Total compensation expense included in general and administrative expenses was $112,500 and $257,500 for the three months ended December 31, 2023 and 2022, respectively and $8,525,000 and $577,500 for the six months ended December 31, 2023 and 2022, respectively. Amounts due to related party, consisting of accrued salary to Mr. Rubakh, totaled $29,864, and $297,138 as of December 31, 2023 and June 30, 2023, respectively.

In April 2022, Mr. Rubakh advanced $118,150 to a third-party vendor on behalf of the Company. The advance is due on demand, has no interest rate, and is unsecured. During the six months ended December 31, 2023, repayments of $48,530 were made on the advance. Amounts due to related party, consisting of short-term advances from Mr. Rubakh, totaled $69,620 and $118,150 as of December 31, 2023 and June 30, 2023, respectively.

Total amount due to Mr. Rubakh for accrued salary and short-term advances as of December 31, 2023 and June 30, 2023 was $99,484, and $415,288, respectively.

During the six months ended December 31, 2023, Mr. Rubakh converted 20,000 shares of Series B preferred stock into 2,000,000 shares of common stock in a transaction recorded at the par value of the shares.

During the six months ended December 31, 2022, Mr. Rubakh converted 190,000 shares of Series B preferred stock into 19,000,000 shares of common stock in a transaction recorded at the par value of the shares.

On December 15, 2021, the Company and Tioga Holding, LLC, a related party owned 50% by Mr. Rubakh ("Tioga"), entered into a Property Lease and Power Purchase Agreement for the use by the Company of facilities located in Tioga, Pennsylvania. The Company's sole obligation under the agreement is to pay monthly a contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations. The term of the agreement was 36 months. Mining operations as this facility terminated in September 2023 due to the significant increase in power cost by local utility. During the six months ended December 31, 2023 and 2022, the Company incurred power expense of $96,527 and $180,432, respectively. During the three months ended December 31, 2023 and 2022, the Company incurred power expense of $0 and $110,957, respectively.

**6. NOTES PAYABLE**

On June 15, 2022, the Company entered into a Loan Agreement and Promissory Note with BHP Capital NY, Inc. ("BHP") in the amount of $500,000. The note matured on January 15, 2023, and bares a flat interest charge of $130,000 that shall not be reduced or pro-rated in the event of prepayment. In addition, upon an event of default, the Note bares default interest of 18% per annum. This note is secured by assets and equipment of the Company. As further inducement to enter this note, the Company issued BHP 16,000 shares of restricted common stock. These shares were valued at $123,200 using the closing market price of the Company's common stock on the date of issuance and were recorded as a debt discount that is being amortized to interest expense over the term of the note. The Company recorded $0 and $52,965 of interest expense for amortization of this debt discount and accrued $23,000 and $52,964 of interest expense during the three months ended December 31, 2023 and 2022, respectively and recorded $0 and $105,928 of interest expense for amortization of this debt discount and accrued $46,000 and $111,776 of interest expense during the six months ended December 31, 2023 and 2022, respectively. The Company repaid $50,000 of accrued interest during the three and six months ended December 31, 2023. No interest was repaid during the three and six month ended December 31, 2022. As of December 31, 2023, this note was in default due to nonpayment before the maturity date.



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**7. MEZZANINE**

*Series C Preferred Stock*

Effective January 14, 2021, the Company filed a Certificate of Designation of the Series C Convertible Preferred Stock with the Nevada Secretary of State. The Company has authorized the issuance of an aggregate of 3,000 shares of the Series C preferred stock. Each share of Series C preferred stock has a par value of $0.001 per share and a stated value of $1,100 per share. The shares of Series C preferred stock are convertible into shares of the Company's common stock at a conversion price of $8.50 per share.

Each share of the Series C preferred stock is entitled to receive cumulative dividends of 12% per annum or 18% per annum in the event of default, payable monthly from the date of issuance of the shares. Starting one month after the issuance of the shares, they were in default due to the Company's failure to pay the cumulative dividend monthly as required by the agreement. Dividends may be paid in cash or in shares of Series C preferred stock at the discretion of the Company. During the year ended June 30, 2023, the Company settled $293,639 of dividends owed in exchange for 78,304 shares of common stock. The shares of Common Stock were valued based on their value as of the settlement date which was $3.75 per share. As of December 31, 2023 and June 30, 2023, the Company accrued Series C preferred stock dividends of $358,486 and $245,088, respectively.

The Company, at its sole discretion, has the right to redeem all, but not less than all, shares of the Series C preferred stock issued and outstanding upon 5 days' notice at a defined redemption price. The holders of the Series C preferred stock do not have a right to put the shares to the Company.

The holders of the Series C preferred stock shall have the right to vote together with holders of common stock, on an as "converted basis", on any matter that the Company's shareholders may be entitled to vote on, either by written consent or by proxy.

As of December 31, 2023 and June 30, 2023, 1,125 shares of Series C preferred stock were issued and outstanding and recorded at started value as mezzanine due to certain default provision requiring mandatory cash redemption that are outside the control of the Company.

*Series D Preferred Stock*

On February 19, 2021, the Company filed a Certificate of Designation of the Series D Convertible Preferred Stock with the Nevada Secretary of State authorizing the issuance of an aggregate of 4,000 shares of the Series D preferred stock. Each share of Series D preferred stock has a par value of $0.001 per share and a stated value of $1,100 per share. The shares of Series D preferred stock are convertible into shares of the Company's common stock at a conversion price of $37.50 per share.

Each share of the Series D preferred stock is entitled to receive cumulative dividends of 12% per annum or 18% per annum in the event of default, payable monthly from the date of issuance of the shares. Starting one month after the issuance of the shares, they were in default due to the Company's failure to pay the cumulative dividend monthly as required by the agreement. Dividends may be paid in cash or in shares of Series D preferred stock at the discretion of the Company. As of December 31, 2023 and June 30, 2023, the Company accrued Series D preferred stock dividends of $1,702,318 and $1,400,122, respectively.

The Company, at its sole discretion, has the right to redeem all, but not less than all, shares of the Series D preferred stock issued and outstanding upon 5 days' notice at a defined redemption price. The holders of the Series D preferred stock do not have a right to put the shares to the Company.

The holders of the Series D preferred stock shall have the right to vote together with holders of common stock, on an as "converted basis", on any matter that the Company's shareholders may be entitled to vote on, either by written consent or by proxy.

As of December 31, 2023 and June 30, 2023, 3,000 shares of Series D preferred stock were issued and outstanding and recorded as mezzanine due to certain default provisions requiring mandatory cash redemption that are outside the control of the Company.



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**8. STOCKHOLDERS' EQUITY (DEFICIT)**

**Preferred Stock**

*Series A Preferred Stock*

In March 2015, the Company filed with the State of Nevada a Certificate of Designation establishing the designations, preferences, limitations, and relative rights of 1,000,000 shares of the Company's Series A preferred stock. Each share of Series A preferred stock has a par value of $0.001. Holders of the Series A preferred stock have the right to vote in aggregate, on all shareholder matters equal to 1,000 votes per share of Series A preferred stock not subject to adjustment for a stock split or reverse stock split. The shares of Series A preferred stock are not convertible into shares of common stock.

The Company has 1,000,000 shares of Series A preferred stock authorized, with 500,000 shares issued and outstanding as of December 31, 2023 and June 30, 2023, which were issued in March 2015 to members of the Company's Board of Directors in consideration for services.

*Series B Preferred Stock*

On December 21, 2015, the Company filed a Certificate of Designation for a new Series B convertible preferred stock with the State of Nevada following approval by the board of directors of the Company. Five Hundred Thousand (500,000) shares of the Company's authorized preferred stock are designated as the Series B convertible preferred stock, par value of $0.001 per share and with a stated value of $0.001 per share (the "Stated Value"). Holders of Series B preferred stock shall be entitled to receive dividends, when and as declared by the Board of Directors out of funds legally available therefor. At any time and from time to time after the issuance of shares of the Series B preferred stock, each issued share of Series B preferred stock is convertible into 100 shares of the Company's common stock ("Conversion Ratio"). The Conversion Ratio is subject to adjustment if the Company enters into a merger or spin off transaction but is not subject to adjustment for a stock split or reverse stock split. The holders of the Series B preferred stock shall have the right to vote together with holders of common stock, on an as "converted basis", on any matter that the Company's shareholders may be entitled to vote on, either by written consent or by proxy. Upon any liquidation, dissolution or winding-up of the Company, the holders of the Series B preferred stock shall be entitled to receive out of the assets of the Company, whether such assets are capital or surplus, for each share of Series B preferred stock an amount equal to the Stated Value, and all other amounts in respect thereof then due and payable prior to any distribution or payment shall be made to the holders of any junior securities. The number of authorized Series B preferred stock was later increased to 1,000,000 shares.

During the six months ended December 31, 2023, Mr. Rubakh converted 20,000 shares of Series B preferred stock into 2,000,000 shares of common stock in a transaction recorded at the par value of the shares.

During the six months ended December 31, 2022, Mr. Rubakh converted 190,000 shares of Series B preferred stock into 19,000,000 shares of common stock in a transaction recorded at the par value of the shares.

For services provided during the six months ended December 31, 2023, the Company issued to Mr. Rubakh 50,000 shares of Series B convertible preferred stock valued on an "as converted to common" basis at $8,300,000, using the closing market price of the Company's common stock. Each share of Series B preferred stock is convertible into 100 shares of the Company's common stock. This non-cash, related party stock-based compensation is included in operating expenses in the accompanying statements of operations.

For services provided during the six months ended December 31, 2022, the Company issued to Mr. Rubakh 100,000 shares of Series B convertible preferred stock valued on an "as converted to common" basis at $352,500, using the closing market price of the Company's common stock. Each share of Series B preferred stock is convertible into 100 shares of the Company's common stock. This non-cash, related party stock-based compensation is included in operating expenses in the accompanying statements of operations.

The Company had 130,000 and 100,000 shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively.



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**Common Stock**

As of December 31, 2023, we were authorized to issue up to 300,000,000 shares of common stock with a par value of $0.001.

The Company had 5,064,492 and 2,864,492 common shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively.

During the six months ended December 31, 2023, the Company issued a total of 2,200,000 shares of its common stock: 2,000,000 in conversion of Series B preferred stock recorded at par value of $2,201 and 200,000 shares for the purchase of bitcoin miners recorded at the fair value of the shares or $309,300.

During the six months ended December 31, 2022, the Company issued a total of 347,395 shares of its common stock: 152,000 shares issued in conversion of Series B preferred stock recorded at par value of $152 and 195,395 shares for the cash-less exercise of warrants recorded at par value of $195.

**9. WARRANTS**

The Company issued warrants to purchase 88,000 shares of its common stock in February 2021 in connection with the sale of Series D preferred stock.

The Company also issued warrants to purchase 240,000 shares of its common stock in April 2021 in connection with the sale of common stock. During the six months ended December 31, 2022, the Company entered into two letter agreements in connection with this sale described as follows.

On September 13, 2022, the Company and one of the Purchasers entered into a letter agreement (the "September 13 Amendment Agreement") whereby the Company agreed to amend the terms of such Purchaser's Warrants to purchase up to 120 thousand shares to provide effective as of June 29, 2022. The amendment reduced the exercise price thereof to $0.125, subject to adjustment therein, and waived the "exploding feature" of the Anti-Dilution Provision in the Warrant that would otherwise have effected an increase in the number of warrant shares as a result of an exercise price reduction so as to result in the same aggregate value of the warrant shares multiplied by the exercise price. Additionally, other than an Exempt Issuance, as defined in the Warrants, from the date hereof until 90 days after the date hereof, neither the Company nor any subsidiary of the Company may issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of Common Stock or Common Stock Equivalents (as defined in the Warrants).

On September 15, 2022, the Company and the other Purchaser entered into a letter agreement (the "September 15 Amendment Agreement") whereby the Company agreed to amend the terms of such Purchaser's Warrants to purchase up to 120 thousand shares, effective as of August 30, 2022. The amendment reduced the exercise price thereof to $0.125, subject to adjustment therein, and waived the "exploding feature" of the Anti-Dilution Provision in the Warrant that would otherwise have effected an increase in the number of warrant shares as a result of an exercise price reduction so as to result in the same aggregate value of the warrant shares multiplied by the exercise price. Additionally, other than an Exempt Issuance, as defined in the Warrants, from the date hereof until 90 days after the date hereof, neither the Company nor any subsidiary of the Company may issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of Common Stock or Common Stock Equivalents (as defined in the Warrants).

The effect of these modifications was measured as the excess of the fair value of the amended Purchaser's Warrants over the fair value of the Purchaser's Warrants immediately before the amendments which amounted to $162,037 and was recognized as a dividend due to the substance of the modification not indicating the issuer has incurred a cost that should be expensed.



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During the six months ended December 31, 2022, we issued 195,395 shares of common stock for the cash-less exercise of 200,000 warrants.

There were no warrants outstanding as of December 31, 2023 and June 30, 2023.

**10. COMMITMENTS AND CONTINGENCIES**

**Legal Matters**

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of the date of filing of this report, there were no pending or threatened lawsuits.

**Operating Leases**

As of December 31, 2023, the Company had no obligation for future lease payments under non-cancelable operating leases. However, the Company has entered into three agreements described below related to its crypto currency mining operations pursuant to which the Company's sole obligation is to pay monthly a contractual rate per kilowatt hour of electricity consumed.

**Power Purchase and Hosting Agreement**

On March 8, 2021, the Company and Compute North LLC ("Compute North") entered into a Master Agreement for the colocation and management of the Company's cryptocurrency mining operations. This agreement required an initial deposit of $78,147 which is recorded as a Deposit on the Balance Sheets. The Company submits Order Forms to Compute North to determine the location of the hosted facilities, the number of cryptocurrency miners, the term of the services provided and the contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations. The Company's ongoing obligation under the agreement to pay monthly a contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations.

On June 3, 2022, the Company and Compute North entered into a second Master Agreement for the colocation and management of the Company's cryptocurrency mining operations. The Company executed Order Forms to Compute North to determine the number of cryptocurrency miners, the term of the services provided and the contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations. This agreement required an initial deposit of $500,000, which is recorded as a Deposit on the Balance Sheets. The Company's ongoing obligation under the agreement to pay monthly a contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations.

In January 2023, under Chapter 11 proceedings, Compute North sold these Master Agreements to GC Data Center Granbury, LLC and the parties consolidated all cryptocurrency mining operations in the Granbury, Texas facility.

**Tioga Property Lease and Power Purchase Agreement**

On December 15, 2021, the Company and Tioga Holding, LLC, a related party, entered into a Property Lease and Power Purchase Agreement for the use by the Company of facilities located in Tioga, Pennsylvania. The Company's sole obligation under the agreement is to pay monthly a contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations. The term of the agreement is 36 months. The 36 months lease and mining operations were terminated in September 2023 due to significant increase in power cost by local utility. All mining equipment has been relocated to Granbury, Texas.

**11. SUBSEQUENT EVENTS**

Management has evaluated subsequent events according to the requirements of ASC TOPIC 855, and has none to report.



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**Item 2. Management's Discussion and Analysis or Financial Condition and Results of Operations.**

**SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS**

We believe that it is important to communicate our future expectations to our security holders and to the public. This report, therefore, contains statements about future events and expectations which are "forward-looking statements" within the meaning of Sections 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934, including the statements about our plans, objectives, expectations and prospects under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." You can expect to identify these statements by forward-looking words such as "may," "might," "could," "would," "will," "anticipate," "believe," "plan," "estimate," "project," "expect," "intend," "seek" and other similar expressions. Any statement contained in this report that is not a statement of historical fact may be deemed to be a forward-looking statement. Although we believe that the plans, objectives, expectations and prospects reflected in or suggested by our forward-looking statements are reasonable, those statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements, and we can give no assurance that our plans, objectives, expectations and prospects will be achieved.

Important factors that might cause our actual results to differ materially from the results contemplated by the forward-looking statements are contained in the "Risk Factors" section of and elsewhere in our Annual Report on Form 10-K for the year ended June 30, 2023 filed on September 28, 2023 and in our subsequent filings with the Securities and Exchange Commission. The following discussion of our results of operations should be read together with our financial statements and related notes included elsewhere in this report.

**GENERAL**

We were incorporated in the State of Nevada on March 22, 2013 under the name Lightcollar, Inc. On March 22, 2015, we changed our name to EMS Find, Inc., and in July 2017, we changed our name to Integrated Ventures, Inc. We have discontinued our prior operations and changed our business focus from our prior technologies relating to the EMS Find platform to acquiring, launching, and operating companies in the cryptocurrency sector, mainly in digital currency mining and sales of branded mining rigs. Our offices are located at 73 Buck Road, Suite 2, Huntingdon Valley, Pennsylvania 19006.

As of December 31, 2023, the Company owned a total of approximately 2,582 miners in one location, Granbury, Texas. All miners previously located in Tioga, Pennsylvania were relocated to Granbury, Texas during the three months ended September 30, 2023.

The Company will continue to (1) raise capital to purchase new mining equipment, (2) sell older and no longer profitable models and (3) expand cryptocurrency mining operations to new locations.

On April 17, 2023, the Board of Directors of the Company approved a 1-for-125 reverse split of the Company's common shares. The reverse split has been given retroactive effect in the financial statements for all periods presented.

*Financial*

As of December 31, 2023, we operated our cryptocurrency mining operations in one hosted facility in Wolf Hollow, Texas. The hosting and power purchase agreement for this facility requires the Company to pay monthly a contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations.

Revenues from our cryptocurrency mining operations were $1,728,108 and $370,292 for the three months ended December 31, 2023 and 2022, respectively and $2,787,172 and $925,657 for the six months ended December 31, 2023 and 2022, respectively.



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When funds are available and market conditions allow, we also invest in certain denominations of cryptocurrencies to complement our mining operations. We consider these investments similar to marketable securities where we purchase and hold the cryptocurrencies for sale. We report realized gains and losses on the sales of cryptocurrencies in other income (expense) in the statements of operations. As of December 31, 2023, our digital currencies at cost totaled $788,864 and were comprised of Bitcoin (BTC).

Historically, we have funded our operations primarily from cash generated from our digital currency mining operations and proceeds from convertible notes payable and preferred stock. During the six months ended December 31, 2023, we generated negative cash flow from operations and a gain from the sale of digital currencies. We did not incur additional debt or issue securities for cash.

*The Digital Asset Market*

The Company is focusing on the mining of digital assets, as well as blockchain applications ("blockchain") and related technologies. A blockchain is a shared immutable ledger for recording the history of transactions of digital assets—a business blockchain provides a permissioned network with known identities. A Bitcoin is the most recognized type of a digital asset that is issued by, and transmitted through, an open source, math-based protocol platform using cryptographic security that is known as the "Bitcoin Network." The Bitcoin Network is an online, peer-to-peer user network that hosts the public transaction ledger, known as the blockchain, and the source code that comprises the basis for the cryptography and math-based protocols governing the Bitcoin Network.

Bitcoins, for example, can be used to pay for goods and services or can be converted to fiat currencies, such as the US Dollar, at rates determined on Bitcoin exchanges or in individual end-user-to-end-user transactions under a barter system. The networks utilized by digital coins are designed to operate without any company or government in charge, governed by a collaboration of volunteer programmers and computers that maintain all the records. These blockchains are typically maintained by a network of participants which run servers while securing their blockchain. Third party service providers such as Bitcoin exchanges and bitcoin third party payment processing services may charge significant fees for processing transactions and for converting, or facilitating the conversion of, bitcoins to or from fiat currency.

This market is rapidly evolving and there can be no assurances that we will remain competitive with industry participants that have or may have greater resources or experience in in this industry than us, nor that the unproven digital assets that we mine will ever have any significant market value.

The Company, like many cryptocurrency mining operators, is currently operating at a non-profitable status following record historic runs in market prices of digital currencies. Market prices of digital currencies have not been high enough to cover the operating costs of mining companies, including significant power costs and high levels of equipment depreciation. The Company is addressing these operational challenges through considering alternative sources of power, further consolidation of facilities, and potential hosting arrangements. There can be no assurance that the Company will be successful in these efforts and attain profitable levels of operations.

*Financial Operations Review*

We are incurring increased costs because of being a publicly traded company. As a public company, we incur significant legal, accounting, and other expenses that we did not incur as a private company. We also have paid compensation through the issuance of shares of our common stock, Series B preferred stock and warrants, the valuation of which has resulted in significant stock-based compensation. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the Securities and Exchange Commission, have required changes in corporate governance practices of public companies and will require us to comply with these rules. These new rules and regulations have will increase our legal and financial compliance costs and have made some activities more time-consuming and costlier. In addition, these new rules and regulations have made it more difficult and more expensive for us to obtain director and officer liability insurance, which we currently cannot afford to do. As a result of the new rules, it may become more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as executive officers. We cannot predict or estimate the amount of additional costs we may incur as a result of being a public company or the timing of such costs.



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To operate our digital currency mining facilities and to fund future operations, we will need to raise additional capital. The amount and timing of future funding requirements will depend on many factors, including the timing and results of our ongoing development efforts, the potential expansion of our current development programs, potential new development programs and related general and administrative support. We anticipate that we will seek to fund our operations through further liquidation of our marketable securities, public or private equity or debt financings or other sources, such as potential collaboration agreements. We cannot be certain that anticipated additional financing will be available to us on favorable terms, or at all.

**RESULTS OF OPERATIONS**

**THREE MONTHS AND SIX MONTHS ENDED DECEMBER 31, 2023 COMPARED TO THE THREE MONTHS AND SIX MONTHS ENDED DECEMBER 31, 2022**

*Revenues*

Our cryptocurrency mining revenues increased to $1,728,108 in the three months ended December 31, 2023 from $370,292 in the three months ended December 31, 2022 and increased to $2,787,172 in the six months ended December 31, 2023 from $925,657 in the six months ended December 31, 2022. This increase in revenues is primarily due to the strengthening of cryptocurrency markets and increased miners.

*Cost of Revenues*

Cost of revenues was $1,917,470 and $678,690 in the three months ended December 31, 2023 and 2022, respectively and $3,490,844 and $1,447,582 in the six months ended December 31, 2023 and 2022, respectively. Expenses associated with running our cryptocurrency mining operations, such as equipment depreciation and amortization, operating supplies, utilities, and consulting services are recorded as cost of revenues. The increase in cost of revenues in the current fiscal year is due primarily to an increase in depreciation expense and costs incurred from our hosting facilities.

*Operating Expenses*

Our operating expenses increased to $324,240 in the three months ended December 31, 2023 from $302,251 in the three months ended December 31, 2022. Our operating expenses increased to $8,801,622 in the six months ended December 31, 2023 from $742,239 in the six months ended December 31, 2022. The increase resulted primarily from increased non-cash stock-based compensation expense. We reported non-cash, related party stock-based compensation of $145,000 and $352,500 in the three and six months ended December 31, 2022, respectively compared to $8,300,000 and $0 in the three and six months ended December 31, 2023, respectively.

*Other Income (Expense)*

Our other income (expense) was comprised of the following for the three and six months ended December 31:

| | Three Months Ended December 31 | | Six Months Ended December 31 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Interest expense | $ (23,884) | $ (109,049) | $ (46,914) | $ (217,901) |
| Realized gain (loss) on sale of digital currencies | 183,146 | (43,899) | 162,691 | (67,914) |
| Total other income (expense) | $ 159,262 | $ (152,948) | $ 115,777 | $ (285,815) |

Our interest expense includes the amortization of debt discount and original issue discount for our convertible notes payable. These amounts vary from period to period depending on the timing of new borrowings and the conversion of the debt to common stock by the lenders. During the prior six months ended, we had one note payable outstanding for $500,000 which we had recorded $105,929 of interest for debt discount. During the current six months ended we had the same note payable outstanding with a fully amortized debt discount, thus resulting in a decrease in interest expense compared to the prior period.

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In addition to the currencies received as compensation for our mining services, we purchased various digital currencies totaling $237,195 and $198,313 during the six months ended December 31, 2023 and 2022, respectively. We also converted currencies from one denomination to another based on our assessment of market conditions for each respective currency. The market values of individual currency denominations continually fluctuate, and the fluctuations may be material from day to day. During the six months ended December 31, 2023 and 2022, we received total proceeds of $2,403,748 and $1,021,232, respectively, from the sale of digital currencies and incurred transactions fees totaling $39,354 and $9,569, respectively, which are recorded in General and administrative expenses in our Statement of Operations. We realized a gain (loss) on sale of digital currencies of $162,691 and $(67,914) in the six months ended December 31, 2023 and 2022, respectively.

During the six months ended December 31, 2023 and 2022, we disposed of and write off non-serviceable, defective mining equipment with a net book value of $121,670 and $46,715, respectively.

*Net Loss*

As a result, we reported net losses of $354,340 and $763,597 in the three months ended December 31, 2023 and 2022, respectively and net losses of $9,389,517 and $1,549,979 in the six months ended December 31, 2023 and 2022, respectively.

**LIQUIDITY AND CAPITAL RESOURCES**

*Overview*

As of December 31, 2023, we had total current assets of $31,667, including cash of $27,452 and prepaid expenses and other current assets of $4,215 and total current liabilities of $3,026,042. We had total stockholders' deficit of $1,705,694 as of December 31, 2023 compared to a stockholders' deficit of $509,883 as of June 30, 2023.

*Sources and Uses of Cash*

During the six months ended December 31, 2023, we used cash in operations of $2,296,829 as a result of our net loss of $9,389,517, non-cash gain on sale of digital currencies of $123,297, non-cash stock-based compensation-related party $8,300,000, other non-cash expenses of $1,600,954, increases in digital currencies of $2,753,408, accrued expenses of $46,000, and amounts due to related party of $104,083 and decreases in prepaid expenses of $2,950 and accounts payable of $45,200.

During the six months ended December 31, 2022, we used cash in operations of $1,193,794 as a result of our net loss of $1,549,979, increases in digital currencies of $935,221, prepaid expenses of $3,810, and deposits of $500,000 partially offset by non-cash losses on sale of digital currencies of $67,914, other non-cash expenses of $1,327,249 and increases in accounts payable of $74,640, accrued expenses of $111,776, and amounts due to related party of $213,637.

During the six months ended December 31, 2023, we provided net cash in investing activities of $2,164,813, comprised of net proceeds from the sale of digital currencies of $2,403,748, offset by purchase of digital currencies of $237,195 and purchase of mining equipment of $1,740.

During the six months ended December 31, 2022, we provided net cash in investing activities of $790,405, comprised of net proceeds from the sale of digital currencies of $1,021,232, offset by the increase in equipment deposits of $32,514 and the purchase of digital currencies of $198,313. We transferred mining equipment with a total cost of $2,387,681 from equipment deposits to property and equipment during the six months ended December 31, 2022.

During the six months ended December 31, 2023, we used net cash in financing activities of $98,530, comprised of the repayment of the related party short term advance of $48,530 and the repayment of a note payable of $50,000.

During the six months ended December 31, 2022, we had no net cash provided by or used in financing activities.



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We will have to raise funds to successfully operate our digital currency mining operations, purchase equipment and expand our operations to multiple facilities. We will have to borrow money from shareholders or issue debt or equity or enter a strategic arrangement with a third party. There can be no assurance that additional capital will be available to us.

*Going Concern*

The Company has reported recurring net losses since its inception. As of December 31, 2023, the Company had an accumulated deficit of $82,906,978. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The accompanying financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The ability of the Company to reach a successful level of operations is dependent on the execution of management's plans, which include the raising of capital through the debt and/or equity markets, until such time that funds provided by operations are sufficient to fund working capital requirements. If the Company were not to continue as a going concern, it would likely not be able to realize its assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of the financial statements.

There can be no assurances that the Company will be successful in attaining a profitable level of operations or in generating additional cash from the equity/debt markets or other sources fund its operations. The financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary. Should the Company not be successful in its business plan or in obtaining the necessary financing to fund its operations, the Company would need to curtail certain or all operational activities and/or contemplate the sale of its assets, if necessary.

**SIGNIFICANT ACCOUNTING POLICIES**

Our significant accounting policies are disclosed in Note 2 to the accompanying financial statements. The following is a summary of those accounting policies that involve significant estimates and judgment of management.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the use of estimates inherent in the financial reporting process, actual results could differ significantly from those estimates.

*Digital Currencies*

Digital currencies consist mainly of Bitcoin, generally received for the Company's own account as compensation for cryptocurrency mining services, and other digital currencies purchased for short-term investment and trading purposes. Given that there is limited precedent regarding the classification and measurement of cryptocurrencies under current Generally Accepted Accounting Principles ("GAAP"), the Company has determined to account for these digital currencies as indefinite-lived intangible assets in accordance with Accounting Standards Codification ("ASC") No. 350, Intangibles – Goodwill and Other, for the period covered by this report and in future reports unless and until further guidance is issued by the Financial Accounting Standards Board ("FASB"). An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not than an impairment exists. If it is determined that it is more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted. Realized gains or losses on the sale of digital currencies are included in other income (expense) in the statements of operations.



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*Property and Equipment*

Property and equipment, consisting primarily of computer and other cryptocurrency mining equipment (transaction verification servers), is stated at the lower of cost or estimated realizable value and is depreciated when placed into service using the straight-line method over estimated useful lives. The Company operates in an emerging industry for which limited data is available to make estimates of the useful economic lives of specialized equipment. Management has assessed the basis of depreciation of these assets and believes they should be depreciated over a three-year period due to technological obsolescence reflecting rapid development of hardware that has faster processing capacity and other factors. Maintenance and repairs are expensed as incurred and improvements are capitalized. Gains or losses on the disposition of property and equipment are recorded upon disposal.

During the six months ended December 31, 2023, the Company discontinued the use of damaged or non-serviceable mining equipment and wrote off its net book value of $121,670 to loss on disposition of property and equipment.

During the six months ended December 31, 2022, the Company discontinued the use of damaged or non-serviceable mining equipment and wrote off its net book value of $46,715 to loss on disposition of property and equipment.

Management has determined that the three-year diminishing value best reflects the current expected useful life of transaction verification servers. This assessment takes into consideration the availability of historical data and management's expectations regarding the direction of the industry including potential changes in technology. Management will review this estimate annually and will revise such estimates as and when data becomes available.

To the extent that any of the assumptions underlying management's estimate of useful life of its transaction verification servers are subject to revision in a future reporting period, either as a result of changes in circumstances or through the availability of greater quantities of data, then the estimated useful life could change and have a prospective impact on depreciation expense and the carrying amounts of these assets.

Payments to equipment suppliers prior to shipment of the equipment are recorded as equipment deposits.

*Impairment of Long-Lived Assets*

All assets, including intangible assets subject to amortization, are reviewed for impairment when changes in circumstances indicate that the carrying amount of the asset may not be recoverable in accordance with ASC 350 and ASC 360. If the carrying amount of the asset exceeds the expected undiscounted cash flows of the asset, an impairment charge is recognized equal to the amount by which the carrying amount exceeds fair value or net realizable value. The testing of these intangibles under established guidelines for impairment requires significant use of judgment and assumptions. Changes in forecasted operations and other assumptions could materially affect the estimated fair values. Changes in business conditions could potentially require adjustments to these asset valuations. We reported no impairment expense for the six months ended December 31, 2023 and 2022.

*Mezzanine*

Series C and D preferred stock that contain certain default provisions requiring mandatory cash redemption that are outside the control of the Company are recorded as Mezzanine in the accompanying balance sheets.

*Stock-Based Compensation*

The Company accounts for all equity-based payments in accordance with ASC Topic 718, *Compensation – Stock Compensation.* ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock awards, stock options, warrants and other equity-based compensation issued to employees. The value of the portion of an award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method. The fair value of a stock award is recorded at the fair market value of a share of the Company's stock on the grant date. The Company estimates the fair value of stock options and warrants at the grant date by using an appropriate fair value model such as the Black-Scholes option pricing model or multinomial lattice models.



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The Company accounts for non-employee share-based awards based upon ASC 505-50, *Equity-Based Payments to Non-Employees.* ASC 505-50 requires the costs of goods and services received in exchange for an award of equity instruments to be recognized using the fair value of the goods and services or the fair value of the equity award, whichever is more reliably measurable. The fair value of the equity award is determined on the measurement date, which is the earlier of the date that a performance commitment is reached or the date that performance is complete. Generally, our awards do not entail performance commitments. When an award vests over time such that performance occurs over multiple reporting periods, we estimate the fair value of the award as of the end of each reporting period and recognize an appropriate portion of the cost based on the fair value on that date. When the award vests, we adjust the cost previously recognized so that the cost ultimately recognized is equivalent to the fair value on the date the performance is complete.

*Revenue Recognition*

We recognize revenue in accordance with ASC 606, Revenue from Contracts with Customers. This standard provides a single comprehensive model to be used in the accounting for revenue arising from contracts with customers. The standard's stated core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, ASC 606 includes provisions within a five-step model that includes identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue when, or as, an entity satisfies a performance obligation.

Our revenues currently consist of cryptocurrency mining revenues recognized in accordance with ASC 606 as discussed above. Amounts collected from customers prior to shipment of products are recorded as deferred revenue.

The Company earns its cryptocurrency mining revenues by providing transaction verification services within the digital currency networks of cryptocurrencies, such as Bitcoin. The Company satisfies its performance obligation at the point in time that the Company is awarded a unit of digital currency through its participation in the applicable network and network participants benefit from the Company's verification service. In consideration for these services, the Company receives digital currencies, net of applicable network fees, which are recorded as revenue using the closing U.S. dollar price of the related cryptocurrency on the date of receipt. Expenses associated with running the cryptocurrency mining operations, such as equipment depreciation, rent, operating supplies, rent, utilities and monitoring services are recorded as cost of revenues.

There is currently no specific definitive guidance in GAAP or alternative accounting frameworks for the accounting for the production and mining of digital currencies and management has exercised significant judgment in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. Management has examined various factors surrounding the substance of the Company's operations and the guidance in ASC 606, including identifying the transaction price, when performance obligations are satisfied, and collectability is reasonably assured being the completion and addition of a block to a blockchain and the award of a unit of digital currency to the Company. In the event authoritative guidance is enacted by the FASB, the Company may be required to change its policies which could result in a change in the Company's financial statements.

**OFF BALANCE SHEET ARRANGEMENTS**

*Operating Leases*

As of December 31, 2023, the Company had no obligation for future lease payments under non-cancelable operating leases. However, the Company has entered into several agreements described below related to its crypto currency mining operations pursuant to which the Company's sole obligation is to pay monthly a contractual rate per kilowatt hour of electricity consumed.



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*Power Purchase and Hosting Agreement*

On March 8, 2021, the Company and Compute North LLC ("Compute North") entered into a Master Agreement for the colocation and management of the Company's cryptocurrency mining operations. This agreement required an initial deposit of $78,147 which is recorded as a Deposit on the Balance Sheets. The Company submits Order Forms to Compute North to determine the location of the hosted facilities, the number of cryptocurrency miners, the term of the services provided and the contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations. The Company's ongoing obligation under the agreement to pay monthly a contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations.

On June 3, 2022, the Company and Compute North entered into a second Master Agreement for the colocation and management of the Company's cryptocurrency mining operations. The Company executed Order Forms to Compute North to determine the number of cryptocurrency miners, the term of the services provided and the contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations. This agreement required an initial deposit of $500,000 which is recorded as a Deposit on the Balance Sheets. The Company's ongoing obligation under the agreement to pay monthly a contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations.

In January 2023, under Chapter 11 proceedings, Compute North sold these Master Agreements to GC Data Center Granbury, LLC and the parties consolidated all cryptocurrency mining operations in the Granbury, Texas facility.

*Tioga Property Lease and Power Purchase Agreement*

On December 15, 2021, the Company and Tioga Holding, LLC, a related party, entered into a Property Lease and Power Purchase Agreement for the use by the Company of facilities located in Tioga, Pennsylvania. The Company's sole obligation under the agreement is to pay monthly a contractual rate per kilowatt hour of electricity consumed in the Company's cryptocurrency mining operations. The term of the agreement is 36 months. The 36 months lease and mining operations were terminated in September 2023 due to significant increase in power cost by local utility. All mining equipment has been relocated to Granbury, Texas.

**RECENTLY ISSUED ACCOUNTING POLICIES**

In December 2023, the FASB issued ASU No. 2023-08, Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets. The amendments in ASU No. 2023-08 are intended to improve the accounting for certain crypto assets by requiring an entity to measure those crypto assets at fair value each reporting period with changes in fair value recognized in net income. The amendments also improve the information provided to investors about an entity's crypto asset holdings by requiring disclosure about significant holdings, contractual sale restrictions, and changes during the reporting period. The amendments are effective for all entities for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. ASU No. 2023-08 requires a cumulative-effect adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets) as of the beginning of the annual reporting period in which an entity adopts the amendments.

There were no other new accounting pronouncements issued or proposed by the FASB during the six months ended December 31, 2023 and through the date of filing this report which the Company believes will have a material impact on its financial statements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company, as defined by Item 10 of Regulation S-K, the Company is not required to provide the information required by this item.



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**ITEM 4. CONTROLS AND PROCEDURES.**

**Evaluation of Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. To address the material weaknesses, we performed additional analysis and other post-closing procedures in an effort to ensure our consolidated financial statements included in this quarterly report have been prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act, as amended. Our management assessed the effectiveness of our internal control over financial reporting as of March 31, 2023. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. We have identified the following material weaknesses:

1. As of December 31, 2023, we did not maintain effective controls over the control environment. Specifically, the Board of Directors does not currently have any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. Since these entity level programs have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

2. As of December 31, 2023, due to the inherent issue of segregation of duties in a small company, we have relied heavily on entity or management review controls and engaged an outside financial consultant to lessen the issue of segregation of duties over accounting, financial close procedures and controls over financial statement disclosure. Accordingly, management has determined that this control deficiency constitutes a material weakness.

3. As of December 31, 2023, we did not establish a written policy for the approval, identification and authorization of related party transactions. Accordingly, management has determined that this control deficiency constitutes a material weakness.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2023, based on the criteria established in "Internal Control-Integrated Framework" issued by the COSO.

***Changes in Internal Control Over Financial Reporting***

There have been no changes in the Company's internal control over financial reporting through the date of this report or during the quarter ended December 31, 2023, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

***Corrective Action***

Management plans to address the structure of the Board of Directors and discuss adding an audit committee during fiscal year 2023.



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**PART II**

**ITEM 1. LEGAL PROCEEDINGS**

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations, except as set forth below. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company, threatened against or affecting our company, our common stock, or our company's directors, officers or affiliates, any owner of record or beneficiary of more than 5% of any class of our voting securities is a party adverse to us or has a material interest adverse to us.

**ITEM 1A. RISK FACTORS**

**Risks Related to Our Business**

***Because we are an early-stage company with minimal revenue and a history of losses and we expect to continue to incur substantial losses for the foreseeable future, we cannot assure you that we can or will be able to operate profitably.***

We have incurred losses since our organization, and are subject to the risks common to start-up, pre-revenue enterprises, including, among other factors, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. We cannot assure you that we will be able to operate profitably or generate positive cash flow. If we cannot achieve profitability, we may be forced to cease operations and you may suffer a total loss of your investment.

***An investment in the company must be considered speculative since our operations are dependent on the market value of Bitcoin.***

Our operations are dependent on the continued viable market performance of cryptocurrencies that we market and, in particular, the market value of Bitcoin. The decision to pursue blockchain and digital currency businesses exposes the Company to risks associated with a new and untested strategic direction. Under the current accounting rules, cryptocurrency is not cash, currency or a financial asset, but an indefinite-lived intangible asset; declines in the market price of cryptocurrencies would be included in earnings, whereas increases in value beyond the original cost or recoveries of previous declines in value would not be captured. The prices of digital currencies have varied wildly in recent periods and reflects "bubble" type volatility, meaning that high prices may have little or no merit, may be subject to rapidly changing investor sentiment, and may be influenced by factors such as technology, regulatory void or changes, fraudulent actors, manipulation and media reporting.

***Natural disasters and geo-political events could adversely affect our business.***

Natural disasters, including hurricanes, cyclones, typhoons, tropical storms, floods, earthquakes and tsunamis, weather conditions, including winter storms, droughts and tornados, whether as a result of climate change or otherwise, and geo-political events, including civil unrest or terrorist attacks, that affect us, or other service providers could adversely affect our business. Specifically, if the weather conditions in Tioga, Pennsylvania, Kearney, Nebraska or Wolf Hollow, TX, become too hot, or too humid, we may be required to install additional AC units to cool the cryptocurrency mining equipment which will greatly affect our profit margins. In addition, too much humidity in the air may damage our equipment or require us to install expensive dehumidifiers further lowering our profit margins.



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***Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights.***

We may seek additional capital through a combination of private and public equity offerings, debt financings collaborations and strategic and licensing arrangements. To the extent that we raise additional capital through the sale of common stock or securities convertible or exchangeable into common stock, current stockholders' ownership interest in the Company will be diluted. In addition, the terms may include liquidation or other preferences that materially adversely affect their rights as a stockholder. Debt financing, if available, would increase our fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaboration, strategic alliance and licensing arrangements with third parties, we may have to relinquish valuable rights to our product candidates, our intellectual property, future revenue streams or grant licenses on terms that are not favorable to us.

***We are increasingly dependent on information technology systems and infrastructure (cyber security).***

Our operations are potentially vulnerable to breakdown or other interruption by fire, power loss, system malfunction, unauthorized access and other events such as computer hackings, cyber-attacks, computer viruses, worms or other destructive or disruptive software. Likewise, data privacy breaches by employees and others with permitted access to our systems may pose a risk that sensitive data may be exposed to unauthorized persons or to the public. It is critical that our systems provide a continued and uninterrupted performance for our business to generate revenues. There can be no assurance that our efforts will prevent significant breakdowns, breaches in our systems or other cyber incidents that could have a material adverse effect upon our business, operations or financial condition of the Company.

***If we are unable to attract, train and retain technical and financial personnel, our business may be materially and adversely affected.***

Our future success depends, to a significant extent, on our ability to attract, train and retain key management, technical, regulatory and financial personnel. Recruiting and retaining capable personnel with experience in pharmaceutical products is vital to our success. There is substantial competition for qualified personnel, and competition is likely to increase. We cannot assure you we will be able to attract or retain the technical and financial personnel we require. If we are unable to attract and retain qualified employees, our business may be materially and adversely affected.

***We depend heavily on our chief executive officer, and his departure could harm our business.***

The expertise and efforts of Steve Rubakh, our Chief Executive Officer, are critical to the success of our business. The loss of Mr. Rubakh's services could significantly undermine our management expertise and our ability to operate our Company.

***Our auditors' report includes a going concern paragraph.***

Our financial statements include a going-concern qualification from our auditors, which expresses doubt about our ability to continue as a going concern. We have operated at a loss since inception. Our ability to operate profitably is dependent upon, among other things, obtaining additional financing for our operations. These factors, among others, raise substantial doubt about our ability to continue as a going concern. The accompanying financial statements do not include any adjustments that take into consideration the uncertainty of our ability to continue operations.



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**Risks Relating Generally to Our Operations and Technology**

***Currently, there is relatively limited use of Bitcoin in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect our results of operations.***

Bitcoin has only recently become accepted as a means of payment for goods and services by certain major retail and commercial outlets and use of Bitcoin by consumers to pay such retail and commercial outlets remains limited. Conversely, a significant portion of Bitcoin demand is generated by speculators and investors seeking to profit from the short- or long-term holding of Bitcoin. Many industry commentators believe that Bitcoin's best use case is as a store of wealth, rather than as a currency for transactions, and that other cryptocurrencies having better scalability and faster settlement times will better serve as currency. This could limit Bitcoin's acceptance as transactional currency. A lack of expansion by Bitcoin into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in the Bitcoin Index Price, either of which could adversely affect our results of operations.

***We are reliant on pools of users or miners that are the sole outlet for sales of cryptocurrencies that we mine.***

We do not have the ability to sell our cryptocurrency production directly on the exchanges or markets that are currently where cryptocurrencies are purchased and traded. Pools are operated to pool the production on a daily of companies mining cryptocurrencies, and these pools are our sole means of selling our production of cryptocurrencies. Absent access to such pools, we would be forced to seek a different method of access to the cryptocurrency markets. There is no assurance that we could arrange any alternate access to dispose of our mining production.

***We may not be able to respond quickly enough to changes in technology and technological risks, and to develop our intellectual property into commercially viable products.***

Changes in legislative, regulatory or industry requirements or in competitive technologies may render certain of our planned products obsolete or less attractive. Our mining equipment may become obsolete, and our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis will be a significant factor in our ability to remain competitive. We cannot provide assurance that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete.

***The SEC is continuing its probes into public companies that appear to incorporate and seek to capitalize on blockchain technology, and may increase those efforts with novel regulatory regimes and determine to issue additional regulations applicable to the conduct of our business or broadening disclosures in our filings under the Securities Exchange Act of 1934.***

As the SEC stated previously, it is continuing to scrutinize and commence enforcement actions against companies, advisors and investors involved in the offering of cryptocurrencies and related activities. At least one Federal Court has held that cryptocurrencies are "securities" for certain purposes under the Federal Securities Laws.

According to a report published by Lex Machina, securities litigation in general and those that are related to blockchain, cryptocurrency or bitcoin specifically, showed a marked increase during the first two quarters of 2018 as compared to 2017. The total number of securities cases that referenced "blockchain," "cryptocurrency" or "bitcoin" in the pleadings tripled in the first half of 2018 alone compared to 2017. On the same day, the SEC announced its first charge against unregistered broker-dealers for selling digital tokens after the SEC issued The DAO Report in 2017. The SEC charged TokenLot LLC (TokenLot), a self-described "ICO Superstore", and its owners, Lenny Kugel and Eli L. Lewitt, with failing to register as broker-dealers. On November 16, 2018 the SEC settled with two cryptocurrency startups, and reportedly has more than 100 investigations into cryptocurrency related ventures, according to a codirector of the SEC's enforcement.

As the regulatory and legal environment evolves, the Company may in its mining activities become subject to new laws, and further regulation by the SEC and other federal and state agencies.

On February 11, 2020, the SEC filed charges against an Ohio-based businessman who allegedly orchestrated a digital asset scheme that defrauded approximately 150 investors, including many physicians. The agency alleges that Michael W. Ackerman, along with two business partners, raised at least $33 million by claiming to investors that he had developed a proprietary algorithm that allowed him to generate extraordinary profits while trading in cryptocurrencies. The SEC's complaint alleges that Ackerman misled investors about the performance of his digital currency trading, his use of investor funds, and the safety of investor funds in the Q3 trading account. The complaint further alleges that Ackerman doctored computer screenshots taken of Q3's trading account to create. In reality, as alleged, at no time did Q3's trading account hold more than $6 million and Ackerman was personally enriching himself by using $7.5 million of investor funds to purchase and renovate a house, purchase high end jewelry, multiple cars, and pay for personal security services.



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On March 16, 2020, the SEC obtained an asset freeze and other emergency relief to halt an ongoing securities fraud perpetrated by a former state senator and two others who bilked investors in and outside the U.S. and obtained an asset freeze and other emergency relief to halt an ongoing securities fraud perpetrated by a former state senator and two others who bilked investors in and outside the U.S. The SEC's complaint alleges that Florida residents Robert Dunlap and Nicole Bowdler worked with former Washington state senator David Schmidt to market and sell a purported digital asset called the "Meta 1 Coin" in an unregistered securities offering, conducted through the Meta 1 Coin Trust. The complaint alleges that the defendants made numerous false and misleading statements to potential and actual investors, including claims that the Meta 1 Coin was backed by a $1 billion art collection or $2 billion of gold, and that an accounting firm was auditing the gold assets. The defendants also allegedly told investors that the Meta 1 Coin was risk-free, would never lose value and could return up to 224,923%. According to the complaint, the defendants never distributed the Meta 1 Coins and instead used investor funds to pay personal expenses and for other personal purposes. The SEC continues to actively prosecute cases involving digital assets, digital securities, cryptocurrencies or other operations involving blockchain technology.

***Banks and financial institutions may not provide banking services, or may cut off services, to businesses that provide digital currency-related services or that accept digital currencies as payment, including financial institutions of investors in our securities.***

A number of companies that provide bitcoin and/or other digital currency-related services have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. Similarly, a number of companies and individuals or businesses associated with digital currencies may have had and may continue to have their existing bank accounts closed or services discontinued with financial institutions in response to government action, particularly in China, where regulatory response to digital currencies has been particularly harsh. We also may be unable to obtain or maintain these services for our business. The difficulty that many businesses that provide bitcoin and/or derivatives on other digital currency-related services have and may continue to have in finding banks and financial institutions willing to provide them services may be decreasing the usefulness of digital currencies as a payment system and harming public perception of digital currencies, and could decrease their usefulness and harm their public perception in the future.

***It may be illegal now, or in the future, to acquire, own, hold, sell or use Bitcoin, Ethereum, or other cryptocurrencies, participate in the blockchain or utilize similar digital assets in one or more countries, the ruling of which could adversely affect the company.***

Although currently Bitcoin, Ethereum, and other cryptocurrencies, the Blockchain and digital assets generally are not regulated or are lightly regulated in most countries, including the United States, one or more countries such as China and Russia may take regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use these digital assets or to exchange for fiat currency. Such restrictions may adversely affect the Company. Such circumstances could have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which could have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

If regulatory changes or interpretations require the regulation of Bitcoin or other digital assets under the securities laws of the United States or elsewhere, including the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Investment Company Act of 1940 or similar laws of other jurisdictions and interpretations by the SEC, the Commodity Futures Trading Commission (the "CFTC"), the Internal Revenue Service ("IRS"), Department of Treasury or other agencies or authorities, the Company may be required to register and comply with such regulations, including at a state or local level. To the extent that the Company decides to continue operations, the required registrations and regulatory compliance steps may result in extraordinary expense or burdens to the Company. The Company may also decide to cease certain operations. Any disruption of the Company's operations in response to the changed regulatory circumstances may be at a time that is disadvantageous to the Company.



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***Our digital currencies may be subject to loss, theft or restriction on access.***

There is a risk that some or all of our digital currencies could be lost or stolen. Digital currencies are stored in digital currency sites commonly referred to as "wallets" by holders of digital currencies which may be accessed to exchange a holder's digital currency assets. Hackers or malicious actors may launch attacks to steal, compromise or secure digital currencies, such as by attacking the digital currency network source code, exchange miners, third-party platforms, cold and hot storage locations or software, or by other means. We may be in control and possession of one of the more substantial holdings of digital currency. As we increase in size, we may become a more appealing target of hackers, malware, cyber-attacks or other security threats. Any of these events may adversely affect our operations and, consequently, our investments and profitability. The loss or destruction of a private key required to access our digital wallets may be irreversible and we may be denied access for all time to our digital currency holdings or the holdings of others held in those compromised wallets. Our loss of access to our private keys or our experience of a data loss relating to our digital wallets could adversely affect our investments and assets.

***Incorrect or fraudulent digital currency transactions may be irreversible.***

Once a transaction has been verified and recorded in a block that is added to a blockchain, an incorrect transfer of a digital currency or a theft thereof generally will not be reversible and we may not have sufficient recourse to recover our losses from any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, our digital currency rewards could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. Further, at this time, there is no specifically enumerated U.S. or foreign governmental, regulatory, investigative or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen digital currency. To the extent that we are unable to recover our losses from such action, error or theft, such events could have a material adverse effect on our ability to continue as a going concern or to pursue our new strategy at all, which could have a material adverse effect on our business, prospects or operations of and potentially the value of any bitcoin or other digital currencies we mine or otherwise acquire or hold for our own account.

***We are subject to risks associated with our need for significant electrical power, therefore, government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations, such as ours.***

The operation of a bitcoin or other digital currency mine can require massive amounts of electrical power. We are reliant on Tioga Holding, LLC and Compute North, LLC for the power supply for our mining operations. Our mining operations can only be successful and ultimately profitable if the costs, including electrical power costs, associated with mining a bitcoin are lower than the price of a bitcoin. As a result, any mine we establish can only be successful if we can obtain sufficient electrical power for that mine on a cost-effective basis with a reliable supplier, and our establishment of new mines requires us to find locations where that is the case. There may be significant competition for suitable mine locations, and government regulators may potentially restrict the ability of electricity suppliers to provide electricity to mining operations in times of electricity shortage, or may otherwise potentially restrict or prohibit the provision or electricity to mining operations. If we are unable to receive adequate power supply and are forced to reduce our operations due to the availability or cost of electrical power, our business would experience materially negative impacts.

***We have increased our investments in cryptocurrencies, the market value of which may be subject to significant fluctuations.***

When funds are available and market conditions allow, our current strategy is to invest in certain denominations of cryptocurrencies to complement our mining operations. We consider these investments similar to marketable securities where we purchase and hold cryptocurrencies for sale. We report realized gains and losses on the sales of cryptocurrencies and mark our portfolio of cryptocurrencies to market at the end of each quarterly reporting period, reporting unrealized gains or losses on the investments. The market value of these investments may fluctuate materially, and we may be subject to investment losses on the change in market value.



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**Risks Related to the Coronavirus Pandemic**

***The future impact of the COVID-19 pandemic on companies is evolving and we are currently unable to assess with certainty the broad effects of COVID-19 on our business.***

The future impact of the COVID-19 pandemic on companies is evolving and we are currently unable to assess with certainty the broad effects of COVID-19 on our business, particularly on the digital currency markets. As of December 31, 2023 and September 30, 2023, our investment in property and equipment of $4,046,670 and $5,299,834, respectively, could be subject to impairment or change in valuation due to COVID-19 if our cryptocurrency mining revenues significantly decrease or we are not able to raise capital sufficient to fund our operations. In addition, any travel restrictions and social distancing requirements may make it difficult for our management to access and oversee our operations in Pennsylvania, Nebraska and Texas.

The COVID-19 pandemic continues to have a material negative impact on capital markets, including the market prices of digital currencies. While we continue to incur operating losses, we are currently dependent on debt or equity financing to fund our operations and execute our business plan, including ongoing requirements to replace old and nonprofitable mining machines. We believe that the impact on capital markets of COVID-19 may make it more costly and more difficult for us to access these sources of funding.

Our business can potentially be impacted by the effects of the COVID-19 as follows: (1) effect our financial condition, operating results and reduce cash flows; (2) cause disruption to the activities of equipment suppliers; (3) negatively effect the Company's mining activities due to imposition of related public health measures and travel and business restrictions; (4) create disruptions to our core operations in Pennsylvania, Nebraska and Texas due to quarantines and self-isolations; (5) restrict the Company's ability and that of its employees to access facilities and perform equipment maintenance, repairs, and programming which will lead to inability to monitor and service miners, resulting in reduced ability to mine cryptocurrencies due to miners being offline.

In addition, our partners such as manufacturers, suppliers and sub-contractors will be disrupted by absenteeism, quarantines and travel restrictions resulting in their employees' ability to work. The Company's supply chain, shipments of parts and purchases of new products may be negatively affected. Such disruptions could have a material adverse effect on our operations.

***The COVID-19 pandemic is an emerging serious threat to health and economic wellbeing affecting our employees, investors and our sources of supply.***

The sweeping nature of the novel COVID-19 pandemic makes it extremely difficult to predict how the Company's business and operations will be affected in the long run. However, the likely overall economic impact of the pandemic is viewed as highly negative to the general economy.

**Risks Related to Our Securities**

***Our lack of internal controls over financial reporting may affect the market for and price of our common stock.***

Pursuant to Section 404 of the Sarbanes-Oxley Act, we are required to file a report by our management on our internal control over financial reporting. Our disclosure controls and our internal controls over financial reporting are not effective. We do not have the financial resources or personnel to develop or implement systems that would provide us with the necessary information on a timely basis so as to be able to implement financial controls. The absence of internal controls over financial reporting may inhibit investors from purchasing our stock and may make it more difficult for us to raise capital or borrow money. Implementing any appropriate changes to our internal controls may require specific compliance training of our directors and employees, entail substantial costs in order to modify our existing accounting systems, take a significant period of time to complete and divert management's attention from other business concerns. These changes may not, however, be effective in developing or maintaining internal control.



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***Our common stock is deemed to be "penny stock," which may make it more difficult for investors to sell their shares due to disclosure and suitability requirements.***

Our common stock is deemed to be "penny stock" as that term is defined in Rule 3a51-1 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These requirements may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to sell shares to third parties or to otherwise dispose of them. This could cause our stock price to decline. Penny stocks are stock:

- With a price of less than $5.00 per share;
- That are not traded on a "recognized" national exchange;
- Whose prices are not quoted on the NASDAQ automated quotation system (NASDAQ listed stock must still have a price of not less than $5.00 per share); or
- In issuers with net tangible assets less than $2.0 million (if the issuer has been in continuous operation for at least three years) or $10.0 million (if in continuous operation for less than three years), or with average revenues of less than $6.0 million.

Broker-dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, broker-dealers are required to determine whether an investment in a penny stock is a suitable investment for a prospective investor. Many brokers have decided not to trade "penny stocks" because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. In the event that we remain subject to the "penny stock rules" for any significant period, there may develop an adverse impact on the market, if any, for our securities.

***FINRA sales practice requirements may limit a stockholder's ability to buy and sell our stock.***

The Financial Industry Regulatory Authority (referred to as FINRA) has adopted rules requiring that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative or low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA has indicated its belief that there is a high probability that speculative or low-priced securities will not be suitable for at least some customers. If these FINRA requirements are applicable to us or our securities, they may make it more difficult for broker-dealers to recommend that at least some of their customers buy our common stock, which may limit the ability of our stockholders to buy and sell our common stock and could have an adverse effect on the market for and price of our common stock.

***The market price for our common stock may be volatile and your investment in our common stock could suffer a decline in value.***

The trading volume in our stock is low, which may result in volatility in our stock price. As a result, any reported prices may not reflect the price at which you would be able to sell shares of common stock if you want to sell any shares you own or buy if you wish to buy shares. Further, stocks with a low trading volume may be more subject to manipulation than a stock that has a significant public float and is actively traded. The price of our stock may fluctuate significantly in response to a number of factors, many of which are beyond our control. These factors include, but are not limited to, the following, in addition to the risks described above and general market and economic conditions:

- the market's reaction to our financial condition and its perception of our ability to raise necessary funding or enter into a joint venture, given the economic environment resulting from the COVID-19 pandemic, as well as its perception of the possible terms of any financing or joint venture;
- the market's perception as to our ability to generate positive cash flow or earnings;
- changes in our or any securities analysts' estimate of our financial performance;



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- the anticipated or actual results of our operations;
- changes in market valuations of digital currencies and other companies in our industry;
- concern that our internal controls are ineffective;
- actions by third parties to either sell or purchase stock in quantities which would have a significant effect on our stock price; and
- other factors not within our control.

***Raising funds by issuing equity or convertible debt securities could dilute the net tangible book value of the common stock and impose restrictions on our working capital.***

We anticipate that we will require funds in addition to the net proceeds from this offering for our business.

We will need to raise additional capital, we may in the future offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock at prices that may not which is less than the market price and which may be based on a discount from market at the time of issuance. Stockholders will incur dilution upon exercise of any outstanding stock options, warrants or upon the issuance of shares of common stock under our present and future stock incentive programs. If we were to raise capital by issuing equity securities, either alone or in connection with a non-equity financing, the net tangible book value of the then outstanding common stock could decline. If the additional equity securities were issued at a per share price less than the market price, which is customary in the private placement of equity securities, the holders of the outstanding shares would suffer dilution, which could be significant. Further, if we are able to raise funds from the sale of debt securities, the lenders may impose restrictions on our operations and may impair our working capital as we service any such debt obligations. In addition, the sale of shares and any future sales of a substantial number of shares of our common stock in the public market, or the perception that such sales may occur, could adversely affect the price of our common stock. We cannot predict the effect, if any, that market sales of those shares of common stock or the availability of those shares of common stock for sale will have on the market price of our common stock.

***We may issue preferred stock whose terms could adversely affect the voting power or value of our common stock.***

Our articles of incorporation authorize us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. We have outstanding shares of our Series A super-voting preferred stock and Series B convertible preferred stock, the terms of which adversely impact the voting power or value of our common stock. Similarly, the repurchase or redemption rights or liquidation preferences included in a series of preferred stock issued in the future might provide holders of preferred stock rights that could affect the residual value of the common stock.

***Because certain existing stockholders own a large percentage of our voting stock, other stockholders' voting power may be limited.***

Steve Rubakh, our Chief Executive Officer, owns and/or controls a majority of the voting power of our common stock. As a result, Mr. Rubakh will have the ability to control all matters submitted to our stockholders for approval, including the election and removal of directors and the approval of any merger, consolidation or sale of all or substantially all of our assets. This stockholder, who is also our sole director, may make decisions that are averse to or in conflict with your interests.



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***We do not have a majority of independent directors on our board and the company has not voluntarily implemented various corporate governance measures, in the absence of which stockholders may have more limited protections against interested director transactions, conflicts of interest and similar matters.***

Federal legislation, including the Sarbanes-Oxley Act of 2002, has resulted in the adoption of various corporate governance measures designed to promote the integrity of the corporate management and the securities markets. Some of these measures have been adopted in response to legal requirements. Others have been adopted by companies in response to the requirements of national securities exchanges, such as the NYSE or the NASDAQ Stock Market, on which their securities are listed. Among the corporate governance measures that are required under the rules of national securities exchanges are those that address board of directors' independence, audit committee oversight, and the adoption of a code of ethics. We have not yet adopted any of these other corporate governance measures and since our securities are not yet listed on a national securities exchange, we are not required to do so. If we expand our board membership in future periods to include additional independent directors, we may seek to establish an audit and other committee of our board of directors. It is possible that if our Board of Directors included a number of independent directors and if we were to adopt some or all of these corporate governance measures requiring expansion of our board of directors, stockholders would benefit from somewhat greater assurance that internal corporate decisions were being made by disinterested directors. In evaluating our Company, our current lack of corporate governance measures should be borne in mind.

***Our share price is volatile and may be influenced by numerous factors that are beyond our control.***

Market prices for shares of technology companies such as ours are often volatile. The market price of our common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including:

- fluctuations in digital currency and stock market prices and trading volumes of similar companies;
- general market conditions and overall fluctuations in U.S. equity markets;
- sales of large blocks of our common stock, including sales by our executive officers, directors and significant stockholders;
- discussion of us or our stock price by the press and by online investor communities; and
- other risks and uncertainties described in these risk factors.

***We have no current plans to pay dividends on our common stock and investors must look solely to stock appreciation for a return on their investment in us.***

We do not anticipate paying any further cash dividends on our common stock in the foreseeable future. We currently intend to retain all future earnings to fund the development and growth of our business. Any payment of future dividends will be at the discretion of our board of directors and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that the board of directors deems relevant. Investors may need to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase our common stock.

**ITEM 2. UNREGISTERED SALES IN EQUITY SECURITIES AND USE OF PROCEEDS**

During the six months ended December 31, 2023, we did not issue any securities that were not registered under the Securities Act, and were not previously disclosed in a Current Report on Form 8-K or Quarterly Report on Form 10-Q.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

There is no other information required to be disclosed under this item which was not previously disclosed.



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**ITEM 6. EXHIBITS**

**EXHIBIT INDEX**

| Exhibit Number | Exhibit Description |
|---|---|
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer and Principal Financial Officer** |
| 32.1 | Section 1350 Certification of Chief Executive Officer and Principal Financial Officer** |
| 101.INS | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) * |
| 101.SCH | Inline XBRL Taxonomy Extension Schema * |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase * |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase * |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase * |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase * |
| 104 | Cover Page Interactive Data File (formatted inline XBRL and contained in Exhibit 101)* |

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed “furnished” and not “filed” or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, or deemed “furnished” and not “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under these sections.
**This certification is being furnished rather than filed and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.



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**SIGNATURES**

In accordance with the requirements of the Exchange Act, the Company has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**INTEGRATED VENTURES, INC.**

Dated: February 9, 2024

By: */s/ Steve Rubakh*
President and Chief Executive Officer
and Principal Financial Officer