FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

CLEANSPARK, INC.

CIK:**827876**| IRS No.: **870449945** | State of Incorp.:**NV** | Fiscal Year End: **0930**
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Mailing Address
2370 CORPORATE CIRCLE
SUITE 160
HENDERSON NV 89074

Business Address
2370 CORPORATE CIRCLE
SUITE 160
HENDERSON NV 89074
(702) 941-8047

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

FORM 10-Q

☒ Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **March 31, 2022**

☐ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from __________ to __________

Commission File Number: **001-39187**

CleanSpark, Inc.

(Exact name of Registrant as specified in its charter)

Nevada	**87-0449945**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2370 Corporate Circle, Suite 160
Henderson, NV 89074
(Address of principal executive offices)

(702) 989-7692
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	**CLSK**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 41,290,065 shares as of May 10, 2022.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to statements regarding our future results of operations and financial position, industry and business trends, equity compensation, business strategy, plans, market growth and our objectives for future operations.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important 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 the forward-looking statements, including, but not limited to: the success of its digital currency mining activities; the volatile and unpredictable cycles in the emerging and evolving industries in which we operate, increasing difficulty rates for bitcoin mining; bitcoin halving; new or additional governmental regulation; the anticipated delivery dates of new miners; the ability to successfully deploy new miners; the dependency on utility rate structures and government incentive programs; the successful deployment of energy solutions for residential and commercial applications; the expectations of future revenue growth may not be realized; ongoing demand for the Company's software products and related services; the impact of global pandemics (including COVID-19) on logistics and shipping and the demand for our products and services; and other risks described in the Company's prior press releases and in its filings with the Securities and Exchange Commission (SEC), including under the heading "Risk Factors" in the Company's Annual Report on Form 10-K and any subsequent filings with the SEC. The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

As used in this Quarterly Report on Form 10-Q, unless otherwise stated or the context requires otherwise, references to “CleanSpark,” the “Company,” “we,” “us,” and “our,” refer to CleanSpark, Inc. and its consolidated subsidiaries.

GENERAL

We may announce material business and financial information to our investors using our investor relations website at https://www.cleanspark.com/investor-relations/. We therefore encourage investors and others interested in CleanSpark to review the information that we make available on our website, in addition to following our filings with the SEC, webcasts, press releases and conference calls. Information contained on our website is not part of this Quarterly Report on Form 10-Q.

WHERE YOU CAN FIND MORE INFORMATION

All reports we file with the SEC are available for download free of charge via the Electronic Data Gathering Analysis and Retrieval (EDGAR) System on the SEC's website at www.sec.gov. We also make electronic copies of our reports available for download, free of charge, through our website at https://www.cleanspark.com/investor-relations/ as soon as reasonably practicable after filing such material with the SEC. Information contained on our website is not part of this Quarterly Report on Form 10-Q.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our consolidated financial statements included in this Form 10-Q are as follows:

This report on Form 10-Q for the quarter ended March 31, 2022, should be read in conjunction with the Company's annual report on Form 10-K for the year ended September 30, 2021, filed with the Securities and Exchange Commission ("SEC") on December 14, 2021.

The accompanying consolidated financial statements and footnotes have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended March 31, 2022 are not necessarily indicative of the results that can be expected for the full year.

CLEANSPARK, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2022 (Unaudited)		September 30, 2021	
ASSETS				
Current assets				
Cash and cash equivalents, including restricted cash	$	1,912,947	$	18,040,327
Accounts receivable, net		6,836,253		2,619,957
Inventory		1,259,423		2,672,744
Prepaid expense and other current assets		10,316,242		5,129,047
Digital currency		17,045,640		23,603,210
Derivative investment asset		3,794,359		4,905,656
Investment in equity security		250,000		260,772
Investment in debt security, AFS, at fair value		541,200		494,608
Total current assets	$	41,956,064	$	57,726,321
Property and equipment, net	$	276,330,089	$	137,674,739
Operating lease right of use asset		1,353,557		1,488,240
Intangible assets, net		10,262,761		12,699,177
Deposits on mining equipment		69,902,321		87,959,910
Other long-term assets		5,943,314		875,536
Goodwill		19,049,198		19,049,198
Total assets	$	424,797,304	$	317,473,121
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	21,385,732	$	7,975,263
Contract liabilities		188,929		296,964
Operating lease liability		321,600		256,195
Finance lease liability		345,817		413,798
Acquisition liability		-		300,000
Contingent consideration		-		820,802
Dividends payable		335,439		-
Total current liabilities		22,577,517		10,063,022
Long-term liabilities				
Operating lease liability, net of current portion		1,043,931		1,235,325
Finance lease liability, net of current portion		257,952		458,308
Total liabilities	$	23,879,400	$	11,756,655
Stockholders' equity				
Common stock; $0.001 par value; 100,000,000 shares authorized; 41,290,587 and 37,395,945 shares issued and outstanding as of March 31, 2022 and September 30, 2021, respectively		41,291		37,394
Preferred stock; $0.001 par value; 10,000,000 shares authorized; Series A shares; 2,000,000 authorized; 1,750,000 and 1,750,000 issued and outstanding as of March 31, 2022 and September 30, 2021, respectively		1,750		1,750
Additional paid-in capital		525,246,200		444,074,832
Accumulated other comprehensive income (loss)		41,200		(5,392)
Accumulated deficit		(124,412,537)		(138,392,118)
Total stockholders' equity		400,917,904		305,716,466

Total liabilities and stockholders' equity	$ 424,797,304	$ 317,473,121

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

CLEANSPARK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	For the six months ended March 31, 2022	For the six months ended March 31, 2021
Revenues, net				
Digital currency mining revenue, net	$ 36,965,739	$ 6,715,792	$ 73,940,317	$ 7,449,202
Energy hardware, software and services revenue	4,585,971	1,313,530	8,556,181	2,827,233
Other services revenue	86,282	90,366	383,463	100,824
Total revenues, net	41,637,992	8,119,688	82,879,961	10,377,258
Costs and expenses				
Cost of revenues (exclusive of depreciation and amortization shown below)	12,127,120	1,537,683	20,925,046	2,879,197
Professional fees	900,976	2,456,554	4,218,795	4,169,277
Payroll expenses	10,542,025	3,262,097	19,425,072	6,576,298
General and administrative expenses	3,182,946	1,243,154	5,071,046	2,193,293
(Gain) on disposal of assets	(920,861)	—	(642,691)	—
Other impairment expense (related to Digital Currency)	811,345	—	7,033,691	—
Depreciation and amortization	11,661,633	2,117,172	19,359,201	3,226,263
Total costs and expenses	38,305,184	10,616,660	75,390,160	19,044,328
Income (loss) from operations	3,332,808	(2,496,972)	7,489,801	(8,667,070)
Other income (expense)				
Other income	308,038	541,576	308,038	541,576
Change in fair value of contingent consideration	290,249	—	345,791	—
Realized gain (loss) on sale of digital currency	(2,733,882)	585,709	7,260,909	635,627
Realized gain on sale of equity security	—	—	665	—
Unrealized gain (loss) on equity security	—	343,000	(1,847)	269,500
Unrealized gain (loss) on derivative security	(1,410,146)	8,400,629	(1,111,297)	7,380,135
Interest income	51,782	54,479	85,253	102,463
Interest expense	(9,584)	(28,381)	(62,293)	(29,721)
Total other income (expense)	(3,503,543)	9,897,012	6,825,219	8,899,580
Income (loss) before income tax (expense) or benefit	(170,735)	7,400,040	14,315,020	232,510
Income tax (expense) or benefit	—	—	—	—
Net income (loss)	$ (170,735)	$ 7,400,040	$ 14,315,020	$ 232,510
Preferred stock dividends	20,828	$ 177,505	335,439	$ 177,505
Net income (loss) attributable to common shareholders	$ (191,563)	$ 7,222,535	$ 13,979,581	$ 55,005
Other comprehensive income	28,479	—	46,592	—
Total comprehensive income (loss) attributable to common shareholders	$ (163,084)	$ 7,222,535	$ 14,026,173	$ 55,005
Income (loss) per common share - basic	$ (0.00)	$ 0.28	$ 0.34	$ 0.00

Weighted average common shares outstanding - basic	41,336,342	25,925,259	40,802,319	24,025,557
Income (loss) per common share - diluted	$ (0.00)	$ 0.22	$ 0.34	$ 0.00
Weighted average common shares outstanding - diluted	41,336,342	32,697,863	40,861,052	30,798,161

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

CLEANSPARK, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Preferred Stock		Common Stock			Accumulated Other Comprehensive		
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance, September 30, 2021	**1,750,000**	**$ 1,750**	**37,395,945**	**$ 37,394**	**$444,074,832**	**$ (5,392)**	**$(138,392,118)**	**$ 305,716,466**
Options and restricted stock units issued for services	—	-	-	-	5,749,107	-	-	5,749,107
Shares issued for settlement of contingent consideration related to business acquisition	—	-	8,404	8	150,003	-	-	150,011
Exercise of options and warrants	—	-	52,061	52	281,564	-	-	281,616
Shares issued under equity offering, net of offering costs	—	-	4,017,652	4,021	67,984,972	-	-	67,988,993
Preferred stock dividends accrued	—	-	-	-	-	-	(314,611)	(314,611)
Net income	—	-	-	-	-	-	14,485,755	14,485,755
Other comprehensive income	—	-	-	-	-	18,113	-	18,113
Balance, December 31, 2021	**1,750,000**	**$ 1,750**	**41,474,062**	**$ 41,475**	**$518,240,478**	**$ 12,721**	**$(124,220,974)**	**$ 394,075,450**
Options, restricted stock units and shares issued for services	—	-	1,874	2	6,553,982	-	-	6,553,984
Shares returned for settlement of contingent consideration and holdbacks related to business acquisition	—	-	(232,518)	(233)	233	-	-	-
Exercise of options and warrants	—	-	47,169	47	451,507	-	-	451,554
Preferred stock dividends accrued	—	-	-	-	-	-	(20,828)	(20,828)
Net loss	—	-	-	-	-	-	(170,735)	(170,735)
Other comprehensive income	—	-	-	-	-	28,479	-	28,479
Balance, March 31, 2022	**1,750,000**	**$ 1,750**	**41,290,587**	**$ 41,291**	**$525,246,200**	**$ 41,200**	**$(124,412,537)**	**$ 400,917,904**

	Preferred Stock		Common Stock			Accumulated Other Comprehensive		
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance, September 30, 2020	**1,750,000**	**$ 1,750**	**17,390,979**	**$ 17,391**	**$132,809,830**	**$ -**	**$(116,402,606)**	**$16,426,365**
Shares issued for services	—	-	501,437	501	3,011,133	-	-	3,011,634
Options and warrants issued for services	—	-	-	-	1,339,009	-	-	1,339,009
Shares issued for business acquisition	—	-	1,618,285	1,618	21,181,733	-	-	21,183,351
Exercise of options and warrants	—	-	115,385	116	192,540	-	-	192,656
Shares issued under underwritten offering, net of offering costs	—	-	4,444,445	4,445	37,045,160	-	-	37,049,605
Net loss	—	-	-	-	-	-	(7,167,530)	(7,167,530)
Balance, December 31, 2020	**1,750,000**	**$ 1,750**	**24,070,531**	**$ 24,071**	**$195,579,405**	**$ -**	**$(123,570,136)**	**$72,035,090**
Shares issued for services	—	-	19,429	19	71,478	-	-	71,497
Options and warrants issued for services	—	-	-	-	777,517	-	-	777,517
Shares issued for business acquisition	—	-	477,703	478	13,246,226	-	-	13,246,704
Exercise of options and warrants	—	-	223,650	223	3,153,680	-	-	3,153,903
Shares issued under underwritten offering, net of offering costs	—	-	9,090,910	9,091	187,204,122	-	-	187,213,213
Shares returned in relation to business acquisition	—	-	(8,072)	(8)	8	-	-	-
Preferred stock dividends accrued	—	-	-	-	-	-	(177,505)	(177,505)
Net income	—	-	-	-	-	-	7,400,040	7,400,040
Balance, March 31, 2021	**1,750,000**	**$ 1,750**	**33,874,151**	**$ 33,874**	**$400,032,436**	**$ -**	**$(116,347,601)**	**$283,720,459**

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

CLEANSPARK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED)

	Six Months Ended			
		March 31, 2022		March 31, 2021
Cash Flows from Operating Activities				
Net income	$	14,315,020	$	232,510
Adjustments to reconcile net income (loss) to net cash used in operating activities:				
Unrealized (gain) loss on equity security		1,847		(269,500)
Realized gain on sale of equity security		(665)		-
Impairment of digital currency		7,033,691		-
Realized gain on sale of digital currency		(7,260,909)		(635,627)
Digital currency issued for services		294,992		-
Unrealized (gain) loss on derivative asset		1,111,297		(7,380,135)
Change in fair value of contingent consideration		(345,791)		-
Non-cash lease expense		134,683		166,460
Stock based compensation		12,303,091		5,199,658
Depreciation and amortization		19,359,201		3,226,263
Provision for bad debts		-		231,932
PPP loan forgiveness		-		(531,169)
Gain on write-off and disposal of assets		(642,691)		-
Income from in-kind receipts of miners		(308,038)		-
Changes in operating assets and liabilities				
Mining of digital currency		(73,940,317)		(7,449,202)
Decrease in operating lease right of use liabilities		(125,989)		(268,861)
Decrease (increase) in contract assets, net		-		4,103
Increase (decrease) in contract liabilities, net		(108,035)		487,779
Increase (decrease) in accounts payable and accrued liabilities		10,083,770		(2,890,270)
(Increase) in prepaid expenses and other current assets		(12,985,662)		(1,130,741)
(Increase) decrease in accounts receivables		(3,963,323)		114,285
(Increase) decrease in Inventory		1,495,321		(793,945)
Net cash used in operating activities	**$**	**(33,548,507)**	**$**	**(11,686,460)**
Cash Flows from investing				
Payments on miner deposits	$	(105,077,053)	$	(45,488,258)
Purchase of fixed assets		(28,914,917)		(9,058,011)
Settlement of holdbacks related to contingent consideration		(625,000)		-
Investment in infrastructure development		-		(2,830,560)
Proceeds from sale of digital currencies		80,430,113		2,422,282
Proceeds from sale of miners		3,497,654		-
Proceeds from the sale of equity securities		9,590		-
Acquisition of Solar Watt Solutions, net of cash received		-		(1,000,337)
Acquisition of ATL Data Center, net of cash received		-		45,783
Net cash used in investing activities	**$**	**(50,679,613)**	**$**	**(55,909,101)**
Cash Flows from Financing Activities				
Payments on promissory notes	$	-	$	(5,865,476)
Payments on finance leases		(368,450)		-
Proceeds from exercise of options and warrants		480,197		3,346,559
Proceeds from equity offerings, net		67,988,993		224,262,818
Net cash provided by financing activities	**$**	**68,100,740**	**$**	**221,743,901**
Net increase (decrease) in cash and cash equivalents and restricted cash	**$**	**(16,127,380)**	**$**	**154,148,340**
Cash and cash equivalents and restricted cash, beginning of period	$	18,040,327	$	3,126,202

Cash and cash equivalents and restricted cash, end of period	**$**	**1,912,947**	**$**	**157,274,542**
Supplemental disclosure of cash flow information				
Cash paid for interest	$	62,293	$	31,846
Non-cash investing and financing transactions				
Shares and options issued for business acquisition	$	-	$	34,430,055
Cashless exercise of options and warrants	$	-	$	74
Receivables from exercise of options	$	252,973	$	-
Shares issued for settlement of seller agreements related to acquisition	$	150,011	$	-
Shares returned as part of settlement of seller agreements related to acquisition	$	233	$	-
Preferred shares dividends accrued	$	335,439	$	177,505
Unrealized gain on investment in available-for-sale debt security	$	46,592	$	-

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

1.ORGANIZATION AND LINE OF BUSINESS

Organization

The Company – CleanSpark, Inc. ("CleanSpark," "we," "our," or the "Company") was incorporated in the state of Nevada on October 15, 1987 as SmartData Corporation. In October 2016, the Company changed its name to CleanSpark, Inc.

CleanSpark, Inc. is a bitcoin mining and energy technology company. The Company sustainably mines bitcoin and provides advanced energy technology solutions to commercial and residential customers to solve modern energy challenges. The Company, through itself and its wholly owned subsidiaries, has operated in the digital currency mining sector since December 2020, and in the alternative energy sector since March 2014.

Lines of Business

Digital Currency Mining Segment

Through our wholly owned subsidiaries, ATL Data Centers LLC ("ATL") and CleanBlok, Inc. ("CleanBlok"), the Company mines bitcoin. The Company entered the bitcoin mining industry through our acquisition of ATL in December 2020. It acquired a second data center in August 2021 and has had a co-location agreement with New York-based Coinmint, LLC in place since July 2021. Bitcoin mining has now become the Company's principal revenue generating business activity. We currently intend to acquire additional facilities, equipment and infrastructure capacity to continue to expand our bitcoin mining operations.

Through our subsidiaries CSRE Properties Norcross, LLC, CSRE Property Management Company, LLC and CSRE Properties, LLC, we maintain real property holdings for ATL Data Centers LLC and CleanBlok Inc.

Energy Segment

The Company provides energy solutions through our wholly owned subsidiaries CleanSpark, LLC, CleanSpark Critical Power Systems, Inc., GridFabric, LLC, and Solar Watt Solutions, Inc. These solutions consist of engineering, design and software solutions, custom hardware solutions, Open Automated Demand response ("OpenADR"), solar, energy storage for microgrid and distributed energy systems to military, commercial and residential customers in Southern California and throughout the world.

The Company's solutions are supported by a proprietary suite of software solutions that include microgrid energy modeling, energy market communications and energy management solutions.

Other business activities

Through ATL, we also provide traditional data center services, such as providing customers with rack space, power and equipment, and offer several cloud-based service solutions including virtual services, virtual storage, and data backup services.

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying unaudited interim financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's most recent annual report on Form 10-K for the year ended September 30, 2021, filed with the SEC on December 14, 2021 ("Form 10-K"). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim period presented in this quarterly report on Form 10-Q have been reflected herein. The results of operations for the interim period are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal period, as reported in the Form 10-K, have been omitted.

The accompanying unaudited consolidated financial statements include the accounts of CleanSpark, Inc., and its wholly owned operating subsidiaries, CleanSpark, LLC, CleanSpark II, LLC, CleanSpark Critical Power Systems Inc., p2kLabs, Inc, GridFabric, LLC, ATL Data Centers LLC, CleanBlok, Inc., CSRE Properties, LLC, Solar Watt Solutions, Inc, CSRE Properties Norcross, LLC and CSRE Property Management Company, LLC. All intercompany transactions have been eliminated upon consolidation of these entities.

Liquidity

As shown in the accompanying unaudited consolidated financial statements, the Company generated a net income (loss) of ($170,735) and $14,315,020 respectively during the three months and six months ended March 31, 2022. While the Company has experienced negative cash flows from investing and operating activities due to its continued investments in capital expenditures in support of its bitcoin mining operations, it has generated positive cash flows from financing activities. The Company has sufficient working capital to support its ongoing operations for the next twelve months. In addition, the Company has access to equity financing through its At-the-Market offering facility and debt financing through the lending arrangement the Company entered into in April 2022 (see Note 15). As of March 31, 2022, the Company had working capital of $19,378,547.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include estimates used to review the Company's goodwill and digital currency impairment, intangible assets acquired, impairments and estimations of long-lived assets, revenue recognition on percentage of completion type contracts, revenue recognition from digital currency mining, valuation of derivative assets and liabilities, available-for-sale investments, allowances for uncollectible accounts, valuation of digital currencies, valuation of contingent consideration, warranty, and the valuations of share based awards. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions including, but not limited to, the ultimate impact that the ongoing COVID-19 pandemic may have on the Company's operations.

Revenue Recognition

We recognize revenue in accordance with generally accepted accounting principles as outlined in the Financial Accounting Standard Board's ("FASB") Accounting Standards Codification ("ASC") 606, Revenue From Contracts with Customers, which requires that five steps be followed in evaluating revenue recognition: (i) identify the contract with the customer; (ii) identity the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price; and (v) recognize revenue when or as the entity satisfied a performance obligation.

Our accounting policy on revenue recognition by type of revenue is provided below.

Revenues from digital currency mining

The Company has entered into contracts with digital asset mining pool operators to provide computing power to the mining pools. The contracts are terminable at any time by either party and the Company's enforceable right to compensation only begins when the Company starts providing computing power to the mining pool operator. In exchange for providing computing power, the Company is entitled to a fractional share of the fixed cryptocurrency award the mining pool operator receives (*less* net digital asset transaction fees to the mining pool operator), for successfully adding a block to the blockchain, plus a fractional share of the transaction fees attached to that blockchain. The Company's fractional share is based on the proportion of computing power the Company contributed to the mining pool operator to the total computing power contributed by all mining pool participants in solving the current algorithm. The transaction consideration the Company receives is noncash consideration, in the form of digital currency, which the Company measures at fair value on the date received which is not materially different than the fair value at contract inception or time the Company has earned the award from the mining pools. Fair value of the digital currency award received is determined using the spot price of the related digital currency on the date earned.

There is currently no definitive guidance under GAAP or alternative accounting framework for the accounting for digital currencies recognized as revenue or held, and management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacted by the FASB, the Company may be required to change its policies, which could have an effect on the Company's consolidated financial position and results from operations.

Engineering & Construction Contracts and Service Contracts

The Company recognizes engineering and construction contract revenue over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Engineering and construction contracts are generally accounted for as a single unit of account (a single performance obligation) and are not segmented between types of services. The Company recognizes revenue based primarily on contract cost incurred to date compared to total estimated contract cost (an input method). The input method is the most faithful depiction of the Company's performance because it directly measures the value of the services transferred to the customer. Customer-furnished materials, labor and equipment and, in certain cases, subcontractor materials, labor and equipment, are included in revenue and cost of revenue when management believes that the Company is acting as a principal rather than as an agent (i.e., the Company integrates the materials, labor and equipment into the deliverables promised to the customer). Customer-furnished materials are only included in revenue and cost when the contract includes construction activity and the Company has visibility into the amount the customer is paying for the materials or there is a reasonable basis for estimating the amount. The Company recognizes revenue, but not profit, on certain uninstalled materials that are not specifically produced, fabricated, or constructed for a project. Revenue on these uninstalled materials is recognized when the cost is incurred (when control is transferred). Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined as assessed at the contract level. Pre-contract costs are expensed as incurred unless they are expected to be recovered from the client. Project mobilization costs are generally charged to project costs as incurred when they are an integrated part of the performance obligation being transferred to the client. Customer payments on engineering and construction contracts are typically due within 30 to 45 days of billing, depending on the contract.

The Company recognizes energy (solar panel and battery) installation contract revenue for residential customers at a point in time upon completion of the installation. The revenues associated with energy installations for commercial customers are recognized over a period of time as noted in the engineering and construction contract revenue disclosure above.

For service contracts (including maintenance contracts) in which the Company has the right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date, revenue is recognized when services are performed and contractually billable. Service contracts that include multiple performance obligations are segmented between types of services.

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using an estimate of the stand-alone selling price of each distinct service in the contract. Revenue recognized on service contracts that have not been billed to clients is classified as a current asset under contract assets on the Consolidated Balance Sheets. Amounts billed to clients in excess of revenue recognized on service contracts to date are classified as a current liability under contract liabilities. Customer payments on service contracts are typically due within 30 days of billing, depending on the contract.

Revenues from Sale of Equipment

Performance Obligations Satisfied at a point in time.

We recognize revenue on agreements for equipment we sell on a standardized basis to the market at a point in time. We recognize revenue at the point in time that the customer obtains control of the good, which is generally upon shipment or when the customer has physical possession of the product depending on contract terms. We use proof of delivery for certain large equipment with more complex logistics, whereas the delivery of other equipment is estimated based on historical averages of in-transit periods (i.e., time between shipment and delivery). Generally, shipping costs are included in the price of equipment unless the customer requests a non-standard shipment. In situations where an alternative shipment arrangement has been made, the Company recognizes the shipping revenue upon customer receipt of the shipment.

In situations where arrangements include customer acceptance provisions based on seller or customer-specified objective criteria, we recognize revenue when we have concluded that the customer has control of the goods and that acceptance is likely to occur. We generally do not provide for anticipated losses on point in time transactions prior to transferring control of the equipment to the customer.

Our billing terms for these point in time equipment contracts vary and generally coincide with shipment to the customer; however, within certain businesses, we receive progress payments from customers for large equipment purchases, which is generally to reserve production slots with our manufacturing partners, which are recorded as contract liabilities.

Due to the customized nature of the equipment, the Company does not allow for customer returns.

Service Performance obligations satisfied over time.

We enter into long-term product service agreements with our customers primarily within our microgrid segment. These agreements require us to provide preventative maintenance, and standby support services that include certain levels of assurance regarding system performance throughout the contract periods, and these contracts will generally range from 1 to 10 years. We account for items that are integral to the maintenance of the equipment as part of our service-related performance obligation, unless the customer has a substantive right to make a separate purchasing decision (e.g., equipment upgrade). Contract modifications that extend or revise contract terms are not uncommon and generally result in our recognizing the impact of the revised terms prospectively over the remaining life of the modified contract (i.e., effectively like a new contract). Revenues are recognized for these arrangements on a straight-line basis consistent with the nature, timing and extent of our services, which primarily relate to routine maintenance and as needed product repairs. Our billing terms for these contracts vary, but we generally invoice periodically as services are provided.

Contract assets represent revenue recognized in excess of amounts billed and include unbilled receivables (typically for cost reimbursable contracts) and contract work in progress (typically for fixed-price contracts). There were no contracts assets as of March 31, 2022 and September 30, 2021. Unbilled receivables, which represent an unconditional right to payment subject only to the passage of time, are reclassified to accounts receivable when they are billed under the terms of the contract. There are no advances that are payments on account of contract assets that have been deducted from contract assets as of March 31, 2022 and September 30, 2021. Contract liabilities represent deferred revenues as of March 31, 2022. The Company recorded $188,929 and $296,964 in contract liabilities as of March 31, 2022 and September 30, 2021, respectively.

Revenues from software

The Company derives its software revenue from both subscription fees from customers for access to its energy software offerings and software license sales and support services. Revenues from software licenses are generally recognized upfront when the software is made available to the customer and revenues from the related support is generally recognized ratably over the contract term. The Company’s policy is to exclude sales and other indirect taxes when measuring the transaction price of its subscription agreements.

The Company's subscription agreements generally have monthly or annual contractual terms. Revenue is recognized ratably over the related contractual term beginning on the date that the platform is made available to a customer. Access to the platform represents a series of distinct services as the Company continually provides access to, and fulfills its obligation to the end customer over the subscription term. The series of distinct services represents a single performance obligation that is satisfied over time.

Revenues from design, software development and other technology-based consulting services

For service contracts performed under Master Services Agreements ("MSA") and accompanying Statement(s) of Work ("SOW"), revenue is recognized based on the performance obligation(s) outlined in the SOW which is typically hours worked or specific deliverable milestones. In the case of a milestone-based SOW, the Company recognizes revenues as each deliverable is signed off by the customer.

Revenues from data center services

The Company provides data services such as providing its customers with rack space, power and equipment, and cloud services such as virtual services, virtual storage, and data backup services, generally based on monthly services provided at a defined price included in the contracts. The performance obligations are the services provided to a customer for the month based on the contract. The transaction price is the price agreed with the customer for the monthly services provided and the revenues are recognized monthly based on the services rendered for the month.

Variable Consideration

The nature of the Company's contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards and incentive fees; and liquidated damages and penalties. The Company recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected value (i.e., the sum of a probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount. Factors considered in determining whether revenue associated with claims (including change orders in dispute and unapproved change orders in regard to both scope and price) should be recognized include the following: (a) the contract or other evidence provides a legal basis for the claim, (b) additional costs were caused by circumstances that were unforeseen at the contract date and not the result of deficiencies in the Company's performance, (c) claim-related costs are identifiable and considered reasonable in view of the work performed, and (d) evidence supporting the claim is objective and verifiable. If the requirements for recognizing revenue for claims or unapproved change orders are met, revenue is recorded only when the costs associated with the claims or unapproved change orders have been incurred. Back charges to suppliers or subcontractors are recognized as a reduction of cost when it is determined that recovery of such cost is probable and the amounts can be reliably estimated. Disputed back charges are recognized when the same requirements described above for claims accounting have been satisfied.

The Company generally provides limited warranties for work performed under its engineering and construction contracts. The warranty periods typically extend for a limited duration following substantial completion of the Company's work on a project. Historically, warranty claims have not resulted in material costs incurred.

Practical Expedients

If the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the Company's performance completed to date (a service contract in which the Company bills a fixed amount for each hour of service provided), the Company recognizes revenue in the amount to which it has a right to invoice for services performed.

The Company does not adjust the contract price for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a service to a customer and when the customer pays for that service will be one year or less.

The Company has made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities that are collected by the Company from its customers (use taxes, value added taxes, some excise taxes).

Cost of Revenues

The Company includes the following in cost of revenues: energy costs, materials costs, manufacturing and logistics costs, freight costs, inventory write-downs, hosting services costs. The recognition of cost of revenue for our energy segment is dependent upon the revenue stream that it pertains to, refer below:

1. Products and related services delivered at a point in time. Cost of revenue from these products and related services is recognized when the Company transfers control of the product to the customer, which is generally upon shipment.

2. Products and related services delivered over time. Cost of revenue from these products and related services is recognized over the related service period.

Cash and cash equivalents

Cash and cash equivalents include cash and amounts due from banks and restricted cash. The Company's restricted cash represents amounts held in trust for certain construction projects. The following table sets forth a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated balance sheet that agrees to the total of those amounts as presented in the consolidated statements of cash flows.

	March 31, 2022	September 30, 2021
Cash and cash equivalents, excluding restricted cash	$ 1,695,718	$ 14,571,198
Restricted cash - construction escrow account	217,229	3,469,129
Cash and cash equivalents, including restricted cash	$ 1,912,947	$ 18,040,327

Accounts receivable

Accounts receivable is comprised of uncollateralized customer obligations due under normal trade terms. They are initially recorded at the invoiced amount upon the sale of goods or services to customers, and do not bear interest. The Company performs ongoing credit evaluation of its customers and management closely monitors outstanding receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The carrying amount of accounts receivable is reviewed periodically for collectability. If management determines that collection is unlikely, an allowance that reflects management's best estimate of the amounts that will not be collected is recorded.

Accounts receivable, net consists of the following:

	March 31, 2022	September 30, 2021
Accounts Receivable, gross	$ 6,796,293	$ 2,891,784
Other receivables	733,468	421,681
Provision for doubtful allowances	(693,508)	(693,508)
Total Accounts Receivable, net	$ 6,836,253	$ 2,619,957

Inventory

Inventory is stated at the lower of cost or net realizable value with cost being measured on a first-in, first-out basis. For solar panel and battery installations, the Company transfers component parts from inventories to cost of goods sold once installation is complete. The Company periodically reviews inventories for unusable and obsolete items based on assumptions about future demand and market conditions. Based on this evaluation, provisions are made to write inventories down to their net realizable value. There were no write-downs of inventory as of March 31, 2022 and September 30, 2021, respectively. The composition of inventory as of March 31, 2022 and September 30, 2021 are as follows:

	March 31, 2022	September 30, 2021
Batteries and solar panels	$ 595,432	$ 1,819,398
Supplies and other	663,992	853,346
Total inventory	$ 1,259,423	$ 2,672,744

Prepaid expense and other current assets

The Company records a prepaid expense for costs paid but not yet incurred. Those expected to be incurred within one year are recognized and shown as a short-term pre-paid expense. Any costs expected to be incurred outside of one year would be considered other long-term assets.

Other current assets are assets that consist of deposits and interest receivable. Deposits and interest we expect to receive within one year are shown as short-term. Those we expect to receive outside of one year are shown as other long-term assets.

Concentration Risk

At times throughout the year, the Company may maintain cash balances in certain bank accounts in excess of FDIC limits. The cash balance, in excess of the FDIC limits was $1,098,786 and $17,790,327 as of March 31, 2022 and September 30, 2021, respectively. The accounts offered by custodians of the Company's bitcoin are not insured by the FDIC. The fair market value of bitcoin held in accounts not covered by FDIC limits was $17,045,640 and $23,603,210 as of March 31, 2022 and September 30, 2021, respectively. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in these accounts.

The Company has certain customers and vendors who individually represented 10% or more of the Company's revenue or capital expenditures. Please refer to Note 13 - Major Customers and Vendors.

Stock-based compensation

The Company follows the guidelines in FASB Codification Topic ASC 718-10 Compensation-Stock Compensation, which requires companies to measure the cost of employee and non-employee services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. Stock-based compensation expense for stock options is recognized on a straight-line basis over the requisite service period. The Company may issue compensatory shares for services including, but not limited to, executive, management, accounting, operations, corporate communication, financial and administrative consulting services. The Company determines the grant date fair value of the options using the Black-Scholes option-pricing model. For equity awards granted by the Company that are contingent upon market-based conditions, the Company fair values these awards using the Monte Carlo simulation model. For discussion of accounting for restricted stock units (RSUs), please refer Note 11 – Stock-Based Compensation.

Earnings (loss) per share

The Company reports earnings (loss) per share in accordance with FASB ASC 260-10 "Earnings Per Share," which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average common shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. The calculation of diluted net loss per share gives effect to common stock equivalents; however, potential common shares are excluded if their effect is anti-dilutive. As of March 31, 2022, 489,282 units of common stock equivalents that consist of options, warrants and restricted stock units were excluded from the calculation of the diluted (loss) per share calculation for the three months ended March 31, 2022 as their effect is anti-dilutive.

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021	For the Six Months Ended March 31, 2022	For the Six Months Ended March 31, 2021
Numerator				
Consolidated net income (loss) attributable to common shareholders	$ (191,563)	$ 7,222,535	$ 13,979,581	$ 55,005
Denominator				
Weighted- average common shares outstanding, basic	41,336,342	25,925,259	40,802,319	24,025,557
Dilutive impact of stock options and other share-based awards	—	6,772,604	58,733	6,772,604
Weighted- average common shares outstanding, diluted	41,336,342	32,697,863	40,861,052	30,798,161
Net income (loss) per common share attributable				
Basic	$ (0.00)	$ 0.28	$ 0.34	$ 0.00
Diluted	$ (0.00)	$ 0.22	$ 0.34	$ 0.00

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Construction in progress is the construction or development of assets that have not yet been placed in service for its intended use. Depreciation for machinery and equipment, mining equipment, buildings, furniture and fixtures and leasehold improvements commences once they are ready for its intended use. Leasehold improvements are depreciated on a straight-line basis over the shorter of their estimated useful lives or the terms of the related leases. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Useful life (years)	
Building		30
Land Improvements		15
Machinery and equipment	1-10	
Office Equipment	3-7	
Mining equipment	3-15	
Miners	3-5	
Infrastructure asset	Shorter of estimated lease term or 15 years	
Leasehold improvements	Shorter of estimated lease term or 5 years	
Furniture and fixtures	1-5	

In accordance with the FASB ASC 360-10, "Property, Plant and Equipment” the carrying value of property and equipment, and other long-lived assets is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value. During the three and six months ended March 31, 2022 and March 31, 2021 the Company did not record an impairment expense.

Digital Currency

Digital currencies are included in current assets in the consolidated balance sheets. Digital currencies are recorded at cost less impairment. They are classified as indefinite-lived intangible assets in accordance with ASC 350, Intangibles — Goodwill and Other, and are accounted for in connection with the Company’s revenue recognition policy detailed above and in Note 2 – Summary of Significant Accounting Policies. 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 that an impairment exists. If it is determined that it is not 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. Quantitative impairment is measured using the quoted price of the digital currency at the time its fair value is being measured in accordance with ASC 820, Fair Value Measurement. Quoted prices are obtained from the principal market. 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 as per ASC 350, Intangibles – Goodwill and Other.

Digital currencies earned by the Company through its mining activities are included within operating activities on the accompanying consolidated statements of cash flows. The sales of digital currencies are included within investing activities in the accompanying consolidated statements of cash flows and any realized gains or losses from such sales are included in other income (expense) in the consolidated statements of operations and comprehensive income (loss). The Company accounts for its gains or losses in accordance with the first in first out ("FIFO") method of accounting.

The following table presents the activities of the digital currencies for the six months ended March 31, 2022:

		Amount
Balance as on September 30, 2021	**$**	**23,603,210**
Addition of digital currencies		73,940,317
Sale of digital currencies		(80,430,113)
Digital currencies issued for services		(294,992)
Realized gain on sale of digital currencies		7,260,909
Impairment loss		(7,033,691)
Balance as on March 31, 2022	**$**	**17,045,640**

Fair Value Measurement of financial instruments, derivative asset and contingent consideration

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The Company utilizes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable.

Level 1 Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2 Quoted prices for similar assets and liabilities in active markets; quoted prices included for identical or similar assets and liabilities that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. These are typically obtained from readily-available pricing sources for comparable instruments.

Level 3 Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own beliefs about the assumptions that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

The carrying value of cash, accounts payable and accrued expenses, and debt approximate their fair values because of the short-term nature of these instruments. Management believes the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The following table presents the Company's financial instruments that are measured and recorded at fair value on the Company's balance sheets on a recurring basis, and their level within the fair value hierarchy as of March 31, 2022 and September 30, 2021:

March 31, 2022

	Amount	Level 1	Level 2	Level 3
Derivative asset	$ 3,794,359	$ -	$ -	$ 3,794,359
Investment in debt security	541,200	-	-	541,200
Total	$ 4,335,559	$ -	$ -	$ 4,335,559

September 30, 2021

	Amount	Level 1	Level 2	Level 3
Derivative asset	$ 4,905,656	$ -	$ -	$ 4,905,656
Investment in equity security	10,772	10,772	-	-
Investment in debt security	494,608	-	-	494,608
Contingent cash consideration	820,802	-	-	820,802
Total	$ 6,231,838	$ 10,772	$ -	$ 6,221,066

There were no transfers between Level 1, 2 or 3 during the three and six months ended March 31, 2022 and 2021.

Income taxes

The Company's calculation of its tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. The Company recognizes tax liabilities for uncertain tax positions based on management's estimate of whether it is more likely than not that additional taxes will be required. The Company had no uncertain tax positions as of March 31, 2022 and September 30, 2021.

Deferred income taxes are recognized in the consolidated financial statements for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates. Temporary differences arise from net operating losses, differences in depreciation methods of archived images, and property and equipment, stock-based and other compensation, and other accrued expenses. A valuation allowance is established when it is determined that it is more likely than not that some or all of the deferred tax assets will not be realized.

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability for U.S., or the various state jurisdictions, may be materially different from managements estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities. Interest and penalties are included in tax expense.

The Company includes interest and penalties arising from the underpayment of income taxes in the statements of operation in the provision for income taxes. As of March 31, 2022 and September 30, 2021, the Company had no accrued interest or penalties related to uncertain tax positions.

Income tax expense/(benefit) from operations for the three and six months ended March 31, 2022 and 2021 was $0 in each period, which resulted primarily from maintaining a full valuation allowance against the Company's deferred tax assets.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations or net assets of the Company.

Segment Reporting

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker, or decision-making group, in deciding the method to allocate resources and assess performance. The Company has two reportable segments, namely, (1) Digital Currency Mining Segment and (2) Energy Segment.

Recently issued accounting pronouncements

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, Revenue from Contracts with Customers, as if it had originated the contracts. Under the current business combinations guidance, such assets and liabilities are recognized by the acquirer at fair value on the acquisition date. This new guidance is effective for the Company for its fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is evaluating its potential impact but does not expect the new standard to have a material impact on the Company's results of operations or cash flows.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments on October 1, 2020 (“ASU 2016-13”). ASU 2016-13 requires entities to use a new forward-looking “expected loss” model that reflects expected credit losses, including credit losses related to trade receivables, and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, which generally will result in the earlier recognition of allowances for losses. As the Company was a Smaller Reporting Company at the time of issuance of the ASU, the Company expects to adopt the ASU effective October 1, 2023, including the interim periods within the fiscal year. Early application of the adoption is permitted. The Company is evaluating its potential impact but does not expect the new standard to have a material impact on the Company's results of operations or cash flows.

In August 2020, the FASB issued ASU2020-06, “Debt - Debt with Conversion and Other Options (subtopic 470-20) and Derivatives and Hedging - Contracts in Entity’s Own Equity (subtopic 815-40),” which reduces the number of accounting models in ASC 470-20 that require separate accounting for embedded conversion features. As a result, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost as long as no other features require bifurcation and recognition as derivatives. By removing those separation models, the effective interest rate of convertible debt instruments will be closer to the coupon interest rate. Further, the diluted net income per share calculation for convertible instruments will require the Company to use the if-converted method. The treasury stock method should no longer be used to calculate diluted net income per share for convertible instruments. The amendment will be effective for the Company for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. We expect the adoption of ASU 2020-06 to not have a material impact on the Company’s financial statements or disclosures.

3.ACQUISITIONS

SOLAR WATT SOLUTIONS, INC.

On February 23, 2021, the Company entered into an Agreement and Plan of Merger (the “SWS Merger Agreement”) with Solar Watt Solutions, Inc. (“SWS”) and its owners (the “Sellers”). The Company accounted for the acquisition of SWS as an acquisition of a business under ASC 805 – Business Combination.

At the closing on February 24, 2021, SWS became a wholly owned subsidiary of the Company. In exchange, the Company issued (i) 477,703 shares of restricted common stock with a deemed value of $15,640,000 calculated based on the five-day average closing price of the Company's common stock for the trading days including and immediately preceding the closing date of $32.74 per share to the Sellers, of which (a) 167,685 shares with a deemed value of $5,490,000 would be fully earned on closing, and (b) an additional 310,018 shares with a deemed fair value of $10,150,000 were issued to an escrow agent and only earned by Sellers, subject to holdback pending Sellers’ satisfaction of certain future milestones with all such shares subject to a lock up of no less than 180 days and a leak out of no more than 10% of average daily trading value of the prior 30 days for a period of 36 months following the closing, and (ii) up to $3,850,000 in cash to the Sellers, minus the Sellers' debt, minus the difference between the Actual Amount and Expected Amount consisting of: (a) $1,350,000 (no changes post acquisition date) in cash payable on a pro rata basis to Sellers at closing, less payment of $500,000 (no changes post acquisition date) to settle Sellers' debt at closing, which includes (x) $200,000 (no changes post acquisition date) in cash held back by the Company to satisfy potential damages from indemnification claims and any amounts owed pursuant to post-closing adjustments, (y) an additional $100,000 (no changes post acquisition date) in cash held back by the Company to satisfy any amounts owed pursuant to post-closing adjustments, and (b) up to $2,500,000 (fair valued at $155,000 at acquisition date) in cash held back by the Company and only payable pro rata to Sellers upon meeting certain future milestones and subject to satisfaction of any amounts owing from SWS to the Company resulting from damages required to be indemnified under the SWS Merger Agreement.

The Company determined the fair value of the consideration given to the sellers of SWS in connection with the transaction in accordance with ASC 820 was as follows:

Consideration:		**Fair Value**
Cash	$	1,350,000
Contingent consideration		155,000
310,018 shares of common stock as contingent equity consideration	$	533,002
167,685 shares of common stock		4,649,905
Total Consideration	$	6,687,907

		Preliminary Allocation at Acquisition Date		**Adjustments to Fair Value**		**Final Allocation at Acquisition Date**
Customer List	$	5,122,733	$	(4,932,733)	$	190,000
Goodwill		1,642,409		5,178,126		6,820,535
Other Assets and Liabilities assumed, net		(77,235)		(245,393)		(322,628)
Total	$	6,687,907	$	—	$	6,687,907

The goodwill recorded as result of the acquisition represents the strategic benefits of growing the Company's service portfolio and the expected revenue growth from increased market penetration. Acquired goodwill is not deductible for income tax purposes. The total purchase price was allocated to identifiable assets deemed acquired, and liabilities assumed, based on their estimated fair values.

The amortization period for customer list is estimated to be 1.5 years. The Company estimated the fair value of the identified customer list using a discounted cash flow model. These fair value measurements were based on significant inputs not observable in the market and thus represent a Level 3 measurement. Key assumptions include the level and timing of expected incremental future cash flows over its remaining useful life, and discount rates the Company believe to be consistent with the inherent risks associated with customer list, which is 14%. The Company believes the level and timing of expected future cash flows appropriately reflects market participant assumptions.

On January 31, 2022, the Company entered into a Merger Satisfaction and Release Agreement (the "Merger Satisfaction Agreement") with the Sellers of SWS. In consideration of fully satisfying the terms under the SWS Merger Agreement, the Company paid the Sellers $625,000 and released from escrow 77,500 shares of the Company's common stock. Additionally, the Sellers agreed to release back to the Company 232,518 shares of the Company's common stock held in escrow. Upon delivery of such consideration, the parties agreed that the shares and cash holdbacks contained in the original merger agreement were fully satisfied.

ATL DATA CENTERS, LLC

On December 9, 2020, the Company entered into an Agreement and Plan of Merger (the “ATL Merger”) with ATL Data Centers LLC (“ATL”) and its members. The Company accounted for the acquisition of ATL as an acquisition of a business under ASC 805 – Business Combination.

At the closing, ATL became a wholly owned subsidiary of the Company. In exchange, the Company issued 1,618,285 shares of restricted common stock to the selling members of ATL, of which: (i) 642,309 shares were fully earned on closing, and (ii) an additional 975,976 shares were issued and held in escrow, subject to holdback pending satisfaction of certain indemnification claims and future milestones, with all such shares subject to a lock up of no less than 180 days and a leak out of no more than 10% of the average daily trading value of the prior 30 days.

Of the 975,976 shares held in escrow, 515,724 shares were released to the selling members of ATL and 68,194 shares were returned to the Company and canceled due to satisfy nonsatisfaction of certain indemnification matters during the year ended September 30, 2021. The remaining 392,058 shares held in escrow consist of 72,989 shares subject to holdback pending satisfaction of further indemnification matters and 319,069 shares subject to satisfaction of future milestones.

In connection with the return of the 68,194 shares held in escrow that were cancelled to satisfy certain indemnification matters, total consideration and the related goodwill, decreased by $892,659 during the year ended September 30, 2021.

The consideration remitted in connection with the ATL Merger is subject to adjustment based on post-closing adjustments to closing cash, indebtedness, and transaction expenses of ATL within 90 days of closing. The Company also assumed approximately $6,900,000 in debts of ATL at closing. As part of the transaction costs, the Company issued 41,708 shares of common stock for an aggregate value of $545,916 to the broker which were expensed upon issuance of the shares.

Purchase Price Allocation	**Preliminary Allocation at Acquisition Date**	**Adjustments to Fair Value**	**Final Allocation at Acquisition Date**
Strategic Contract	$ 7,457,970	$ 2,342,000	$ 9,799,970
Goodwill	14,205,245	(1,264,167)	12,941,078
Other Assets and Liabilities assumed, net	(479,864)	(1,077,833)	(1,557,697)
Total	$ 21,183,351	$ —	$ 21,183,351

The Company made measurement period adjustments, primarily to strategic contract and goodwill, to better reflect the facts and circumstances that existed at the acquisition date.

The goodwill recorded as a result of the acquisition represents the strategic benefits of growing the Company’s service portfolio and the expected revenue growth from increased market penetration. Acquired goodwill is not deductible for income tax purposes. The total purchase price was allocated to identifiable assets deemed acquired, and liabilities assumed, based on their estimated fair values.

The strategic contract relates to supply of a critical input to our digital currency mining business. The other assets and liabilities assumed include $5,670,000 of digital currency mining equipment and approximately $5,475,000 of notes payable related to this equipment, which was settled by the Company in December 2020. In connection with the acquisition, the Company had acquired an operating lease related to a rental building, which had a purchase option associated with the lease agreement. The Company exercised the purchase option to buy the property in May 2021 and, as a result, terminated the lease.

The amortization period for strategic contracts is estimated to be 5 years. The Company estimated the fair value of the identified strategic contract using a discounted cash flow model. These fair value measurements were based on significant inputs not observable in the market and thus represent a Level 3 measurement. Key assumptions include the level and timing of expected future cash flows, conditions and demands over its remaining useful life, and discount rates the Company believe to be consistent with the inherent risks associated with strategic contract, which is 6.4%. The Company believes the level and timing of expected future cash flows appropriately reflects market participant assumptions.

Pro forma of Consolidated Financial Statements (Unaudited)

The following is the unaudited pro forma information assuming the acquisition of ATL and SWS occurred on October 1, 2020:

		For the three months ended March 31, 2021		For the six months ended March 31, 2021
Net sales	$	8,907,200	$	12,967,229
Net income (loss)	$	7,208,568	$	(551,184)
Net income / (loss) per common share – basic	$	0.27	$	(0.02)
Weighted average common shares outstanding – basic		26,402,962		26,121,545
Net income / (loss) per common share – diluted	$	0.22	$	(0.02)
Weighted average common shares outstanding – diluted		33,175,566		26,121,545

The unaudited pro forma consolidated financial results have been prepared for illustrative purposes only and do not purport to be indicative of the results of operations that would have actually resulted had the acquisition occurred on the first day of the earliest period presented, or of future results of the consolidated entities. The unaudited pro forma consolidated financial information does not reflect any operating efficiencies and cost savings that may be realized from the integration of the acquisition. All transactions that would be considered inter-company transactions for pro forma purposes have been eliminated.

4.INVESTMENTS

As of March 31, 2022 and September 30, 2021, the Company had total investments of $4,585,559 and $5,661,036, respectively that comprise of the following:

International Land Alliance, Inc.

On November 5, 2019, the Company entered into a binding Memorandum of Understanding (the "MOU") with International Land Alliance, Inc. ("ILAL"), a Wyoming corporation, to lay a foundational framework where the Company expects to deploy its energy solutions across the portfolio of ILAL, including its energy projects, and its customers.

In connection with the MOU, and to support the power and energy needs of ILALs development and construction of certain projects, the Company entered into a Securities Purchase Agreement ("SPA"), dated as of November 6, 2019, with ILAL.

Pursuant to the terms of the SPA with ILAL, the Company purchased 1,000 shares of Series B Preferred Stock of ILAL (the "Preferred Stock") for an aggregate purchase price of $500,000 (the "Stock Transaction"), less certain expenses and fees. The Series B Preferred Stock accrue cumulative in-kind accruals at a rate of 12% per annum and were redeemable on August 6, 2020. The Preferred Stock can be converted into common stock at a variable rate (refer the discussion on embedded derivative assets below). This variable conversion ratio will increase by 10% with the occurrence of certain events. Since the investments were not redeemed on August 6, 2020, they are now redeemable at the Company`s option in cash or into common stock, based on the conversion ratio. The Preferred Stock is recorded as an AFS debt security and is reported at its estimated fair value as of March 31, 2022. Any change in the fair values of AFS debt securities are reported net of income tax as an element of Other Comprehensive income.

The Company accrued interest on our available-for-sale debt securities totaling $484,000 and $399,863, as of March 31, 2022 and September 30, 2021, respectively, presented as prepaid expense and other current assets on the

Consolidated Balance Sheets. The fair value of investment in Debt Securities is $541,200 and $494,608 as of March 31, 2022 and September 30, 2021, respectively. The Company has included gain on change in fair value of preferred stock amounting to $28,479 and $46,592 respectively for the three month and six month periods ended March 31, 2022, and $0 and $0 respectively for the three month and six month periods ended March 31, 2021, as part of other comprehensive income in the Consolidated Statements of Operations and Comprehensive Income (Loss).

The Company has deemed this variable conversion feature of ILAL preferred stock as an embedded derivative instrument in accordance with ASC Topic No. 815. This topic requires the Company to account for the conversion feature on its balance sheet at fair value and account for changes in fair value as a derivative gain or loss. Unrealized gain or loss on fair valuation of this embedded feature is recognized as an income in Consolidated statements of Operations and Comprehensive Income (Loss).

Total fair value of investment in derivative assets as of March 31, 2022 and September 30, 2021, respectively was $3,794,359 and $4,905,656. The Company fair values the debt security as a straight debt instrument based on liquidation value and accrued interest to date. The fair value of the derivative asset is based on the difference in the fair value of the debt security determined as a straight debt instrument and the fair value of the debt security if converted as of the reporting date. The Company recorded an unrealized loss on derivative assets for $1,410,146 and $1,111,297 respectively for the three and six month periods ended March 31, 2022, compared to an unrealized gain on derivative assets for $8,400,629 and $7,380,135 for the three and six month periods ended March 31, 2021.

The following table sets forth a reconciliation of carrying value of all investments as of March 31, 2022 and September 30, 2021:

	ILAL Debt Securities	ILAL Derivative Asset	ILAL Equity Securities	Law Clerk Equity Securities
Balance as of September 30, 2021	**$ 494,608**	**$ 4,905,656**	**$ 10,772**	**$ 250,000**
Shares sold during the year	—	—	(9,590)	—
Realized gain on fair value recognized in other income/ expense	—	—	665	—
Unrealized loss recognized in other income/expense	—	(1,111,297)	(1,847)	—
Unrealized gain on fair value recognized in other comprehensive income	46,592	—	—	—
Balance as of March 31, 2022	**$ 541,200**	**$ 3,794,359**	**$ —**	**$ 250,000**

5.INTANGIBLE ASSETS

Intangible assets consist of the following as of March 31, 2022 and September 30, 2021:

March 31, 2022		Intangible assets		Accumulated amortization		Total
Patents	$	74,113	$	34,552	$	39,561
Websites		23,115		8,915		14,200
Customer list and non-compete agreement		6,892,024		5,981,767		910,257
Design assets		123,000		123,000		-
Trademarks		5,928		2,480		3,448
Engineering trade secrets		4,370,269		3,282,677		1,087,592
Software		870,000		344,375		525,625
Strategic Contract		9,799,970		2,568,129		7,231,841
mPulse software		741,846		291,609		450,237
Total	$	22,900,265	$	12,637,504	$	10,262,761

September 30, 2021		Intangible assets		Accumulated amortization		Total
Patents	$	74,112	$	28,329	$	45,783
Websites		8,115		8,115		—
Customer list and non-compete agreement		6,892,024		4,940,456		1,951,568
Design assets		123,000		123,000		—
Trademarks		5,928		2,236		3,692
Engineering trade secrets		4,370,269		2,943,173		1,427,096
Software		870,000		325,519		544,481
Strategic Contract		9,799,970		1,577,098		8,222,872
mPulse software		741,846		238,161		503,685
Total	$	22,885,264	$	10,186,087	$	12,699,177

Amortization expense for the three and six months ended March 31, 2022 was $1,225,873 and $2,451,417, respectively. Amortization expense for the three and six months ended March 31, 2021 was $1,403,483 and $2,309,974, respectively.

The Company expects to record amortization expense of intangible assets over the next 5 years and thereafter as follows:

Year		March 31, 2022
2022	$	2,063,365
2023		2,908,616
2024		2,827,374
2025		2,000,726
2026		439,811
Thereafter		22,869
	$	10,262,761

6.PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	March 31, 2022	September 30, 2021
Mining equipment	$ 11,782,820	$ 2,823,218
Miners	256,063,805	120,330,769
Land Improvements	1,529,937	—
Office Equipment	167,329	126,584
Land and building	12,624,608	11,048,299
Machinery and equipment	331,172	323,682
Leasehold improvements	158,110	69,056
Furniture and fixtures	82,601	30,934
Infrastructure	12,439,515	81,868
Construction in progress	4,172,407	10,498,311
Less: accumulated depreciation	(23,022,215)	(7,657,982)
Property and equipment, net	$ 276,330,089	$ 137,674,739

Depreciation expense for the three months ended March 31, 2022 and 2021 was $10,435,760 and $706,417, respectively. Depreciation expense for the six months ended March 31, 2022 and 2021 was $16,907,784 and $930,324, respectively. For the three months ended March 31, 2022, $3,978,676 of property and equipment was sold for a gain of $920,861. For the six months ended March 31, 2022, $4,390,160 of property and equipment was disposed of for a gain of $642,691, which included $411,484 of property and equipment that was written-off resulting in a loss of $278,170. There were no disposals during the three and six months ended March 31, 2021.

The Company placed-in service property and equipment of $160,345,487 during the six months ended March 31, 2022. This increase in fixed assets primarily consisted of miners amounting to $135,733,036, which also includes miners received in-kind under miner purchase agreements valued at approximately $308,038, mining equipment of $8,959,602, and infrastructure of $12,357,647.

Construction in progress: The Company is expanding its facilities in Georgia.

As of March 31, 2022, the Company has outstanding deposits totaling $69,902,321. These deposits are in prepayments paid to premier suppliers and manufacturers to purchase mining ASICs and equipment. The prepayments will be applied to the purchase price when the vendor ships the miners.

7.LEASES

On October 1, 2019, the Company adopted the amendments to ASC 842, Leases, which requires lessees to recognize lease assets and liabilities arising from operating leases on the balance sheet. The Company adopted the new lease guidance using the modified retrospective approach and elected the transition option issued under ASU 2018-11, Leases (Topic 842) Targeted Improvements, allowing entities to continue to apply the legacy guidance in ASC 840, Leases, to prior periods, including disclosure requirements.

The Company's operating leases are office spaces and finance leases which are primarily related to equipment used at its data center.

The Company's lease costs recognized during the three and six months ended March 31, 2022 and 2021 in the Consolidated Statements of Operations and Comprehensive Income (Loss) consist of the following:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	For the six months ended March 31, 2022	For the six months ended March 31, 2021
Operating lease cost (1)	$ 83,237	$ 152,848	$ 166,475	$ 189,006
Finance lease cost:				
Amortization of right-of-use assets	$ 94,815	$ 90,981	$ 189,630	$ 112,729
Interest on lease obligations	$ 10,125	$ 14,645	$ 21,512	$ 18,223

(1) Included in general and administrative expenses

Other lease information is as follows:

	For the six months ended March 31, 2022	For the six months ended March 31, 2021
Cash paid for amounts included in measurement of lease obligations:		
Operating cash flows from operating leases	$ 157,780	$ 158,874
Financing cash flows from finance leases	$ 206,063	$ 124,644

	March 31, 2022	September 30, 2021
Weighted-average remaining lease term - operating leases	4.54 years	5 years
Weighted-average remaining lease term - finance leases	1.78 years	3.2 years
Weighted-average discount rate - operating leases	4.50%	4.50%
Weighted-average discount rate - finance leases	5.50%	5.50%

The following is a schedule of the Company's lease liabilities by contractual maturity as of March 31, 2022:

Fiscal Year	**Operating Leases**	**Finance Leases**
2022	$ 159,125	$ 198,047
2023	324,949	295,541
2024	333,234	131,164
2025	341,767	11,092
2026	299,039	-
Thereafter	37,301	-
Gross lease liabilities	1,495,415	635,844
Less: imputed interest	(129,884)	(32,075)
Present value of lease liabilities	$ 1,365,531	$ 603,769
Less: Current portion of lease liabilities	(321,600)	(345,817)
Total lease liabilities, net of current portion	$ 1,043,931	$ 257,952

8. RELATED PARTY TRANSACTIONS

Zachary K. Bradford - Chief Executive Officer and Director

During the three and six months ended March 31, 2022, the Company paid Blue Chip Accounting, LLC ("Blue Chip") $0 and $47,075, respectively, for accounting, tax, administrative services and reimbursement for office supplies. During the three and six months ended March 31, 2021, the Company paid Blue Chip Accounting, LLC ("Blue Chip") $50,675 and $80,675, respectively, for accounting, tax, administrative services and reimbursement for office supplies. Blue Chip is 50% beneficially owned by Mr. Bradford. None of the services were associated with work performed by Mr. Bradford. The services consisted of preparing and filing tax returns, bookkeeping, accounting and administrative support assistance. The Company also sub-leases office space from Blue Chip. During the three and six months ended March 31, 2022, $0 and $4,575, respectively, was paid to Blue Chip for rent. During the three and six months ended March 31, 2021, $4,575 and $9,150, respectively, was paid to Blue Chip for rent. The sublease and engagement for accounting services was terminated on December 31, 2021.

9.STOCKHOLDERS' EQUITY

Overview

The Company's authorized capital stock consists of 100,000,000 shares of common stock and 10,000,000 shares of preferred stock, par value $0.001 per share. As of March 31, 2022, there were 41,290,587 shares of common stock issued and outstanding and 1,750,000 shares of preferred stock issued and outstanding. As of September 30, 2021, there were 37,395,945 shares of common stock issued and outstanding and 1,750,000 shares of preferred stock issued and outstanding.

Common Stock issuances during the six months ended March 31, 2022

The Company issued 99,230 common shares in relation to exercise of options.

The Company issued 1,874 common shares valued at $30,032 as compensation for Director services.

The Company issued 8,404 common shares valued at $150,011 for settlement of contingent consideration related to business acquisition.

The Company issued 4,017,652 common shares in relation to equity raises through its At-the-Market offering facility, net of offering costs, for net proceeds of $67,988,993.

Common stock returned during the six months ended March 31, 2022

The Company had 232,518 shares of common stock returned back to the Company as part of the settlement of contingent consideration and holdbacks related to business acquisition.

10.STOCK WARRANTS

The following is a summary of stock warrant activity during the six months ended March 31, 2022:

	Number of Warrant Shares	Weighted Average Exercise Price ($)
Balance, September 30, 2021	615,704	$ 30.72
Warrants granted	—	—
Warrants expired	(183,334)	40.91
Warrants canceled	—	—
Warrants exercised	—	—
Balance, March 31, 2022	432,370	26.39

As of March 31, 2022, there are warrants exercisable to purchase 432,370 shares of common stock in the Company and there are no warrants that are unvested. As of March 31, 2022, the outstanding warrants have a weighted average remaining term of 1.62 years and an intrinsic value of $467,940.

During the three and six months ended March 31, 2022, there were no exercise of warrants.

11.STOCK-BASED COMPENSATION

The Company sponsors a stock-based incentive compensation plan known as the 2017 Incentive Plan (the "Plan"), which was established by the Board of Directors of the Company on June 19, 2017. On October 7, 2020, the Company executed a first amendment to the Plan to increase its share pool from 300,000 to 1,500,000 shares of common stock.

Effective September 15, 2021, following approval by our stockholders, the Plan was amended to (i) increase the number of shares of common stock authorized for issuance under the Plan by an additional 2,000,000 shares, resulting in an aggregate of 3,500,000 shares of common stock authorized for issuance under the Plan, and (ii) revise Section 19 of the Plan to more closely align with the provisions of Section 422 of the Internal Revenue Code of 1986, as amended, and Section 17.2 of the Plan.

As of March 31, 2022, there were 370,821 shares available for issuance under the Plan.

The Plan allows the Company to grant incentive stock options, non-qualified stock options, stock appreciation rights, common stock, units of common stock, restricted stock, performance shares and performance units. Other than incentive stock options that are granted to participants who owns more than 10% of the total combined voting power of all classes of the stock of the Company or of its parent or subsidiary corporations (a "Ten Percent Stockholder"), stock options are exercisable for up to ten years, at an option price per share not less than the fair market value on the date the option is granted. The incentive stock options are limited to persons who are regular full-time employees of the Company or Ten Percent Stockholders at the date of the grant of the option. Non-qualified stock options and the other types of awards issuable under the Plan may be granted to any person, including, but not limited to, employees, independent agents, consultants and attorneys, who the Company's Compensation Committee believes have contributed, or will contribute, to the success of the Company. The option vesting schedule for options granted is determined by the Compensation Committee at the time of the grant. The Plan provides for accelerated vesting of unvested options if there is a change in control, as defined in the Plan.

The Company granted 64,000 non-qualified options pursuant to the Plan during the six months ended March 31, 2022.

The Company recognized $6,553,984 and $12,303,091 respectively for the three and six months ended March 31, 2022 in stock-based compensation under the Plan. The Company recognized $231,361 and $1,163,401 respectively for the three and six months ended March 31, 2021 in stock-based compensation under the Plan.

STOCK OPTIONS

The following is a summary of stock option activity during the six months ended March 31, 2022:

	Number of Option Shares	Weighted Average Exercise Price ($)
Balance, September 30, 2021	1,547,029	18.35
Options granted	197,250	15.29
Options expired	-	-
Options canceled/forfeited	(157,885)	18.59
Options exercised	(99,230)	7.39
Balance, March 31, 2022	1,487,164	18.69

As of March 31, 2022, there are options exercisable to purchase 632,753 shares of common stock in the Company and 854,508 unvested options outstanding that cannot be exercised until vesting conditions are met. As of March 31, 2022, the outstanding options have a weighted average remaining term of 1.61 years and an intrinsic value of $1,303,773.

During the six months ended March 31, 2022, a total of 99,230 shares of the Company's common stock were issued in connection with the exercise of common stock options at exercise prices ranging from $4.65 to $15.10, for a total consideration of $733,170. For the six months ended March 31, 2022, the Company also granted 197,250 options with a total fair value of $2,958,367 to purchase shares of common stock to employees.

The Black-Scholes model utilized the following inputs to value the options granted during the six months ended March 31, 2022:

Fair value assumptions Options:	**March 31, 2022**
Risk free interest rate	0.10% - 2.55%
Expected term (years)	1.50 - 6.02
Expected volatility	140% - 533%
Expected dividends	0%

As of March 31, 2022, the Company expects to recognize $13,096,168 of stock-based compensation for the non-vested outstanding options over a weighted-average period of 2.05 years.

RESTRICTED STOCK UNITS

The Company grants RSUs that contain (a) service conditions, (b) performance conditions, or (c) market performance conditions. RSUs containing service conditions vest monthly or annually. RSUs containing performance conditions generally vest over 1 year, and the number of shares earned depends on the achievement of predetermined Company metrics.

When the criteria for vesting is met, the Company recognizes the expense equal to the total fair value of the common stock price on the grant date. All of the RSUs issued prior to September 30, 2021 were either vested or forfeited and cancelled.

The following table summarizes the performance-based restricted stock units at the maximum award amounts based upon the respective performance share agreements. Actual shares that will vest depend on the attainment of the performance-based criteria.

	Number of Shares	**Weighted Average Fair Value Per Share**	**Aggregate Intrinsic Value**
Outstanding at September 30, 2021	10,995	$ 11.59	$ 84,839
Granted	1,106,250	14.68	13,684,313
Vested	(77,885)	20.15	1,569,280
Forfeited	(40,759)	20.48	458,729
Outstanding at March 31, 2022	998,601	$ 14.15	$ 12,352,694

During the six months ended March 31, 2022, the Company granted 1,106,250 RSUs, which comprised of 90,000 that are service period based, 146,250 that are performance condition based, and 870,000 that are market condition based awards. The market condition based RSUs consist of 60,000 units that are perpetual in nature, and therefore, are given a derived service period of 5 years. The remaining 810,000 RSUs have a stated service period of 1 year. The fair value of the market based RSUs are determined using the Monte Carlo simulation and is in the following range: $11.03 - $17.89 per unit. The risk free rate, volatility, expected term, and cost of equity of these market based RSUs are as follows: 0.14-1.26%, 111.37-172.18%, 1-5 years, and 20.00-21.00%.

As of March 31, 2022, the Company had $7,755,679 in unrecognized compensation costs related to RSU awards that it expects to recognize over a weighted average period of 0.75 years.

12.COMMITMENTS AND CONTINGENCIES

Purchase of bitcoin mining equipment

The Company has cancellable purchase commitments totaling approximately $87,300,000 related to purchase of miners and approximately $10,600,000 related to purchase of mining operations related equipment and construction projects as of March 31, 2022, and the Company has paid approximately $73,700,000 towards these commitments as of the end of this period. As of March 31, 2022, the remaining commitment for future payments was approximately $24,200,000.

Future hosting agreements

On March 29, 2022, the Company entered into a Hosting Agreement (the "Lancium Agreement") with Lancium LLC ("Lancium"). Pursuant to the Lancium Agreement, Lancium has agreed to host, power and provide maintenance and other related services to the Company's cryptocurrency mining equipment to be placed at Lancium facilities. Pursuant to the Agreement, Lancium will provide 200 megawatts in support of Company's mining equipment. In addition, for a period of two and a half years following the operations commencement date under the Agreement, the Company will have an option to increase the power capacity supplied to the Company up to 500 MW or 40% of the aggregate capacity of all facilities owned and operated by Lancium, whichever is lesser. As consideration for the Services, the Company shall pay Lancium a power charge fee based on kilowatt hours consumed by the Company's equipment and a hosting fee based on power consumed, subject to service level adjustments and credits, if any.

The Agreement further provides that through December 31, 2023, Lancium, subject to certain limited exceptions, will not enter into any all-in fixed price agreements with other customers with the same or less power draw as the Company that contains more favorable terms for the fixed all-in price than those in the Lancium Agreement, unless the Company is provided with the same lower fixed price under the Lancium Agreement. The Agreement has an initial term of five years from the operations commencement date (unless terminated earlier in accordance with the terms of the Agreement), after which it will renew automatically for two-year periods unless either party provides notice of non-renewal at least ninety days prior to the expiration of the term or renewal term, as applicable. As of March 31, 2022, the Company did not have any contractual future payment obligations under the terms of the Agreement.

Contractual future payments

The following table sets forth certain information concerning our obligations to make contractual future payments towards our agreements as of March 31, 2022:

	2022	2023	2024	2025	2026	Thereafter	Total
Recorded contractual obligations:							
Operating lease obligations	$ 159,125	$ 324,949	$ 333,234	$ 341,767	$ 299,039	$ 37,301	$ 1,495,415
Finance Lease obligations	198,047	295,541	131,164	11,092	-	-	635,844
Mining equipment	20,396,770	-	-	-	-	-	20,396,770
Mining operations related equipment	3,774,435	-	-	-	-	-	3,774,435
Total	$ 24,528,377	$ 620,490	$ 464,398	$ 352,859	$ 299,039	$ 37,301	$ 26,302,464

Contingent consideration

GridFabric

On August 31, 2020, the Company acquired GridFabric, LLC. Pursuant to the terms of the purchase agreement, additional shares of the Company's common stock valued at up to $750,000 were issuable if GridFabric achieves certain revenue and product release milestones. On September 30, 2021, the contingent consideration was re-measured to $500,000.

On November 23, 2021, the Company settled all contingent consideration due to GridFabric resulting in a payment of 8,404 shares of common stock valued at $150,000.

Solar Watt Solutions

On February 24, 2021, the Company acquired Solar Watt Solutions, Inc. Pursuant to the terms of the purchase agreement, additional cash consideration of up to $2,500,000 (fair valued at $155,000 at acquisition date) in cash held back by the Company and only payable pro rata to Sellers upon meeting certain future milestones and subject to satisfaction of any amounts owing from SWS to the Company resulting from damages required to be indemnified under the SWS Merger Agreement. The contingent cash consideration was re-measured to $615,249 at December 31, 2021.

On January 31, 2022, the Company settled all contingent consideration due to the SWS sellers, resulting in a payment of $625,000, 77,500 shares of common stock released out of escrow to the SWS sellers, and SWS sellers releasing 232,518 shares of common stock back the Company.

Legal contingencies

From time to time we may be subject to litigation arising in the ordinary course of business. The Company accrues a liability when a loss is considered probable and the amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, the Company does not record a liability, but instead discloses the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Legal fees are expensed as incurred. Based on the opinion of legal counsel and other factors, management believes that the final disposition of these existing matters will not have a material adverse effect on the business, results of operations, financial condition, or cash flows of the Company. The Company has identified certain claims as a result of which a loss may be incurred, but in the aggregate the loss is expected to be insignificant. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. Actual outcomes of these legal and regulatory proceedings may materially differ from our current estimates. For other claims regarding proceedings that are in an initial phase, the Company is unable to estimate the range of possible loss, if any, but at this time believes that any loss related to such claims will not be material. Risks associated with legal liability are difficult to assess and quantify, and their existence and magnitude can remain unknown for significant periods of time. We maintain liability insurance to reduce such risk exposure to the Company. Despite the measures taken, such policies may not cover future litigation, or the damages claimed may exceed our coverage which could result in contingent liabilities.

Bishins v. CleanSpark, Inc. et al.

On January 20, 2021, Scott Bishins ("Bishins"), individually, and on behalf of all others similarly situated (together, the "Class"), filed a class action complaint (the "Class Complaint") in the United States District Court for the Southern District of New York against the Company, its Chief Executive Officer, Zachary Bradford ("Bradford"), and its Chief Financial Officer, Lori Love ("Love") (such action, the "Class Action"). The Class Complaint alleged that, between December 31, 2020 and January 14, 2021, the Company, Bradford, and Love "failed to disclose to investors: (1) that the Company had overstated its customer and contract figures; (2) that several of the Company's recent acquisitions involved undisclosed related party transactions; and (3) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis." The Class Complaint sought: (a) certification of the Class, (b) an award of compensatory damages to the Class, and (c) an award of reasonable costs and expenses incurred by the Class in the litigation.

On December 2, 2021, the Court appointed Darshan Hasthantra as lead Plaintiff (together, with Bishins, the "Plaintiffs"), and Glancy, Prongay and Murray LLP as class counsel.

Hasthantra filed an Amended Complaint on February 28, 2022 (the "Amended Class Complaint"). In the Amended Class Complaint, Love is no longer a defendant and S. Matthew Schultz ("Schultz") has been added as a defendant (the Company, Bradford and Schultz, collectively, the "Defendants"). The Amended Class Complaint alleges that, between December 10, 2020 and August 16, 2021 (the "Class Period"), Defendants made material misstatements and omissions regarding the Company's acquisition of ATL Data Centers, Inc. ("ATL") and its anticipated expansion of bitcoin mining operations. In particular, Plaintiffs allege that Defendants: (1) were misleading in their various public announcements related to the timeline for expanding ATL's mining capacity; and (2) failed to disclose other material conditions purportedly related to the Company's acquisition of ATL, including that an ATL predecessor had filed for bankruptcy about six months prior to the acquisition, that another bitcoin miner had declined to acquire ATL, and that a related party had performed an audit of ATL for the Company. The Amended Class Complaint seeks: (a) certification of the Class, (b) an award of compensatory damages to the Class, and (c) an award of reasonable costs and expenses incurred by the Class in the litigation.

To date, no class has been certified in the Class Action.

The Company filed its Motion to Dismiss on April 28, 2022. The Motion to Dismiss seeks dismissal of all claims asserted in the Amended Class Complaint with prejudice and without leave to amend on the grounds that Plaintiffs fail to state a claim upon which relief can be granted under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 promulgated thereunder. Plaintiffs' opposition is due on June 27, 2022, and Defendants' reply in further support of their Motion to Dismiss is due on August 11, 2022.

Although the ultimate outcome of the Class Action cannot be determined with certainty, the Company stands behind all of its prior statements and disclosures and believes that the claims raised in the Amended Class Complaint and the Class Complaint are entirely without merit. The Company intends to both defend itself vigorously against these claims and to vigorously prosecute any counterclaims.

Notwithstanding Plaintiffs' allegations' lack of merit, however, the Class Action may distract the Company and cost the Company's management time, effort and expense to defend against the claims made in the Amended Class Complaint. Notwithstanding the Company's belief that the Company and its management have complied with all of their obligations under applicable securities regulations, no assurance can be given as to the outcome of the Class Action, and in the event the Company does not prevail in such action, the Company, its business, financial condition and results of operations could be materially and adversely affected.

Ciceri, derivatively on behalf of CleanSpark, Inc., v. Bradford, Love, Schultz, Beynon, McNeill, and Wood (consolidated with Perna, derivatively on behalf of CleanSpark, Inc., v. Bradford, Love, Schultz, Beynon, McNeill, and Wood)

On May 26, 2021, Andrea Ciceri ("Ciceri"), derivatively on behalf of CleanSpark, Inc., filed a verified shareholder derivative action (the "Ciceri Derivative Action") in the United States District Court in the District of Nevada against Chief Executive Officer, Zachary Bradford ("Bradford"), Chief Financial Officer, Lori Love ("Love") and Directors Matthew Schultz, Roger Beynon, Larry McNeill and Tom Wood (Bradford, Love and Directors collectively referred to as "Ciceri Derivative Defendants.") On June 22, 2021, Mark Perna ("Perna") (Ciceri, Perna, and Ciceri Derivative Defendants collectively referred to as the "Parties") filed a verified shareholder derivative action (the "Perna Derivative Action") in the same Court against the same Ciceri Derivative Defendants, making substantially similar allegations. On June 29, 2021, the Court consolidated the Ciceri Derivative Action with the Perna Derivative Action in accordance with a stipulation among the parties (the consolidated case referred to as the "Derivative Action"). The Derivative Action alleges that Ciceri Derivative Defendants: (1) made materially false and misleading public statements about the Company's business and prospects; (2) did not maintain adequate internal controls; and (3) did not disclose several related party transactions benefitting insiders, questionable uses of corporate assets, and excessive compensation. The claims asserted against all Ciceri Derivative Defendants include breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets. A claim for contribution under Sections 10(b) and 21D of the Securities and Exchange Act is asserted against only Bradford and Love. The Derivative Action seeks declaratory relief, monetary damages, and imposition of adequate corporate governance and internal controls. Plaintiffs were given the opportunity to submit an Amended Complaint by November 25, 2021, but elected not to. In January 2022, the Parties agreed to stay the entirety of the case pending the outcome of the Motion to Dismiss in the Class Action. Any of the Parties may also terminate the stay on 20 days' notice.

Although the ultimate outcome of the Derivative Action cannot be determined with certainty, the Company stands behind all of its prior statements and disclosures, and believes that the claims raised in that case are entirely without merit. The Company intends to both defend itself vigorously against these claims and to vigorously prosecute any counterclaims.

Notwithstanding the Derivative Action's lack of merit, however, it may distract the Company and cost the Company's management time, effort and expense to defend against the claims. Notwithstanding the Company's belief that the Company and its management have complied with all of their obligations under applicable securities regulations, no assurance can be given as to the outcome of the Derivative Action, and in the event the Company does not prevail in such action, the Company, its business, financial condition and results of operations could be materially and adversely affected.

Solar Watt Solutions, Inc., v. Pathion, Inc.

On January 6, 2022, Solar Watt Solutions, Inc., ("SWS") filed suit in the Superior Court of the State of California in the County of Santa Clara against Pathion, Inc., ("Pathion") for breach of contract, conversion, unjust enrichment and negligent misrepresentation. Prior to its acquisition by the Company, SWS paid Pathion $418,606 for solar batteries and related equipment for delivery in August 2019, later amended to November 2019. Pathion never delivered any of the items purchased by SWS. Pathion's breach resulted in SWS being unable to complete a separate contract and cost the end-user client over $15,000 per month in electricity costs. SWS is seeking an award of compensatory damages totaling over $500,000. Pathion filed an answer on or around February 16, 2022, generally denying the claims asserted by SWS. A case management conference is scheduled for May 31, 2022, and discovery has commenced.

13.MAJOR CUSTOMERS AND VENDORS

Digital Currency Mining Segment

For the three months ended March 31, 2022 and 2021, the digital currency mining business had the following customers that represented more than 10% of revenue. For these purposes customers are defined as the Company's mining pool operators.

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Mining Pool Operator A	99.99%	—
Mining Pool Operator B	0.01%	100.00%

For the six months ended March 31, 2022 and 2021, the digital currency mining business had the following customers that represented more than 10% of revenue. For these purposes customers are defined as the Company's mining pool operators.

	Six Months Ended	
	March 31, 2022	**March 31, 2021**
Mining Pool Operator A	99.95%	—
Mining Pool Operator B	0.05%	100.00%

For the three months ended March 31, 2022 and 2021, the Company had the following significant suppliers of mining equipment.

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Vendor A	90.85%	—
Vendor B	—	57.94%
Vendor C	—	23.69%
Vendor D	—	18.37%

For the six months ended March 31, 2022 and 2021, the Company had the following significant suppliers of mining equipment.

	Six Months Ended	
	March 31, 2022	**March 31, 2021**
Vendor A	71.70%	—
Vendor B	24.03%	—
Vendor C	—	46.77%
Vendor D	—	27.49%
Vendor E	—	14.91%

Energy Segment

For the three months ended March 31, 2022 and 2021, the energy business had the following customers that represented more than 10% of revenue.

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Customer A	37.39%	39.06%
Customer B	—	12.47%
Customer C	—	10.17%

For the six months ended March 31, 2022 and 2021, the energy business had the following customers that represented more than 10% of revenue.

	Six Months Ended	
	March 31, 2022	**March 31, 2021**
Customer A	30.01%	56.00%
Customer B	—	12.25%

For the three months ended March 31, 2022 and 2021, the Company had the following suppliers that represented more than 10% of direct material costs.

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Vendor A	20.23%	22.24%
Vendor B	17.82%	—
Vendor C	12.06%	—
Vendor D	—	23.90%

For the six months ended March 31, 2022 and 2021, the Company had the following suppliers that represented more than 10% of direct material costs.

	Six Months Ended	
	March 31, 2022	**March 31, 2021**
Vendor A	38.87%	—
Vendor B	11.76%	—
Vendor C	—	15.62%
Vendor D	—	14.54%
Vendor E	—	12.91%

14.SEGMENT REPORTING

We disclose segment information that is consistent with the way in which management operates and views the business. Our operating structure contains two reportable segments: Digital Currency and Energy. The Company measures the results of its segments using, among other measures, each segment's sales and operating income, which includes certain corporate overhead allocations.

Digital Currency: This segment consists of operations related to Bitcoin mining. The Company provides computing power through ATL Data Centers LLC and CleanBlok Inc. to the mining pools. This segment also includes operation related to maintenance of real property holdings for company purposes through CSRE properties Norcross LLC and CSRE properties LLC. This segment revenue represents fractional share of the fixed cryptocurrency award received from the mining pool operator in exchange of computing power.

Energy: This segment provides services, equipment, and software to the energy industry. This segment includes revenue from providing engineering and construction services, selling equipment such as residential battery, residential solar, commercial solar and non-customized equipment and providing access to its energy software offerings and software license sales and support services.

Other Revenue and Eliminations: This includes revenue from providing design, software development, and other technology-based consulting services through p2k Labs and data center services through ATL Data Center. Corporate items and eliminations consist of corporate overhead and other items not allocated to any of the Company's segments as in the table below. Intersegment transactions, which were at market price, are included in the “Other revenue and eliminations” and “Corporate items and eliminations” in the table below.

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Revenue		
Energy	$ 4,585,971	$ 1,313,530
Digital Currency Mining	36,965,739	6,715,792
Total segment revenues	41,551,710	8,029,322
Other revenue and eliminations	86,282	90,366
Consolidated Revenues	41,637,992	8,119,688
Profit		
Energy	945,534	292,023
Digital Currency Mining	28,476,493	6,251,287
Total segment profit	29,422,027	6,543,310
Corporate items and eliminations (including depreciation and amortization)	(29,592,762)	856,730
Net income/(loss)	$ (170,735)	$ 7,400,040

	Six Months Ended	
	March 31, 2022	**March 31, 2021**
Revenue		
Energy	$ 8,556,181	$ 2,827,233
Digital Currency Mining	73,940,317	7,449,202
Total segment revenues	82,496,498	10,276,435
Other revenue and eliminations	383,463	100,824
Consolidated Revenues	82,879,961	10,377,259
Profit		
Energy	1,931,774	389,853
Digital Currency Mining	59,809,483	7,107,416
Total segment profit	61,741,257	7,497,269
Corporate items and eliminations (including depreciation and amortization)	(47,426,237)	(7,264,759)
Net income	$ 14,315,020	$ 232,510

For details on major customers of Digital currency and Energy segment, see Note 13.

A summary of segment assets is as follows:

	March 31, 2022	September 30, 2021
Digital Currency Mining	$ 375,183,757	$ 270,995,942
Energy	25,267,292	17,507,314
Other and Corporate assets	24,346,255	28,969,865
Total	$ 424,797,304	$ 317,473,121

The Company operates its business only in the United States.

Total additions in long-lived assets for the three months and six months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Digital Currency	**Energy**	**Corporate**	**Digital Currency**	**Energy**	**Corporate**
Property and Equipment	97,273,057	13,939	78,393	9,001,813	70,688	1,945
Intangibles	-	-	15,000	-	190,000	-
Total	**97,273,057**	**13,939**	**93,393**	**9,001,813**	**260,688**	**1,945**

	Six Months Ended March 31, 2022			Six Months Ended March 31, 2021		
	Digital Currency	**Energy**	**Corporate**	**Digital Currency**	**Energy**	**Corporate**
Property and Equipment	168,566,562	29,993	148,202	10,259,396	83,554	8,160
Intangibles	-	-	15,000	-	190,000	-
Total	**168,566,562**	**29,993**	**163,202**	**10,259,396**	**273,554**	**8,160**

15.SUBSEQUENT EVENTS

On April 22, 2022, the Company entered into a Master Equipment Financing Agreement with Trinity Capital Inc., as the Lender (the “Financing Agreement”). The Financing Agreement provides for up to $35 million of borrowings to finance the Company’s acquisition of blockchain computing equipment. The Company received a loan of $20 million at closing, with the remaining $15 million fundable upon the Company's request, if requested no later than December

31, 2022, subject to certain customary conditions. The loan draws have a term of 36 months from issuance with a monthly rate factor of at least 0.032198 payable monthly on the total cost of the equipment purchased with such borrowing. The Financing Agreement contains standard financial reporting requirements and certain other affirmative obligations, failure of which to comply with could result in an event of default under the Financing Agreement. In such an event, the Lender could exercise certain remedies including, but not limited to, declaring that all amounts outstanding under the Financing Agreement, together with accrued interest, be declared immediately due and payable. The Company received funding of $20 million at close, which included closing costs of $701,624 and security deposit of $643,960.

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

The following discussion and analysis of our financial condition and results of operations should be read together with the interim condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2021 ("Form 10-K"). This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Part II, Item 1A "Risk Factors" or in other parts of this Quarterly Report on Form 10-Q, as well as those identified in the "Risk Factors" section of our Form 10-K. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. See "Forward-Looking Statements."

Company Overview

CleanSpark, Inc. is a leading bitcoin mining and diversified energy company incorporated in Nevada, whose common stock is listed on the Nasdaq Capital Market. We sustainably mine bitcoin; we also provide advanced energy technology solutions to commercial and residential customers to solve modern energy challenges. The Company, through itself and its wholly owned subsidiaries, has operated in the digital currency mining sector since December 2020, and in the alternative energy sector since March 2014.

We are currently working with industry leaders and other advisors in developing a long-term sustainability and clean energy plan. As part of this plan, we are using the available clean and renewable energy resources that we currently have reasonable access to at our bitcoin mining locations in order to further support our sustainability efforts.

Lines of Business

Digital Currency Mining Segment

Through our wholly owned subsidiaries, ATL Data Centers LLC ("ATL") and CleanBlok, Inc. ("CleanBlok"), we mine bitcoin. We entered the bitcoin mining industry through our acquisition of ATL in December 2020. We acquired a second data center in August 2021 and have had a co-location agreement with New York-based Coinmint in place since July 2021. In March 2022, we entered into a colocation agreement with Lancium LLC pursuant to which we have access to up to 500 MWs of power. Bitcoin mining has now become our principal revenue generating business activity, and consistent with our current business strategy, we intend to explore and opportunistically continue to acquire additional facilities, equipment and infrastructure capacity as well as evaluate other colocation opportunities, with the intention of expanding our bitcoin mining operations.

Bitcoin was introduced in 2008 with the goal of serving as a digital means of exchanging and storing value. Bitcoin is a form of digital currency that depends upon a consensus-based network and a public ledger called a "blockchain," which contains a record of every bitcoin transaction ever processed. The bitcoin network is the first decentralized peer-to-peer payment network, powered by users participating in the consensus protocol, with no central authority or middlemen, that has wide network participation. The authenticity of each bitcoin transaction is protected through digital signatures that correspond with addresses of users that send and receive bitcoin. Users have full control over remitting bitcoin from their own sending addresses. All transactions on the bitcoin blockchain are transparent, allowing those running the appropriate software to confirm the validity of each transaction. To be recorded on the blockchain, each bitcoin transaction is validated through a proof-of-work consensus method, which entails solving complex mathematical problems to validate transactions and post them on the blockchain. This process is called mining. Miners are rewarded with bitcoins, both in the form of newly-created bitcoins and fees in bitcoin, for successfully solving the mathematical problems and providing computing power to the network.

Factors such as access to computer processing capacity, interconnectivity, electricity cost, environmental factors (such as cooling capacity) and geographic location play important roles in mining. As of the date of this filing, our mining units are currently capable of producing over 2.4 exahash per second ("EH/s"). In cryptocurrency mining, "hash rate" is a measure of the processing capacity and speed by which a mining computer mines and processes transactions on the bitcoin network. Our activities in this area are complemented by our energy background and planning is underway to deploy certain energy technologies from our portfolio to advance our bitcoin mining business, with the goal of maximizing energy savings, increasing total power capacity, providing resilient electricity, and reducing greenhouse gas emissions. We are expanding our bitcoin mining business with the goal of reaching 4.0 to 5.0 EH/s in hash rate capacity at or near the end of December 31, 2022. We expect to exceed 3 EH/s in capacity at or near the end of September 30, 2022. Hash rate capacity is one of the most important metrics for evaluating bitcoin mining companies.

We obtain bitcoin as a result of our mining operations; while we retain a portion of the bitcoin we mine, we have sold, and intend to sell bitcoin from time to time, to support our operations and strategic growth. We do not currently plan to engage in regular trading of bitcoin (other than as necessary to convert our bitcoin to U.S. dollars). We do expect in the near future to engage in hedging and yield generating activities related to our holding of bitcoin; however, our decisions to hold or sell bitcoin at any given time may be impacted by the bitcoin market, which has been historically characterized by significant volatility. Currently, we do not use a formula or specific methodology to determine whether or when we will sell bitcoin that we hold, or the number of bitcoins we will sell. Rather, decisions to hold or sell bitcoins are currently determined by analyzing forecasts, our operating needs and monitoring the market in real time.

Through our wholly-owned subsidiaries, CSRE Properties, LLC, CSRE Property Management Company LLC, and CSRE Properties Norcross, LLC, we maintain real property holdings for ATL and CleanBlok.

Energy Segment

We provide energy solutions through our wholly-owned subsidiaries CleanSpark, LLC, CleanSpark Critical Power Systems, Inc., GridFabric, LLC, and Solar Watt Solutions, Inc. These solutions consist of engineering, design and software solutions, custom hardware solutions, Open Automated Demand response ("OpenADR"), solar, energy storage for microgrid and distributed energy systems to military, commercial and residential customers in Southern California and globally.

Our solutions are supported by our proprietary suite of software platforms (collectively, the "Platforms") that include microgrid energy modeling, energy market communications and energy management solutions as summarized below:

- **mPulse and mVoult:** Patented, proprietary controls platforms that enable integration and optimization of multiple energy sources.
- **Canvas:** Middleware used by grid operators and aggregators to administrate load shifting programs.
- **Plaid:** Middleware used by controls and IoT (internet-of-things) product companies to participate in load shifting programs.
- **mVSO:** Energy modeling software for internal microgrid design .

The Platforms were developed to enable the designing, building, and operating of distributed energy systems and microgrids which efficiently manage energy assets. These strategies are generally targeted to achieve resiliency and economic optimization.

We also own patented gasification energy technologies. Our technology converts organic material into synthesis gas, which can be used as fuel for a variety of applications and as feedstock for the generation of DME (Di-Methyl Ether). As previously disclosed, we currently plan to continue to focus on our other offerings.

Because we view Bitcoin mining as our core focus, we are taking steps to strategically streamline and maximize our capital, as part of this process we are evaluating strategic opportunities and alternative to best utilize this segment.

Other business activities

Through ATL, we also provide traditional data center services, such as providing customers with rack space, power and equipment, and offer several cloud services including virtual services, virtual storage, and data backup services.

Results of operations for the three months ended March 31, 2022 and 2021

Revenues

Revenues increased to $41,637,992 during the three months ended March 31, 2022, as compared with $8,119,688 in revenues for the same period ended 2021 primarily due to increase in revenues from our digital currency mining segment.

For the three months ended March 31, 2022, our revenue was derived from digital currency mining, the sale of equipment, solar panels, batteries, design, engineering, energy services, and data center services. Income from our mining segment of $36,965,739 is a result of bitcoin mining activities in the United States. Income from our Energy segment of $4,585,971 is the result of contracts to sell switchgear equipment, perform engineering and design services, provide software for distributed energy and microgrid systems, and solar and battery installation services.

Costs and Expenses

We had costs and expenses of $38,305,184 for the three months ended March 31, 2022, as compared with $10,616,660 for the three months ended March 31, 2021.

Our cost of revenues was $12,127,120 for the three months ended March 31, 2022, as compared with cost of revenues of $1,537,683 for the three months ended March 31, 2021. Our cost of revenues during the three months ended March 31, 2022 was primarily the result of mining energy costs at owned facilities of $2,539,146, mining hosting and associated energy fees of $5,205,369, and energy hardware related cost of inventory of $2,949,422. Our cost of revenues during the three months ended March 31, 2021 was primarily the result of mining energy costs at owned facilities of $724,374, and energy hardware related cost of inventory of $543,330. The increase in cost of revenues between the comparative periods was mainly the result of revenue growth over the same period.

Professional fees decreased to $900,976 for the three months ended March 31, 2022 from $2,456,554 for the three months ended March 31, 2021. Our professional fees expenses for the three months ended March 31, 2022 consisted primarily of legal expenses of $583,742 and subcontractor expenses of $315,064. Our professional fees for the three months ended March 31, 2021 consisted primarily of legal fees of $1,608,671 and consulting expenses of $203,688.

Payroll expenses increased to $10,542,025 for the three months ended March 31, 2022 from $3,262,097 for the three months ended March 31, 2021. Our payroll expenses for the three months ended March 31, 2022 consisted primarily of salary and wages expense of $2,608,458, and employee and officer stock-based compensation of $6,509,964. Our payroll expenses for the three months ended March 31, 2021 consisted primarily of salary and wages expenses of $1,781,039 and employee and officer stock-based compensation of $834,014.

General and administrative expenses increased to $3,182,946 for the three months ended March 31, 2022 from $1,243,154 for the three months ended March 31, 2021. Our general and administrative expenses for the three months ended March 31, 2022 consisted primarily of insurance expenses of $970,965, marketing expenses of $697,374, dues and subscriptions expenses of $271,886, utilities expense of $165,117, and travel expenses of $197,944. Our general and administrative expenses for the three months ended March 31, 2021 consisted primarily of marketing expenses of $294,069, dues and subscriptions expenses of $233,307, bad debt expenses of $231,932, rent expenses of $226,843, and insurance expenses of $172,483.

Our gain on disposal of assets increased to $920,861 for the three months ended March 31, 2022 from $0 for the three months ended March 31, 2021. The gain on disposal is from the sale of miners and there were no such disposals for the three months ended March 31, 2021.

Impairment expenses recorded for the three months ended March 31, 2022 were $811,345, and $0 impairment expenses were recorded for the three months ended March 31, 2021. Impairment expense for the three months ended March 31, 2022 consisted of bitcoin impairment of $811,345.

Depreciation and amortization expense increased to $11,661,633 for the three months ended March 31, 2022, from $2,117,172 for the three months ended March 31, 2021.

Other income (expenses)

Other expense increased to $3,503,543 for the three months ended March 31, 2022 compared to other income of $9,897,012 for the three months ended March 31, 2021. Our other expenses for the three months ended March 31, 2022 consisted primarily of a realized loss on sales of digital currency of $2,733,882 and an unrealized loss on derivative security of $1,410,146. Our other income for the three months ended March 31, 2021 consisted primarily of a realized gain on sales of digital currency of $585,709 and an unrealized gain on derivative security of $8,400,629.

Net Income

We recorded a net loss of $170,735 for the three months ended March 31, 2022, as compared with a net income of $7,400,040 for the three months ended March 31, 2021. The decrease was due primarily to the increased losses from sale of digital currency and unrealized losses on derivative asset compared to a significant gain on the derivative asset in the prior period.

Results of operations for the six months ended March 31, 2022 and 2021

Revenues

Revenues increased to $82,879,961 during the six months ended March 31, 2022, as compared with $10,377,258 in revenues for the same period ended 2021 primarily due to increase in revenues from our digital currency mining segment.

For the six months ended March 31, 2022, our revenue was derived from digital currency mining, the sale of equipment, solar panels, batteries, design, engineering, and services, and data center services. Income from our mining segment of $73,940,317 is a result of bitcoin mining activities in the United States. Income from our Energy segment of $8,556,181 is the result of contracts to sell switchgear equipment, perform engineering design, provide software for distributed energy and microgrid systems, and provide solar and battery installation.

Costs and Expenses

We had costs and expenses of $75,390,160 for the six months ended March 31, 2022, as compared with $19,044,328 for the six months ended March 31, 2021.

Our cost of revenues was $20,925,046 for the six months ended March 31, 2022, as compared with cost of revenues of $2,879,197 for the six months ended March 31, 2021. Our cost of revenues during the six months ended March 31, 2022 was primarily the result of mining energy costs at owned facilities of $3,912,857, mining hosting and associated energy fees of $9,377,031, and energy hardware related cost of inventory of $5,587,847. Our cost of revenues during the six months ended March 31, 2021 was primarily the result of mining energy costs at owned facilities of $890,520, and energy hardware related cost of inventory of $1,556,295. The increase in cost of revenues between the comparative periods was mainly the result of revenue growth over the same period.

Professional fees increased to $4,218,795 for the six months ended March 31, 2022 from $4,169,277 for the six months ended March 31, 2021. Our professional fees expenses for the six months ended March 31, 2022 consisted primarily of accounting and tax expenses of $1,560,228, legal expenses of $868,318, and subcontractor expenses of $733,053.

Our professional fees for the six months ended March 31, 2021 consisted primarily of legal expenses of $2,840,232 and consulting expenses of $253,395.

Payroll expenses increased to $19,425,072 for the six months ended March 31, 2022 from $6,576,298 for the six months ended March 31, 2021. Our payroll expenses for the six months ended March 31, 2022 consisted primarily of salary and wages expenses of $5,092,739, and employee and officer stock-based compensation of $12,303,091. Our payroll expenses for the six months ended March 31, 2021 consisted primarily of salary and wages expenses of $3,118,279 and employee and officer stock-based compensation of $1,766,054.

General and administrative expenses increased to $5,071,046 for the six months ended March 31, 2022 from $2,193,293 for the six months ended March 31, 2021. Our general and administrative expenses for the six months ended March 31, 2022 consisted primarily of insurance expenses of $1,458,645, marketing expenses of $1,041,640, dues and subscriptions expenses of $534,330, utilities expenses of $361,242, and travel expenses of $348,465. Our general and administrative expenses for the six months ended March 31, 2021 consisted primarily of marketing expenses of $1,016,294, dues and subscription expenses of $405,600, rent expenses of $257,236, and insurance expenses of $244,641, and bad debt expenses of $231,932.

Our gain on disposal of assets increased to $642,691 for the six months ended March 31, 2022 from $0 for the six months ended March 31, 2021. The gain on disposal is from the sale of miners, offset by loss on disposal of miners, and there were no such disposals for the six months ended March 31, 2021.

Impairment expenses recorded for the six months ended March 31, 2022 were $7,033,691 and $0 impairment expenses were recorded for the six months ended March 31, 2021. Impairment expense for the six months ended March 31, 2022 consisted of bitcoin impairment of $811,345.

Depreciation and amortization expense increased to $19,359,201 for the six months ended March 31, 2022, from $3,226,263 for the six months ended March 31, 2021.

Other income (expenses)

Other income decreased to $6,825,219 for the six months ended March 31, 2022 compared to other income of $8,899,580 for the six months ended March 31, 2021. Our other income for the six months ended March 31, 2022 consisted primarily of a realized gain on sales of digital currency of $7,260,909 and an unrealized loss on derivative security of $1,111,297. Our other income for the six months ended March 31, 2021 consisted primarily of a realized gain on sales of digital currency of $635,627 and an unrealized gain on derivative security of $7,380,135.

Net Income

We recorded a net income of $14,315,020 for the six months ended March 31, 2022, as compared with a net income of $232,510 for the six months ended March 31, 2021. The increase was due primarily to the increased gains for sale of digital currency and unrealized gains on derivative securities.

Liquidity and Capital Resources

Our primary requirements for liquidity and capital are working capital, inventory management, capital expenditures, public company costs and general corporate needs. We expect these needs to continue as we further develop and grow our business. Our principal sources of liquidity have been and are expected to be our cash and cash equivalents and digital currency inventory.

As of March 31, 2022, we had total current assets of $41,956,064, consisting of cash and cash equivalents, accounts receivable, inventory, prepaid expenses and other current assets, digital currency, investment in equity security, investment in debt security and related derivative asset, and total assets in the amount of $424,797,304. Our total current liabilities and total liabilities as of March 31, 2022 were $22,577,517 and $23,849,400 respectively. We had working capital of $19,378,547 as of March 31, 2022. In addition, we have access to equity financing through our At-the-Market offering facility and debt financing through the lending arrangement we entered into in April 2022 (see Note 15 - Subsequent Events to our consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

We believe our cash and cash equivalents on hand, together with cash we expect to generate from future operations, will be sufficient to meet our working capital and capital expenditure requirements for a period of at least twelve months from the date of this Quarterly Report on Form 10-Q. We are likely to require additional capital to respond to technological advancements, competitive dynamics or technologies, customer demands, business opportunities, challenges, acquisitions or unforeseen circumstances and in either the short-term or long-term may determine to engage in equity or debt financings or enter into credit facilities for other reasons. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited. In particular, the widespread COVID-19 pandemic, including variants, has resulted in, and may continue to result in, significant disruption of global financial markets, reducing our ability to access capital. If we are unable to raise additional funds when or on the terms desired, our business, financial condition and results of operations could be adversely affected.

Material Cash Requirements

We are a party to many contractual obligations involving commitments to make payments to third parties. These obligations impact our short-term and long-term liquidity and capital resource needs. Certain contractual obligations are reflected on the consolidated balance sheet as of March 31, 2022, while others are considered future commitments. Our contractual obligations primarily consist of cancelable purchase commitments with various parties to purchase goods or services, primarily miners and equipment, entered into in the normal course of business and operating leases. For information regarding our other contractual obligations, refer to Note 12, Commitments and Contingencies on the Form 10-Q for the quarterly period ended March 31, 2022, and Note 15, Commitments and Contingencies included in our Annual Report on Form 10-K as filed with the SEC on December 14, 2021.

Operating Activities

Operating activities used $33,548,507 in cash for the six months ended March 31, 2022, as compared with using $11,686,460 in cash for the six months ended March 31, 2021. Our net income of $14,315,020 was the main component of our operating cash flow for the six months ended March 31, 2022, offset primarily by realized gain on digital currency of $7,260,909, increased by impairment of digital currency of $7,033,691, stock based compensation of $12,303,091, and unrealized loss on derivative asset of $1,111,297. Other components of our operating cash flow are the changes in operating assets and liabilities including increase in mining of digital currency of $73,940,317, increase in prepaid expenses and other current assets of $12,985,662, increase in accounts payable and accrued liabilities of $10,083,770, increase in accounts receivables of $3,963,323, and decrease in inventory of $1,495,321. Our net income of $232,510 was the main component of our negative operating cash flow for the six months ended March 31, 2021, increased primarily by stock based compensation of $5,199,658, and depreciation and amortization of $3,226,263, and decreased primarily by unrealized gain on derivative asset of $7,380,135. Other components of our operating cash flow are the changes in operating assets and liabilities including increase in production of digital currency of $7,449,202, increase in accounts payable and accrued liabilities of $2,890,270, and increase in prepaid expenses and other current assets of $1,130,741.

Investing Activities

Investing activities used $50,679,613 during the six months ended March 31, 2022, as compared with $55,909,101 for the six month period ended March 31, 2021. Our sale of digital currencies of $80,430,113, sale of miners of $3,497,654, payments on miner deposits of $105,077,053 and purchase of fixed assets of $28,914,917 were the main components of our investing cash flow for the six months ended March 31, 2022. Our sale of digital currencies of

$2,422,282, payments on miner deposits of $45,488,258, purchase of fixed assets of $9,058,011, investment in infrastructure development of $2,830,560, and acquisition of Solar Watt Solutions of $1,000,337 were the main components of our investing cash flow for the six months ended March 31, 2021.

Financing Activities

Cash flows generated from financing activities during the six months ended March 31, 2022 amounted to $68,100,740, when compared to $221,743,901 for the six months ended March 31, 2021. Our cash flows from financing activities for the six months ended March 31, 2022 consisted primarily of proceeds from underwritten offering of $67,988,993. Our cash flows from financing activities for the six months ended March 31, 2021 consisted primarily of proceeds from underwritten offering of $224,262,818, exercise of options and warrants of $3,346,559, and offset by payments on promissory notes of $5,865,476.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses. We evaluate our estimates and assumptions on an ongoing basis, and base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for the judgments we make about the carrying value of assets and liabilities that are not readily apparent from other sources. Because these estimates can vary depending on the situation, actual results may differ from these estimates. Making estimates and judgments about future events is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material impact on our results of operations, financial position and statement of cash flows.

There have been no material changes to our critical accounting policies and estimates as compared to those disclosed in our Form 10-K. For a description of our critical accounting policies and estimates, see Part I, Item 1, Note 2, "Summary of Significant Accounting Policies" in our notes to the consolidated financial statements in this Quarterly Report.

Recent Accounting Pronouncements

Please refer to Note 2 in our unaudited condensed consolidated financial statements contained elsewhere in this Quarterly Report on Form 10-Q for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the date of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to several market risks in its normal business activities. The types of market risks the Company is exposed to are the market price of bitcoin, banking, costs of mining, and liquidity risk. We do not believe that inflation has had a material effect on our business, financial condition or results of operations. Because our assets are primarily short-term and liquid in nature, they are generally not significantly impacted by inflation. The rate of inflation does, however, affect our expenses, including employee compensation, communications and information processing and office leasing costs, which may not be readily recoverable from our customers. To the extent inflation results in rising interest rates and has adverse impacts upon securities markets, it may adversely affect our results of operations and financial condition.

We continue to monitor rising inflationary pressures, including rising freight and import costs, in an attempt to minimize its effect through pricing strategies and cost reductions. If our costs become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, and operating results.

Market Price Risk of Bitcoin. We acquire bitcoin from our daily operations of mining and, as of March 31, 2022, we held approximately 431.67 bitcoins. The carrying value of our bitcoins as of March 31, 2022 was $17,045,640 on our Consolidated Balance Sheet. We account for our bitcoin as indefinite-lived intangible assets, which are subject to impairment losses if the fair value of our bitcoin decreases below their carrying value at any time since their acquisition. Impairment losses cannot be recovered for any subsequent increase in fair value. For example, the market price of one bitcoin in our principal market ranged from $35,079 - $68,205 during the six months ended March 31, 2022, but the carrying value of each bitcoin we held at the end of the reporting period reflects the lowest price of one bitcoin quoted on the active exchange at any time since its acquisition. Therefore, negative swings in the market price of bitcoin could have a material impact on our earnings and on the carrying value of our digital assets.

Banking Risk. A number of companies that engage in bitcoin and/or other cryptocurrency-related activities 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 cryptocurrencies may have had and may continue to have their existing bank accounts closed or services discontinued with financial institutions. To the extent that such events may happen to us, they could have a material adverse effect on our business, prospects or operations and potentially the value of any bitcoin or other cryptocurrencies we mine or otherwise acquire or hold for our own account.

Costs of Mining Risk. Mining operations are costly and our expenses may increase in the future. Increases in mining expenses may not be offset by corresponding increases in revenue. Our expenses may become greater than we anticipate, and our investments to make our business more cost-efficient may not succeed. Bitcoin mining operations are also subject to increased costs as a result of the periodically increasing mining difficulty rates. Increases in our costs without corresponding increases in our revenue would adversely affect our profitability and could seriously harm our business and an investment in us.

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, and results of operations.

Liquidity Risk. Liquidity risk arises from the general funding needs of the Company's activities and in the management of the Company's assets and liabilities.

Item 4. Controls and Procedures

Limitation on Effectiveness of Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our periodic and current reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information 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. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of March 31, 2022, our disclosure controls and procedures were not effective due to the material weaknesses in our internal control over financial reporting described below.

Material Weaknesses and Remediation Plan

We identified material weaknesses in our internal control over financial reporting. 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 our annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management assessment: (1) The Company did not adequately implement or properly maintain controls over its financial close and reporting process and its process over the recording of energy and other services revenue and (2) the Company did not adequately design and maintain effective general information technology controls over third-party information systems and applications that are relevant to the preparation of the Company's financial statements. Specifically:

- Financial Close and Reporting: Controls over financial statement reviews, specific to the appropriate reconciliation of certain balance sheet accounts, were not operating effectively.
    - Recording of Revenues for certain non-principal revenue generating subsidiaries: Controls over the recording and processing of revenue for certain non-principal revenue generating entities, specifically, p2kLabs, Inc, GridFabric, LLC and CleanSpark, LLC, lack the level of precision necessary to ensure the completeness and accuracy of revenue recorded.
- Information and Technology Controls: Certain individual control deficiencies related to information technology ("IT") general controls and report reviews aggregate into a material weakness, as follows:
    - Certain process-level and IT-dependent controls over user access to IT programs and applications, specifically utilized for hosting services and file storage, were not effective.
    - Controls relating to the evaluation of service organization controls reports were not performed over certain third-party service providers to cover the entire fiscal year.

Management has been implementing and continues to implement measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. To date, the remediation actions include the following:

- appointment of additional qualified staff;
- implementation of additional monitoring of controls to improve documentation of internal control procedures;
- expanding the management and governance over IT system controls; and
- implementation of enhanced process controls around internal user access management including provisioning, removal, and periodic review.

While these actions and planned actions are subject to ongoing management evaluation and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period, we are committed to continuous improvement and will continue to diligently review our internal control over financial reporting.

Changes in Internal Control over Financial Reporting

Other than remediation actions related to the material weaknesses in our internal controls described above, there has been no change in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are from time to time subject to various claims, lawsuits, and other legal and administrative proceedings arising in the ordinary course of business. See Note 12 - Commitments and Contingencies to our consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

Please carefully consider the information set forth in this Quarterly Report on Form 10-Q and the risk factors discussed in Part I, Item I A. of our Annual Report on Form 10-K for the year ended September 30, 2021, which could materially affect our business, financial condition or future results. In evaluating our business, you should carefully consider the risk factors discussed in our Annual Report on Form 10-K, as updated by our subsequent filings under the Exchange Act. The occurrence of any of the risks discussed in such filings, or other events that we do not currently anticipate or that we currently deem immaterial, could harm our business, prospects, financial condition and results of operations. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
3.1	First Amended and Restated Articles of Incorporation of CleanSpark, Inc., dated September 17, 2021	8-K	001-39187	3.1	9/17/2021	
3.2	First Amended and Restated Bylaws of CleanSpark, Inc., dated September 17, 2021	8-K	001-39187	3.2	9/17/2021	
4.1	Form of Senior Secured Redeemable Convertible Debenture, dated December 31, 2018 issued to the Investor	8-K	000-53498	4.1	12/31/2018	
4.2	Form of Common Stock Purchase Warrant, dated December 31, 2018, issued to the Investor	8-K	000-53498	4.2	12/31/2018	
4.3	Form of Senior Secured Redeemable Convertible Promissory Note, dated April 17, 2019, issued to the Investor	8-K	000-53498	4.1	4/18/2019	
4.4	Form of Common Stock Purchase Warrant, dated December 31, 2018, issued to the Investor	8-K	000-53498	4,2	4/18/2019	
10.1	Master Equipment Financing Agreement by and between CleanSpark, Inc. and Trinity Capital Inc. dated as of April 22, 2022	8-K	001-39187	10.1	4/26/2022	
10.2	Form of Equipment Financing Schedule by and between CleanSpark, Inc. and Trinity Capital Inc.	8-K	001-39187	10.2	4/26/2022	
10.3	Hosting Agreement by and between CleanSpark, Inc. and Lancium LLC, dated as of March 29, 2022					*, +
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350					**

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 Document
101 CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101 DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101 LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101 PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

\+ Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K. The Company will provide an unredacted copy of this agreement, on a supplemental basis, to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 10, 2022	By: *<u>/s/ Zachary K. Bradford</u>* Zachary K. Bradford Title: Chief Executive Officer (Principal Executive Officer)
Date: May 10, 2022	By: *<u>/s/Gary A. Vecchiarelli</u>* Gary A. Vecchiarelli Title: Chief Financial Officer (Principal Financial and Accounting Officer)

CERTAIN INFORMATION IN THIS EXHIBIT HAS BEEN OMITTED PURSUANT TO ITEM 601(B)(10)(IV) OF REGULATION S-K BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE THAT CLEANSPARK, INC. TREATS AS PRIVATE OR CONFIDENTIAL. SUCH INFORMATION IS MARKED IN THE EXHIBIT AS [*****].

FINAL

Hosting Agreement

This Hosting Agreement (this "**Agreement**") is made as of **March 29, 2022** (the "**Effective Date**") between **Lancium LLC**, a Delaware limited liability company having its principal office at 9950 Woodloch Forest Drive, Suite 1700, The Woodlands, Texas 77380 ("**Provider**"), and **CleanSpark, Inc.**, and its affiliates and wholly-owned subsidiaries, a Nevada corporation having its principal office at 2370 Corporate Circle, Henderson, NV 89074 ("**Customer**" or "**CleanSpark**"). Provider and Customer are hereinafter together referred to as the "**Parties**" and each as a "**Party**."

WHEREAS, Provider owns and operates or is in the process of developing a hosting data center facility, the primary business purposes of which is to make the facilities (e.g., power, cooling, and Internet connectivity) necessary to support high volumes of cryptocurrency mining devices available to customers that have and are seeking a location to store and operate such devices;

WHEREAS, Customer currently owns dedicated Bitcoin mining devices, and desires to install such devices in a facility at which Provider may manage and operate such devices;

WHEREAS, Provider is willing to provide such hosting services to Customer, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises in this Agreement, the Parties agree as follows:

1.Key Terms

1.1.The table below sets forth a summary of the principal terms of the hosting arrangement under this Agreement (the "**Key Terms**"). Each of the terms in the leftmost column of this table will have the meaning set forth in the respective row(s) in the column(s) to the right.

Initial Term Length	Five (5) years	
Facility:	Lancium – Abilene	
Customer Equipment	(To be specified in writing by Customer and document here)	
	Unit type:	_S19 equivalent or newer_______
	Number of units:	TBD__________________
	Hash rate per unit:*	90+__________________ TH/s
	Power usage per unit*:	40W/TH or better____________ W/TH
	Hardware Unit	
	Unit type:	S19 equivalent or newer__________________
	Number of units:	TBD__________________
	Hash rate per unit:	90+__________________ TH/s
	Power usage per unit:	40W/TH or better_________ W/TH
Power Draw	200 MW	
Hosting Fees	As defined in Section 6.1 of this Agreement	
Provider Account	___________________________________	
Customer Account	___________________________________	
Customer Representative	Name: Zach Bradford Title: CEO E-mail: [●] Telephone: [●]	

*The "hash rate per unit" and "power usage per unit" values (i) are estimates included for reference purposes only, (ii) do not constitute a service level, guarantee, or other obligation of Provider, (iii) may vary significantly from time to time and from the estimated values, and (iv) have no impact on pricing or amounts owed under the Agreement.

2.Definitions

2.1.<u>Defined Terms</u>

The terms listed below, when used in this Agreement, shall have the following meaning:

"**Applicable Law**" means in relation to any Person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, directives, decisions and orders of all federal, state, territorial, municipal and local Governmental Authorities (whether administrative, legislative, executive, or otherwise), including judgments, orders and decrees of all courts, commissions or bodies exercising similar functions in actions or proceedings in which the Person in question is a party, by which it is bound or having application to the transaction or event in question, any securities laws, Power Regulations, regulatory approvals, ISO or RTO rules, protocols, regulations, any Nodal Protocol Rule Revisions (NPRRs), the Tariffs or any other trade regulations, interconnection standards and industry reliability standards or requirements, adopted, applied, or imposed by a Governmental Authority as well as any interpretation or determination of any of the foregoing made by a Governmental Authority.

"**AUP**" or "**Acceptable Usage Policy**" means Provider's acceptable use policy set forth in Exhibit A hereto, as updated from time to time.

"**Bitcoin:"** to the extent a dollar value for Bitcoin must be determined, the Parties shall refer to the published Chicago Mercantile Exchange Bitcoin Reference Rate, that is updated daily at 10:01 am CT.

"**Building Unit**" means each separate building within the Facility.

"**Business Day**" means a day which is not a Saturday, Sunday or a public holiday in Texas.

"**Compensated Forced Outage**" means a Forced Outage which relates to an Energy Emergency Alert (EEA) Level 3 event as declared by ERCOT, and for which Provider receives payment from the ERCOT Ancillary Services Market in conjunction with complying under such Forced Outage.

"**Confidential Information**" means any and all information whether in written or any other form which has been or may be disclosed in the course of the discussions leading up to the entering into or performance of this Agreement or throughout the Term and which is identified as confidential or is clearly by its nature confidential including information relating to this Agreement or the Services, data used or generated in the provision of the Services, or any of Customer's products, operations, processes, plans or intentions, know-how, trade secrets, market opportunities, customers and business affairs.

"**Connection**" means the connection between Customer Equipment and the internet.

"**Contract Year**" means a twelve (12) month period during the Term beginning at 12:01 a.m. on January 1 and ending at 11:59 p.m. on December 31; provided however, that the first Contract Year shall begin on the date of this Agreement (or, if later, the Operations Commencement Date) and shall end at 11:59 p.m. on December 31 of such year, and the final Contract Year shall commence at 12:01 a.m. on January 1 of such year and end of the last day of the Term or upon any earlier termination as provided herein.

"**Customer**" is defined in the preamble to this Agreement.

"**Customer Area**" means the part of the Facility that is designated for the installation of the Customer Equipment.

"**Customer Equipment**" means the hardware equipment (including required PSUs) that is provided by Customer and installed in the Customer Area, including all software and firmware on such equipment other than any software and firmware owned or licensed by Provider. Customer Equipment must meet minimum efficiency requirements approved by Provider.

"**Customer Representative**" means any director, officer, employee, agent, consultant, sub-contractor or other person identified by Customer as acting on Customer's behalf, including any auditors or regulators governing Customer's operations or business.

"**Data Center Rules**" means the then-current rules and procedures relating to physical access to the Facility.

"**Data Center Specifications**" is defined in Section 3.1.

"**Deinstallation Commencement Date**" is defined in Section 17.3.

"**Demand Response or Load Resource Participation Program**" means any scheme initiated by a power supplier, retail electric provider, power generator or other third party in the power market area managed by the Electric Reliability Council of Texas, under which power consumers receive a benefit in connection with any reduction of their power demand during times of peak power usage or energy scarcity events.

"**ERCOT**" means the Electric Reliability Council of Texas, Inc.

"**Event of Default**" is defined in Section 17.1.

"**Facility**" means the data center operated by Provider at the location specified in the table of Section 1.1 hereof.

"**Facility Owner**" means the owner of the Facility.

"**Force Majeure Event**" means any event beyond the reasonable control of a Party after all commercially reasonable efforts to mitigate have been exhausted, including, without limitation, war, civil war, armed conflict or acts of terrorism or a public enemy or other catastrophes, riot, civil commotion, unforeseeable severe weather (including tornado, hurricane, flooding and other similar occurrences), earthquake, lightning, fire, or other natural or environmental disaster, epidemic or pandemic (where an epidemic or pandemic has been declared at Provider's Facility by the Center for Disease Control or the World Health Organization), where such epidemic or pandemic causes a government-mandated shutdown of Provider or the Facility hosting the Customer Equipment, nuclear accident, acts of God, cyberattacks, including hacking or malicious attacks on networks or exchanges, failure of a part of the power grid or related substation or other power reductions not in Provider's control described in Section 4.2, failure of the Internet, failure or delay in the performance of Provider's third-party suppliers which could not have reasonably been avoided through mitigation efforts or advance preparation that are customary in the industry, and national or regional strikes, slowdowns, lockouts or other labor stoppages.

"**Forced Outage**" means any event where the Provider is prevented, in whole or in part, from providing the Services as a result or any of the following (other than, for certainty, as a result of a Force Majeure Event): (i) in response to any emergency at the Facility or as necessary to prevent an imminent emergency at the Facility (which for such purpose shall mean an emergency, or imminent emergency to human health or safety, the environment, or the engineering or structural integrity of the Customer Area or the Facility as a whole); (ii) for compliance with any Applicable Law, specifically applicable to the ownership or operation of the Facility; (iii) for compliance with a new or change in the Applicable Law coming into force after the date of this Agreement; (iv) any outages or curtailments arising at the direction of ERCOT or the Utility; (v) any other condition or requirement of an applicable TDSP or local systems that results in the Facility being removed from electric service; or (vi) any other Facility outages related to events similar to those described above.

"**Governmental Authority**" means any domestic or foreign, supra-national, national, state, county, municipal, local, territorial or other government, bureau, court, commission, board, authority, taxing authority, agency (public or otherwise), governmental entity or quasi-governmental entity (including any subdivision thereof), including ERCOT, TRE, NERC, PUCT, Utility, independent system operator or regional transmission operator, in each case anywhere in the world, having competent jurisdiction over a Party or related to the services performed hereunder or the Facility.

"**Hardware Unit**" means each individual unit of Customer Equipment bearing a separate identification code.

"**Harmful Code**" means any software, hardware or other technologies, devices, or means, the purpose or effect of which is to permit unauthorized access to, or to destroy, disrupt, disable, distort, or otherwise harm or impede in any manner, (i) any computer, software, firmware, hardware, system (including equipment) or network, (ii) the Facility or portion thereof or (iii) any application or function of any of the foregoing or the integrity, use, or operation of any data processed thereby, and, in each case, includes any virus, malware, bug, Trojan horse, worm, backdoor, or other malicious computer code and any time bomb or drop-dead device.

"**Hosting Services**" is defined in Section 3.1.

“**Maintenance**” means any activity performed by Provider in order to maintain, upgrade or improve the Services, including any modification, change, addition, or replacement of any Provider hardware, or any part of, or machinery or other components of, the Facility.

“**Mining Pool**” means the group of Bitcoin miners to which Customer determines to contribute the processing power of any particular piece of Customer Equipment in order to collaborate in finding new Bitcoin blocks.

"**Mining Revenue**" shall mean the total revenue derived by Customer as a result of the operation of the Customer Equipment at the Customer Area.

“**NERC**” means the North American Electric Reliability Corporation.

“**Notice**” is defined in Section 19.

“**Operations Commencement Date**” means the date on which the Facility is ready for Customer Equipment to be installed and hashing.

“**Outage**” means a Forced Outage or a Planned Outage.

“**Parties**” is defined in the preamble to this Agreement.

"**Person**" means an individual, partnership, corporation, limited liability company, unincorporated syndicate, unincorporated organization, trustee, executor, administrator or other legal representative, Governmental Authority or other legal entity, as the case may be.

“**Phase-out Period**” is defined in Section 17.3.

"**Planned Outage**" means that total or partial removal of the Facility from service or derating of the Facility that is scheduled by Provider in advance and in accordance with its operating practices; provided, however, that the scheduling of any Planned Outage shall be (i) established with advanced coordination with Customer, and (ii) subject to Customer’s prior written approval, not to be unreasonably withheld. Notwithstanding anything to the contrary herein, the aggregate duration of Planned Outage in any calendar month shall not exceed 8 hours.

“**power**” means electric power.

“**Power Firmware**” means Lancium's Smart Response Software™, which is required in order to enable certain advanced power management functions.

“**Power Supply Contract**” means Provider’s agreements for the provision of power to the Facility.

“**Provider**” is defined in the preamble to this Agreement.

“**PSU**” means power supply unit.

“**PUCT**” means the Public Utility Commission of Texas.

“**Racks**” means the racks provided by Provider and configured for installation of the particular Customer Equipment.

“**Related Services**” is defined in Section 3.2.

“**Scheduled Maintenance**” means any Maintenance activities for which Provider notified Customer at least one (1) day in advance.

“**Service Rates**” means Provider’s then-current rates for Related Services.

“**Service Charges**” means amounts owed by Customer in connection with the Services.

“**Services**” is defined in Section 3.2.

"**Tariffs**" means any and all of the following: ERCOT Nodal Protocols, rules, guidelines and market notices, Utility tariffs and related service agreements as well as any tariff imposed on gas supply or transportation.

“**TDSP**” means transmission/ distribution service provider, including municipally owned utilities and electric cooperatives,

“**TDU**” means transmission and delivery utility.

“**Term**” is defined in Section 16.

“**Termination Date**” means the date this Agreement terminates or expires.

“**TRE**” means the Texas Reliability Entity, Inc. and its successor.

“**Uncompensated Forced Outage**” means a Forced Outage other than a Compensated Forced Outage.

“**Unscheduled Maintenance**” means Maintenance that is not Scheduled Maintenance.

“**Uptime**” means the amount of time in the applicable month that the Hosting Services are available to Customer, as determined in accordance with Section 8.

“**Uptime Service Level**” is defined in Section 8.

“**Utility**” means a transmission and delivery utility or a transmission and distribution service provider, including municipally owned utilities and electric cooperatives.

“**Working Hours**” means the hours from 8:00 a.m. to 5:00 p.m., Central Time, on a Business Day.

3.Provider’s Services

3.1.Facility

Subject to the terms and conditions hereof, all Services are provided within the Facility, which is designed to meet the following specifications (the “**Data Center Specifications**”):

•power supply for the Customer Area;

•limited air filtration;

•cooling systems as necessary to provide appropriate environment for Customer Equipment and

•internet connectivity.

it being understood that each of the foregoing is made available to the Customer Area on a shared, non-exclusive and non-redundant basis.

Within the Facility, Provider does not guaranty that the Customer Area will be contiguous. The Customer Area may spread over several Building Units and is not physically separated from areas in the Facility in which the equipment of other customers is hosted. Provider has the right to change the location of the Customer Area within the Facility or to relocate Customer Equipment to another facility operated by Provider or an affiliate of Provider, subject to the terms and condition of this Agreement.

3.2.Services

Provider shall provide Customer with the Hosting Services and the Related Services (together the “**Services**”) during the Term.

The “**Hosting Services**” consist of:

•providing the Customer Area in accordance with the Data Center Specifications;

•providing Racks in the Customer Area;

•hosting the provided Customer Equipment in the Racks;

•hosting the Customer-provided PSUs installed in the Racks, as may be required by the particular Customer Equipment;

•running diagnostics and performing basic maintenance and repairs of Customer Equipment including fans, power supplies, etc., any such parts shall be provided by Customer;

•providing monthly reports to the Customer that will contain a summary of monthly power draw in the Customer Area as measured by customer-specific power consumption meters; and

•providing robust physical security including, but not limited to, secured access control, 24/7 video monitoring, appropriate perimeter fencing and 24/7 on-site security;

The "**Related Services**" consist of

•installation of Customer Equipment (as more particularly described in Section 3.3);

•deinstallation of Customer Equipment;

•full diagnostics and basic maintenance and repairs of Customer Equipment, with pass-through costs for equipment or labor to be charged to Customer only after reasonable notice to Customer prior to costs being incurred.

For the avoidance of doubt, the Related Services are not optional, and the Customer's receipt of and payment for the Related Services is a requirement for hosting the Customer Equipment in the Facility.

3.3.Installation; Deposit

Provider shall use its best efforts to install Customer Equipment at a rate of 500 machines per business day. Customer shall provide notice to Provider of Customer Equipment shipment schedules as soon as reasonably practicable, and Provider shall promptly notify Customer if it is unable to install machines at a rate of 500 per business day.

In consideration for the installation by Provider of the Customer Equipment and for the following services of Provider related to the construction, implementation and operation of the Facility (which services include, as it relates to the Customer Equipment, PSUs, and any other Customer-provided materials), Customer agrees to deliver to Provider the Deposit as detailed in Section 6.5 below (in addition to the Total Fees described in Section 6.1):

•Unpacking;

•labelling;

•positioning in the Racks;

•installation and management of cables (power and LAN connection);

•inventory management, which shall consist of, among other things, tracking each Hardware Unit of Customer under the control of Provider by date of receipt, date of deployment, repair history, model number, sub-model number, serial number and location for facilitation of day-to-day operational issues as well as third party verification purposes;

•Customer shall have view-level access to inventory management software;

•installation of Power Firmware, if applicable;

•initial setting; and

•disposal of packing materials.

Installation does not include the provision or installation of any software other than as expressly stated above.

The installation of any individual Hardware Unit is deemed completed when such Hardware Unit connects and sends computations to the Customer-designated Mining Pool. If Customer has not designated a Mining Pool, installation will be deemed complete when the applicable Hardware Unit powers up without fault (it being understood that in no event will Provider be required or requested to select a Mining Pool on Customer's behalf). In the case of faulty Hardware Units, installation is completed when Provider diagnoses the fault and provides a report to Customer.

Except as may otherwise be determined by Provider in its sole discretion, Customer shall not have any rights to install, uninstall, or otherwise physically access any Hardware Units in the Facility.

3.4 Cooperation with Customer Equipment Repairs. In the event that Customer Equipment requires repair services, engineering services or similar maintenance beyond the basic maintenance as outlined herein, then Provider shall help interface with appropriate third parties for the potential provision of such repair services. Once Provider has determined from such third party the scope of costs involved with the potential repair, Provider shall notify Customer of the same and Customer shall promptly (but in any event within one business day) inform Provider whether it is electing to have the third party make the appropriate repairs or whether it elects to replace the affected Customer Equipment. If Customer elects to have the services performed by the applicable third party, then, subject to Customer advancing the necessary costs, Provider shall coordinate with such third party, tag and help with shipping of any Customer Equipment to such third party service provider. If Customer elects to replace the affected Customer Equipment, then Customer shall undertake to ship such replacement equipment to Provider as quickly as possible and shall apprise Provider on the status of such. Alternatively, if and to the extent that Provider or an affiliate of Provider seeks to offer any of the foregoing repair, maintenance or firmware services to Customer, such services shall be memorialized in and subject to the terms of a separate services agreement between Customer and Provider (or, as applicable, an affiliate of Provider), with any obligations, rights and remedies thereunder being solely according and attributable to such other agreement.

4.Power Supply

4.1.Customer acknowledges that the power to the Facility is ultimately provided by third parties, whose provision and transmission of power is governed by Applicable Law, including but not limited to rules, regulations, tariffs, orders, decisions and directives adopted by a Governmental Authority (collectively, the "**Power Regulations**"). To the extent that the available power to the Facility is reduced or discontinued pursuant to Power Regulations, a Force Majeure Event or an Outage, Provider may reduce or discontinue the power available to Customer; provided that in such case, Provider shall not treat Customer, in any respect, less favorably than any similarly situated Provider customer. Any such reductions, and any unavailability of the Hosting Services arising out of such reductions, pursuant to Power Regulations, a Force Majeure Event or a Forced Outage shall not be deemed to be unavailability for purposes of calculating Uptime under the Uptime Service Level. (For the avoidance of doubt, Planned Outages are deemed to be unavailability for purposes of calculating Uptime under the Uptime Service Level.)

4.2.Customer hereby expressly consents to Provider's participation in the ERCOT Ancillary Services markets and/or any Demand Response or Load Resource Participation Programs, as determined by Provider in its sole discretion. Customer acknowledges that any such participation may result in partial or complete reduction in power available to Customer from time to time. Any such reductions, and any unavailability of the Hosting Services arising out of such reductions, shall be deemed unavailability for purposes of calculating Uptime under the Uptime Service Level (except to the extent that a given event is expressly covered by the definitions of "Force Majeure" or "Uncompensated Forced Outage"). Customer acknowledges that Provider's right to participate in any Demand Response or Load Resource Participation Programs, as determined by Provider in its sole discretion, forms an essential basis of the agreements set forth in this Agreement, and that, absent such right, the terms of this Agreement, including the Hosting Fees, would be substantially different. Furthermore, Customer hereby expressly consents to the use of the Power Firmware by Provider or its affiliate in connection with the foregoing ERCOT Ancillary Services markets and/or Demand

Reduction Benefit Programs. Notwithstanding the foregoing, it is agreed that no Compensated Forced Outage shall be deemed availability for purposes of calculating Uptime under the Uptime Service Level and, to the extent that any Compensated Forced Outage results in the Uptime Service Level to not be met then the calculations set forth in Section 8.4 for applicable compensation to Customer shall apply.

4.3.For two years and six months after the Operations Commencement Date, Customer shall have an option to increase ("**Option**") its power draw by any amount which would cause its total power draw not to exceed (together with the power draw detailed in Section 1, all prior increases then made pursuant to this Section 4.3 and power draw utilized by Customer or its Affiliates at other facilities owned and operated by Provider) the lesser of (x) 500 MW or (y) 40% of the aggregate capacity of all Facilities owned and operated by Provider. The terms of this Agreement shall apply to any accepted increase request, provided that (x) to the extent that additional Costs have arisen since the beginning of the Term which have not then been incorporated into the pricing set forth in Section 6, then Provider shall be entitled to require that the pricing for such increased capacity be adjusted to reflect such additional Costs and (y) Provider may require an increase to the Deposit in its reasonable discretion in connection with any such increase request. In order to facilitate Customer's Option rights hereunder, Provider shall endeavor to keep Customer apprised of the expected timeframe for any material expansion of capacity at all Facilities owned and operated by Provider.

5.Access to the Facility; Data Center Rules

5.1.In connection with the Services and this Agreement, Customer shall allow Provider to have log-in, view-level access and other applicable access to all firmware and related components of the Customer Equipment as may be required, and all such access is hereby authorized and approved by Customer.

5.2.Customer Representatives may access the Customer Area of the Facility during Working Hours, in accordance with the Data Center Rules, for equipment inspections, installation, removal, additions, subtractions or physical maintenance but solely by prior appointment and subject to Provider's prior written consent, not to be unreasonably withheld. To obtain such access, Customer must provide prior notice to Provider in accordance with the Data Center Rules, and coordinate with Provider so that all such access may be escorted. Notwithstanding anything to the contrary, Provider shall have the right to restrict access of any Customer Representative from the Facility premises in Provider's reasonable discretion, at any time.

5.3.Customer, and the Customer Representatives, shall comply with all Data Center Rules in connection with such access. Customer shall inform each applicable Customer Representative of the Data Center Rules prior to such Customer Representative accessing the Facility. Customer shall be liable for the acts and omissions of all Customer Representatives who access, or attempt to access, the Facility, including for their violation of the Data Center Rules, at least to the same extent as if such acts and omissions were Customer's own.

6.Hosting and Service Charges; Payments; Deposit

6.1.<u>Charges for Hosting Services</u>

In consideration of Provider's performance of the Hosting Services, Customer shall pay Provider each of the following fees on a monthly basis (the "**Total Fees**"):

(a) Customer shall pay Provider a "**Power Charge**" equal to $**[*****]** for all kilowatt hours consumed by the Customer Equipment as measured at the Customer's segregated meter(s), which kilowatt hours will be adjusted for power usage effectiveness (PUE) applied on a pro rata basis, where PUE is defined as the ratio of total power billed to the facility to the total power delivered to the Customer Equipment. Subject to Sections and 6.4 and 17.1.4, the Power Charge may be adjusted by an

amount necessary to incorporate any new or additional fees, costs, losses or charges arising from a new or change in the Applicable Law affecting the electricity market. For the avoidance of doubt, Power Charge adjustments due to changes in Applicable Law may only be direct pass-thru costs.

(b) Customer shall pay Provider a "**Hosting Charge**" equal to $**[*****]** for all power consumed by the Customer Equipment as adjusted for power usage effectiveness (PUE). Subject to Sections and 6.4 and 17.1.4, the Hosting Charge may be adjusted by an amount necessary to incorporate any new or additional fees, costs, losses or charges arising from a new or change in the Applicable Law affecting the hosting services (which are not included in Section 6.1(a)). For the avoidance of doubt, Hosting Charge adjustments due to changes in Applicable Law may only be direct pass-thru costs.

6.2.Invoicing; Payments

(a) Within fifteen (15) Business Days of the end of each calendar month during the Term, Provider shall issue an invoice to Customer setting forth all charges for Related Services provided pursuant to Section 3, and all Total Fees pursuant to Section 6, in each case during the prior calendar month, plus any applicable taxes. No later than ten (10) Business Days after the date of the invoice, Customer shall pay to Provider the full amount of charges reflected on the invoice. If Customer should become delinquent in the payment of any invoice, without limitation of its rights under Section 7 or Section 17, Provider shall have the right thereafter to request pre-payments for any Service Charges, at its reasonable discretion.

(b) All Payments owed to Provider will be made in United States Dollars by wire transfer of immediately available funds into an account designated by Provider or through automated clearing house ("**ACH**") transfers from an account established by Customer at a United States bank designated by Customer (the "**Payment Account**"). Customer agrees to execute and deliver to Provider or its ACH payment agent an authorization agreement authorizing Provider to initiate ACH transfers from the Payment Account to Provider in the amounts required or permitted under this Agreement. Customer shall be responsible for all costs, expenses or other fees and charges incurred by Provider as a result of any failed or returned ACH transfers, whether resulting from insufficient sums being available in the Payment Account or otherwise.

(c) Customer shall have the right to audit the records of the other Party using its internal or external representatives, in order to verify Provider's compliance with the terms of the Agreement (including, but not limited to verifying power usage and metering, existence of machines, and the like). Such audits shall be done at the sole expense of Customer; provided that if such audit evidences a material non-compliance with the terms hereof, then the costs of the audit shall be borne by Provider. Additionally, audits shall not be done more than once in a given four-month period.

(e) Without limitation of the foregoing, Provider shall be entitled to receive viewer access for any of the Customer Equipment as it deems necessary or desirable to verify information on the Customer's Mining Pool and the matters related to the Hosting Fees due hereunder.

(f) All amounts owed by Customer under this Agreement are inclusive of any and all value added taxes, sales, use, excise and other similar transactional taxes or duties, and any such amounts payable thereon shall be added to the amount of the Service Charges. If any deduction, withholding, or payment for taxes is required in any jurisdiction on amounts payable to Provider, Customer shall indemnify and make Provider whole for the full amount thereof (and such shall not be considered an increased Cost under Section 6.4 below). For the avoidance of doubt, the terms of this Section 6.2(f) are not intended to cover any sales tax owed on purchases of Customer Equipment, which shall remain the sole obligation of Customer.

6.3.Limitation on Offsets.

In no event shall Customer be permitted to offset any amounts due to it hereunder against any amounts due from Customer (or its Affiliates) to Provider (or its Affiliates) under any other agreement or as may be related to any other Facility.

6.4.Additional Costs

In the event that there is a new or a change in Applicable Law that causes Provider to directly or indirectly incur new or additional costs, fees, losses or charges (collectively, "**Costs**") in connection with the Services or the Facility, then Provider may, at its election, deliver a written notice to Customer (the "**Cost Notice**") stating the new or additional Costs and that Provider seeks to either pass through such Costs to Customer without markup or to modify the Services as necessary to account for such Costs. Upon receipt of the Cost Notice, Customer shall have the right to terminate this Agreement upon delivery to Provider of an election expressly stating the same, which election must be delivered within ten days of receipt of the Cost Notice. However, Customer shall have the ability in the aforementioned election to delay termination for up to six (6) months after receipt of the Cost Notice, while paying the updated pricing reflected in the Cost Notice through the chosen termination date. To the extent Customer expressly agrees to the Cost Notice, or fails to deliver a termination notice to Provider within ten days of receipt of the Cost Notice, then Customer shall be deemed to have accepted the Cost Notice and any such Costs shall be passed through and shall become effective upon the next billing cycle.

6.5 Deposit.

Customer agree to deliver to Provider 30 days prior to power being turned on, a deposit in the amount of **[$_______][INSERT NUMBER EQUAL TO 3 MONTHS ESTIMATE]** (the "**Deposit**"). The Deposit shall be held by Provider (and need not be in any segregated or interest-bearing account). One-third of the Deposit shall be applied towards Customer payments owed in the first month of the Initial Term (or successive months thereafter until one-third of the Deposit is depleted), and the other two-thirds of the Deposit shall be applied towards Customer payments owed in the final two months of the Initial Term. In the event that Customer defaults in any payment obligations hereunder, then at its election Provider may utilize the Deposit to satisfy all or a part of such amount, in which case Customer shall promptly replenish the Deposit for any applied amounts.

6.6 Limited Protection Arrangement.

During the ninety (90) day period beginning on the occurrence of the First Halving Date (the "**Applicable Period**"), Provider and Customer shall collaborate to utilize actions which are intended to mitigate economic risk for Customer in the Applicable Period, which may involve Provider altering the utilization rates to reduce power or other reasonable measures agreed by the Parties; provided that this Section 6.6 shall not, in and of itself, imply or represent any required amendment to this Agreement, including without limitation as relates to Total Fees or termination rights. For purposes of this Agreement, the "**First Halving Date**" means, if applicable, the first date after commencement of the Term when the Bitcoin mining reward is halved as a result of the block height reaching a designated level. Additionally, if Bitcoin market conditions change so substantially such that Customer is running at a deficit for at least 10 days in any rolling 30-day period (and any similarly situated customer running industry-standard miners would experience reasonably similar effects), Customer shall have the ability to turn off its Equipment at its sole discretion until such time as market conditions adjust so that Customer is no longer running at a deficit.

7.Suspension of Services

7.1.Subject to the terms and conditions specifically set forth in this Agreement, Provider may suspend the Services, in whole or in part, for any of the following reasons:

- in connection with any Outages;
- in connection with a Force Majeure Event;

•in connection with a request under a Demand Response or Load Resource Participation Program;

•to prevent, mitigate, or cease damage to Customer Equipment, any portion of the Facility, Provider's systems (including equipment), or the equipment of other customers;

•suspension caused by the acts or omissions of Customer, including as requested by Customer; or

•the occurrence of an Event of Default, provided that in such event, it is further agreed by the Parties that until such Event of Default is cured or the Agreement is terminated due to such Event of Default)), all hashing output related to the Customer Equipment may be pointed towards the Provider's mining pool.

7.2.Provider shall use commercially reasonable efforts to give prior notice, to the extent possible, to Customer before suspending the Services in whole, other than in situations where the suspension of Services occurs due to Scheduled Maintenance or the acts or omissions of Customer

8.Service Level Agreement

8.1 For each Contract Year that Provider provides the Hosting Services to Customer, Provider will make commercially reasonable efforts to provide the Hosting Services with an average Uptime of at least **[*****]**% during such Contract Year (the "**Uptime Service Level**" or "**USL**"); provided that, if the Contract Year is not a full calendar year, then the Uptime Service Level shall be appropriately adjusted downward in order to properly factor in the effects of the ERCOT Four Coincident Peak (4CP) programs which occur during a disproportionate amount of the shortened Contract Year (the "**Adjusted USL**").

8.2 For purposes of the determination of Uptime, the Hosting Services shall be considered as "available" if power, cooling, and internet connectivity are available to the Customer Area (in accordance with the Data Center Specifications, and subject to the obligations and rights of the Parties under this Agreement), independent of Customer's actual ability to operate the Customer Equipment for any particular purpose. Any unavailability caused by (i) Force Majeure Events, (ii) Forced Outages, or (iii) circumstances explicitly specified in accordance with Section 4.2 hereof, will, in each case, not be considered unavailability for the purposes of calculating Uptime.

8.3 During any period of unavailability caused by any suspension of Services permitted by Section 7.1 other than Planned Outages, the Hosting Services shall be deemed to be available for purposes of calculating Uptime.

8.4 Subject to Sections 8.2 and 8.3, to the extent that the Uptime Service Level in a given Contract Year is less than that set forth in Section 8.1, then Customer shall be entitled to receive, as Customer's sole and exclusive remedies in connection with the occurrence of any Uptime Service Level defaults, a credit on the Total Fees in an amount (the "Service Credit") intended to compensate Customer for the difference between (A) an amount equal to the Mining Revenue that would have been achieved by the Customer Equipment (as reasonably determined by Provider utilizing the metrics recorded by https://insights.braiins.com/en/) had the Uptime Service Level been at **[*****]**% (or the adjusted Uptime Service Level according to the express terms of this Agreement, if applicable) for such Contract Year; and (B) the sum of (x) the actual Mining Revenue achieved at the lower Uptime Service Level provided by the Hosting Services to Customer Equipment during the given Contract Year plus (y) the difference between the actual Power Charge and the Power Charge that would have been incurred by Customer to achieve an Uptime Service Level at **[*****]**%.

For calculation of the Service Credit in accordance with the immediately preceding paragraph, the Provider shall utilize a "**Per Hour Credit**" derived in following manner: First, Provider shall determine all times at which Uptime was not available (the "**Downtime**"), rounded to the nearest hour for each period of Downtime (each a "**Downtime Event**"). Second, for each Downtime Event, the Provider shall determine the value (in USD) of the terahash that would have been produced during the

Downtime Event, based on the number of Bitcoin miners in the Customer Area during such Downtime Events (the "**Terahash Value**"). (Terahash Value shall be the same value as the then-current mining pool would pay per terahash during the Downtime Event.) Third, the Provider shall add all of the Terahash Value for all Downtime Events during the Contract Year (the "**Total Downtime Value**"), and shall determine all hours of all Downtime Events (the "**Total Downtime Hours**"). Fourth, the Provider shall divide the Total Downtime Value by the number of Total Downtime Hours, with the quotient being the "Per Hour Credit". Finally, the Provider shall then multiply the Per Hour Credit by the total hours necessary to compensate Customer in accordance with the preceding paragraph, and the product shall be the Service Credit. The Provider shall provide all calculations described in this Section 8.4 to the Customer.

Upon calculation of the Service Credit, the Service Credit shall be credited to Customer (subtracted from the Total Fees incurred by Customer) over the subsequent three (3) months, in equal amounts. Uptime Service Level is measured by calendar year. If Service Credit is outstanding at the end of a Term, Customer shall receive all remaining Service Credit in the form of cash or cash-equivalents within sixty (60) days of termination of contract. All Service Credit is understood to be valued and paid in United States Dollars.

9.Customer Responsibilities

9.1.Use of Services

Customer's use of the Hosting Services shall at all times comply with the AUP. For the avoidance of doubt, Customer expressly acknowledge that the Facility has been purpose-built to support the physical requirements of devices that perform Bitcoin mining activities, and that such activities are the sole permitted use of the Hosting Services. CUSTOMER EXPRESSLY ACKNOWLEDGES AND AGREES THAT PROVIDER SHALL NOT HAVE, AND THAT CUSTOMER HEREBY EXPRESSLY AND KNOWINGLY RELEASES AND WAIVES ANY CLAIMS FOR, ANY LIABILITY ARISING IN CONNECTION WITH CUSTOMER'S MINING ACTIVITIES, AND THAT ALL SUCH ACTIVITIES, INCLUDING BUT NOT LIMITED TO THE CHOICES RELATING TO MINING POOL PARTICIPATION, ARE AT CUSTOMER'S SOLE DISCRETION.

1.1.Designated Mining Pool

It is Customer's responsibility to determine and designate a Mining Pool for each Hardware Unit, and Customer is free to designate any Mining Pool, in its sole discretion. In no event shall Provider be obligated to designate any Mining Pool on Customer's behalf.

If Customer designates a Provider-sponsored private Mining Pool to be the Mining Pool, Customer acknowledges that Provider may receive remuneration in connection with the applicable Hardware Units' contribution to the mining conducted by such Provider-sponsored private Mining Pool.

Customer acknowledges that Provider may choose to operate its own or any other third party's cryptocurrency mining equipment in the Facility at any time during the Term.

9.2.Customer Equipment.

Customer shall be responsible for providing the Customer Equipment, and for causing it to arrive at Provider's loading dock at the Facility. All costs associated with the foregoing, including but not limited to shipping costs, hardware costs, software license costs, and import duties, shall be borne exclusively by Customer. In the event that Provider agrees to procure any such Customer Equipment on Customer's behalf and for the account of Customer, such procurement shall be governed by a separate written agreement between Customer and Provider.

Provider is not responsible for any installation delays or loss of revenue due to receiving equipment not deemed to be in good working order upon arrival at the Facility or as a result of any access restrictions imposed in accordance with Article 5 hereof.

9.3.Availability

Customer shall have a Customer Representative available for communication at all times, for all matters related to the Services and performance of this Agreement.

9.4.Insurance

Customer is solely responsible for obtaining insurance coverage for the Customer Equipment. During the Term of this Agreement, Customer shall have and maintain insurance in accordance with Exhibit B hereof.

Customer shall maintain such insurance coverage during the Term, but in no event starting later than the first delivery of such Customer Equipment and the first arrival of a Customer Representative at the Facility, respectively. CUSTOMER HEREBY AGREES THAT, UNLESS PROVIDER BREACHES THE DUTY OF CARE OUTLINED IN SECTION 11.4, PROVIDER SHALL HAVE NO LIABILITY OF ANY KIND, AND DOES HEREBY WAIVE AND RELEASE ALL CLAIMS IN CONNECTION WITH THE CUSTOMER EQUIPMENT OR THE CUSTOMER REPRESENTATIVES, IN THE EVENT CUSTOMER DOES NOT OBTAIN SUCH INSURANCE COVERAGE, OR IN THE EVENT SUCH INSURANCE COVERAGE IS INSUFFICIENT TO COVER CUSTOMER'S LOSSES IN CONNECTION WITH THE CUSTOMER EQUIPMENT OR THE CUSTOMER REPRESENTATIVES.

Provider will maintain standard insurance on the Facility covering liability for operational matters. Customer shall be listed as an additional insured on such insurance policy of Provider.

9.5.Information; Know Your Customer

Customer will provide Provider with any information required under Provider's policies and under any Applicable Laws, in particular, but not limited to, information required for so-called "know your customer" checks under laws and regulations for the prevention of money laundering and terrorism finance and anti-corruption and credit information.

9.6.Compliance and other requirements

9.6.1.Customer is solely responsible for ensuring that its use of the Services and its operations in connection with this Agreement comply with all Applicable Law.

9.6.2.Customer represents and warrants that neither it nor any of its affiliates nor, to Customer's knowledge, any Customer Representative (i) has violated or will violate any applicable anti-bribery or anti-corruption law, including the U.S. Foreign Corrupt Practices Act; (ii) has violated or will violate any applicable money laundering laws; or (iii) is or will become subject to any U.S. sanctions administered by the Office of Foreign Asset Control of the U.S. Treasury Department. Provider represents and warrants that neither it nor any of its affiliates nor, to Provider's knowledge, any of Provider's representative (i) has violated or will violate any applicable anti-bribery or anti-corruption law, including the U.S. Foreign Corrupt Practices Act; (ii) has violated or will violate any applicable money laundering laws; or (iii) is or will become subject to any U.S. sanctions administered by the Office of Foreign Asset Control of the U.S. Treasury Department.

9.6.3.Customer is responsible for obtaining and maintaining throughout the Term any licenses, permits, consents, and approvals from any Governmental Authority that may be necessary to install, possess, own, or operate the Customer Equipment.

9.8 Third-Party Services

Customer shall notify Provider if it engages a third party to provide services on its behalf with respect to the Customer Equipment. Customer shall be fully responsible to and indemnify Provider under this Agreement for any liability, losses, claims, costs, expenses or damages, including attorney's fees and legal expense, arising out of or relating to any acts or omissions of any third-party service provider acting for or on Customer's behalf. Notwithstanding the foregoing, only those persons specifically authorized by Provider in writing may access the Facility. Provider may reasonably deny or suspend Customer's or its agents' access to the Customer Equipment based on Provider's then-current security policies and procedures.

10.Ownership

10.1.Customer Equipment

Customer represents and warrants that it owns and has good title to the Customer Equipment.

10.2.Ownership of Generated Assets

The Parties acknowledge and agree that any generated digital assets, including but not limited to blockchains, hash and digital currencies, generated from the operation of the Customer Equipment, are the sole property of the Customer. The foregoing shall not impair any of Customer's obligations hereunder, including without limitation the obligation to pay the Hosting Fees set forth in Section 6.1 or any other Service Charges or fees owed hereunder, nor shall it impair any of Provider's rights (including without limitation under Section 7.1) or any claims that Provider may make in connection with such rights.

11.Provider's Warranties

11.1.Capacity

Provider represents and warrants, as of the date hereof and as of the Operations Commencement Date that Provider is validly formed as the type of legal entity it purports to be in the jurisdiction of its formation.

11.2.Authority; Enforceability

Provider requisite it is duly authorized to enter into this Agreement and perform its obligations hereunder. This Agreement represents a valid and binding obligation of Provider, enforceable against it in accordance with its terms.

11.3.Power Acquisition/Source

Provider represents and warrants that, at all times throughout the term of this Agreement, it shall contract to acquire and maintain an amount of power adequate to provide all Services set forth hereunder, which shall be memorialized in a Power Supply Agreement or other applicable means.

Provider agrees to periodically report to Customer using best practices on the percentage of Provider's power mix that is directly or indirectly utilizing renewable or carbon-free sources of energy including, but not limited to, hydropower, wind power, solar power and nuclear power. Provider agrees to use its best efforts to utilize a power mix, directly or indirectly, that is at least 70%

renewable or carbon-free sources of energy. If the power mix directly or indirectly provided by Provider is below 70% renewable or carbon-free for longer than 6 months, Customer may terminate this Agreement. Provider shall use its best efforts to increase its renewable and carbon-free sources of energy to 100% of its power mix, and may purchase renewable energy credits as necessary to maintain adherence to best industry standards.

Provider's power procurement strategy includes, but is not limited to, procuring energy in West Texas where Provider's facilities are located at transmission congestion points in zones where the current energy capacity is made of at least 70% renewable power sources, thus enabling Provider to effectively use renewable energy that would otherwise be wasted due to limitations and constraints of the transmission system. Provider will purchase blocks of power via the ERCOT power market, and aims to engage in Power Purchase Agreements with new solar projects to enable additional solar capacity to be developed primarily due to the increased energy demand created by Provider's facilities.

11.4. Temperature Issues

Provider represents and warrants that it will abide by a customary duty of care and operate the Facility in a manner reasonably intended to ensure that the temperature and humidity of the Customer Area, together with the level of usage of the Customer Equipment, is maintained in a fashion to avoid damage to Customer Equipment. Customer shall be entitled, through its right of access set forth in Section 5, to verify the compliance by Provider with this Section 11.4.

11.5. Disclaimer

CUSTOMER ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, PROVIDER MAKES NO WARRANTIES OR GUARANTEES RELATED TO THE AVAILABILITY OF SERVICES. PROVIDER DOES NOT PROVIDE BACKUP POWER. PROVIDER MAKES NO WARRANTY, AND HEREBY DISCLAIMS ALL IMPLIED WARRANTIES, WITH RESPECT TO GOODS AND SERVICES SUBJECT TO THIS AGREEMENT, INCLUDING ANY (A) WARRANTY OF MERCHANTABILITY; AND (B) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. PROVIDER DOES NOT WARRANT THAT (I) THE SERVICES WILL BE FREE FROM INTERRUPTION OR ERROR; (II) THE SERVICES WILL MEET CUSTOMER'S REQUIREMENTS OTHER THAN AS EXPRESSLY SET FORTH HEREIN; OR (III) THE SERVICES WILL PROVIDE ANY FUNCTION NOT EXPRESSLY DESIGNATED AND SET FORTH HEREIN.

11.6 Most Favored Nation

Through December 31, 2023, Provider shall not enter into any all-in fixed price agreements with other customers of the Facility or any Covered Facilities with the same or less Power Draw as CleanSpark that contains more favorable terms for the fixed all-in price than those in this Agreement, unless CleanSpark has been provided with the same fixed price under this Agreement. While this Section 11.6 is in effect, Provider shall promptly notify CleanSpark in writing of any such fixed price agreement to another customer with more favorable fixed price terms. From time to time, but not more than once per quarter, CleanSpark may request that Provider confirm in writing (which may be by email) compliance with this Section. For purposes of this Section 11.6, the term "**Covered Facilities**" means any facilities owned and operated by Provider with standard air-cooled hosting models (and for the avoidance of doubt expressly excluding immersion models, joint ventures, and partnerships related to BTM projects).

12. Customer's Additional Representations

Customer represents and warrants, as of the date hereof and as of the Operations Commencement Date that:

12.1. Capacity

Customer is validly formed as the type of legal entity it purports to be in the jurisdiction of its formation.

12.2. Authority; Enforceability

Customer has all company power and has received any company and/or third-party authorizations necessary for it to enter into this Agreement and perform its obligations hereunder. This Agreement represents a valid and binding obligation of Customer, enforceable against it in accordance with its terms.

12.3. Customer Equipment

Unless specifically disclosed otherwise in a schedule to this Agreement, Customer Equipment is owned by Customer. All Customer Equipment is free of any known defects or Harmful Code which could cause any harm to the Facility or the systems, including equipment, of Provider or any other customer. The Customer Equipment does not, and its operation does not, infringe (or result from the misappropriation of) any intellectual property right, including any patent, copyright, trademark, trade secret, or other intellectual property right, of a third party.

12.4. No Judgment or Governmental Order

There is no judgment, decree or order by any Governmental Authority applicable to Customer, which restricts Customer in performing its obligations under this Agreement or the transactions contemplated thereunder.

13. Exclusion and Limitation of Liability

13.1. Customer acknowledges that cryptocurrency price movements, difficulty, and legal and regulatory risks could have a material adverse impact on the value of cryptocurrencies, cryptocurrency mining, the Customer Equipment, and the Services. Customer assumes responsibility for all such risks, and Provider hereby disclaims all liability for any losses that may arise as a result thereof.

13.2. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, IN NO EVENT SHALL EITHER CUSTOMER OR PROVIDER BE LIABLE TO THE OTHER PARTY IN CONNECTION WITH THIS AGREEMENT FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING LOST PROFITS OR REVENUES, DAMAGE TO CUSTOMER EQUIPMENT, ANY LOSS, DELETION, OR CORRUPTION OF ANY CUSTOMER'S FILES OR DATA (INCLUDING BITCOINS), REGARDLESS OF THE FORM OF THE ACTION OR THE THEORY OF RECOVERY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER BASED UPON AN ACTION OR CLAIM IN CONTRACT, TORT, WARRANTY, NEGLIGENCE, INTENDED CONDUCT OR OTHERWISE (INCLUDING ANY ACTION OR CLAIM ARISING FROM THE ACTS OR OMISSIONS, NEGLIGENT OR OTHERWISE, OF EITHER CUSTOMER OR PROVIDER).

13.3. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, EXCEPT AS RELATED TO PAYMENTS FOR EARNED POWER CHARGES AND HOSTING CHARGES, THE TOTAL AGGREGATE LIABILITY OF EITHER PARTY (FOR ANY AND ALL CLAIMS) FOR DAMAGES UNDER OR IN CONNECTION WITH THIS AGREEMENT SHALL BE LIMITED TO DIRECT DAMAGES NOT TO EXCEED THE AMOUNT ACTUALLY PAID BY CUSTOMER TO PROVIDER FOR THE SERVICES (EXCLUDING ANY DEPOSIT) PERFORMED DURING THE SIX (6) MONTHS PRIOR TO WHEN THE EVENT(S) THAT FIRST GAVE RISE TO A CLAIM OCCURED.

14.Force Majeure

A Party shall not be in breach of this Agreement and shall not be liable to the other Party for any loss or other damages suffered by reason of any failure or delay of such Party in the performance of its obligations hereunder due to a Force Majeure Event; provided that under no circumstances will a Force Majeure Event excuse any failure or delay in the performance of a Party's payment obligations hereunder.

If a Party becomes aware of circumstances in which a Force Majeure Event affects or will affect such Party's ability to perform any of its obligations hereunder, it shall notify the other Party in writing as soon as reasonably possible, specifying the nature of the Force Majeure Event and its effect on the performance of such Party's obligations hereunder.

15.Indemnity

15.1 Customer shall indemnify, defend, and hold harmless Provider, its affiliates, successors and assigns, and each of their respective officers, directors, managers, employees, shareholders, legal representatives, and agents (the "**Provider Indemnified Parties**"), from and against any losses, damages, liabilities, costs and expenses (including reasonable attorneys' and professionals' fees and court costs) ("**Losses**") arising out of any third-party claim, suit, action, investigation, demands or proceeding ("**Claim**") based on or arising out of (a) Customer's use of the Services, including without limitation any infringement of any third party's intellectual property rights in connection therewith; (b) Customer's breach of any of its agreements with third parties, the AUP, the Data Center Rules, or any of Customer's representations, warranties or obligations under this Agreement; (iii) Provider's use of Customer Equipment in accordance with this Agreement; (iv) Customer's violation of Applicable Law; or (v) any injuries or damages sustained by any person or property due to any direct or indirect act, omission, negligence or misconduct of Customer or any Customer Representatives. In the event of an indemnifiable claim hereunder, (i) Provider shall promptly provide Customer with written notice thereof and reasonable cooperation, information, and assistance in connection therewith (except that Provider's failure to do so will not relieve Customer of its obligations under this Section 15.1 except to the extent that Customer is materially prejudiced by such failure), and (ii) to the extent that Customer acknowledges its obligations to indemnity for the applicable Claim, Customer shall have sole control and authority with respect to the defense, settlement, or compromise thereof; provided that Provider's reasonable consent to any such settlement or compromise shall be required unless it includes a full release of liability for all Provider Indemnified Parties and does not purport to impose any restrictions on any such Provider Indemnified Party. Provider shall be entitled, at its own expense, to participate in the defense of any claim subject to this Section 15.1 through counsel of its own choosing, and Customer shall provide Provider with reasonable cooperation and assistance in such defense.

15.2 Provider shall indemnify, defend, and hold harmless Customer, its affiliates, successors and assigns, and each of their respective officers, directors, managers, employees, shareholders, legal representatives, and agents (the "**Customer Indemnified Parties**"), from and against any Losses arising out of any Claim based on or arising out of (a) Provider's breach of its representations, warranties or obligations under this Agreement; (b) the gross negligence or intentional misconduct of any Provider Indemnified Parties, or other subcontractors used by Provider to provide the Services; or (c) Provider's infringement of a third party's intellectual property rights. In the event of an indemnifiable claim hereunder, (i) Customer shall promptly provide Provider with written notice thereof and reasonable cooperation, information, and assistance in connection therewith (except that Customer's failure to do so will not relieve Provider of its obligations under this Section 15.2 except to the extent that Provider is materially prejudiced by such failure), and (ii) to the extent that Provider acknowledges its obligations to indemnity for the applicable Claim, Provider shall have sole control and authority with respect to the defense, settlement, or compromise thereof; provided that Customer's reasonable consent to any such settlement or compromise shall be required unless it includes a full release of liability for all Customer Indemnified Parties and does not purport to impose any restrictions on any such Customer Indemnified Party. Customer shall be entitled, at its own expense, to participate in the defense of any claim subject to this Section 15.2 through counsel of its own choosing, and Provider shall provide Customer with reasonable cooperation and assistance in such defense.

16.Term

The initial term of this Agreement will commence on the Effective Date and will continue for a period of five (5) years from the Operations Commencement Date (except for an earlier expiration or termination of this Agreement in accordance with Section 17 below) (the "**Initial Term**"). Following the expiration of the Initial Term, the term shall renew for successive periods of two (2) years each (each, a "**Renewal Term**") unless either Party provides notice of non-renewal to the other Party at least ninety (90) days prior to the expiration of the Initial Term or the then-current Renewal Term. The Initial Term, together with any applicable Renewal Term, are collectively referred to as the "**Term**".

17.Termination; Removal of Customer Equipment

17.1.Termination Events

Other than at the end of the Term, a Party (the "**Terminating Party**") may terminate this Agreement only upon the occurrence of one of the following events (each a "**Termination Event**"), if applicable to the other Party:

17.1.1.Payment Default

If Customer fails to make a payment owed to Provider under this Agreement when due, and such default is not remedied within fifteen (15) business days following the Customer's receipt of notice thereof from the Provider.

17.1.2.Insolvency

If a Party becomes subject to any voluntary or involuntary insolvency proceeding, receivership, assignment for the benefit of creditors, bankruptcy or related action, and such proceedings are not stayed or discharged within forty-five (45) days after the filing or commencement thereof.

17.1.3.Material Breach

Subject to Section 14 and without limitation of Section 17.1.1, if a Party fails to perform or otherwise breaches a material obligation under this Agreement and such breach is either not susceptible to being cured or is not being cured within thirty (30) Business Days after receiving written notice thereof from the non-breaching Party.

17.1.4.Customer Termination Right in Case of Increased Costs

If, after receipt of a Cost Notice in accordance with Section 6.4, Customer delivers a termination election to Provider within ten (10) days of receipt of the Cost Notice.

17.1.5 Customer Termination Right in Case of Power Mix Change

Pursuant to Section 11.3, Customer may deliver a termination election to Provider with at least thirty (30) days notice if Provider's power mix is less than 70% renewable or carbon-free for more than 6 months.

17.2. Termination

Upon the occurrence of a Termination Event, the Terminating Party may so terminate this Agreement with immediate effect (or, if applicable, effect as of the end of the requisite notice period) as of the date set forth in a written notice thereof provided to the other Party. Upon any termination of this Agreement, Customer shall pay immediately to Provider all amounts owed for the Services provided up to the effective date of termination. Furthermore, in the event the Agreement is terminated by Provider pursuant to Section 17.1.1, 17.1.2 or 17.1.3, Customer shall pay as liquidated damages and not a penalty, three (3) months of Power Charges and Hosting Charges (calculated by taking an average of the prior 12 months of charges). If Customer fails to make any such payments, in addition to any other rights and remedies it may have under this Agreement, at law or in equity, Provider shall have the right to remove and store at Customer’s expense, all or any portion of the Customer Equipment (and provided that if Customer has not reclaimed such Customer Equipment within 90 days of storage then Provider shall be entitled to deem such Customer Equipment as abandoned property).

17.3. Deinstallation and Removal of Customer Equipment

Subject to Provider's rights under Section 17.1.1., Customer acknowledges that all Customer Equipment must be dismantled and removed from the Facility by the Termination Date and, within five (5) Business Days from receiving a Notice of termination from Provider, or having issued a Notice of termination to Provider, Customer shall deliver to Provider (i) written shipping instructions for the Customer Equipment, (ii) packaging materials suitable for the Customer Equipment, and (iii) standard containers in which packaged Customer Equipment can be stored until it is shipped.

Provider will notify Customer when its Customer Equipment is ready for pickup, and Customer shall arrange for pickup and removal of the Customer Equipment at its sole risk and expense. If Customer does not remove the Customer Equipment as provided herein, Provider may charge Customer for storage from the date of notice that the Customer Equipment is ready for pickup. Any Customer Equipment that is not picked up and removed within ninety (90) days of such notice shall be deemed abandoned and legal title to such Customer Equipment shall transfer to Provider.

17.5 Adverse Legal Changes

If there exists or arises an adverse change in Applicable Law which prevents the legal mining of Bitcoin, then upon five (5) Business Days' notice Provider shall have a right to terminate this Agreement without penalty.

18. Confidentiality

18.1. The Parties agree that Confidential Information shall be used solely for the purpose for which it was furnished in connection with the performance of this Agreement and that they shall each hold confidential all Confidential Information and not disclose it to any third-parties, except that each Party may disclose Confidential Information (x) to the Customer Representatives or Provider Representatives, as applicable, who need access to Confidential Information to perform their duties in connection with this Agreement or (y) to the Securities and Exchange Commission (or in any required filings for the SEC) or to any other auditing or regulatory authority having jurisdiction over a given Party . At the expiration of the Term, the Parties shall return any Confidential Information to the disclosing party or certify destruction of such Confidential Information (provided that a Party may retain an archival copy of any Confidential Information in a manner consistent with its record retention policies or in order to comply with Applicable Law; provided further that any Confidential Information so retained shall remain subject to the confidentiality restrictions of this Section 18 in all respects).

18.2. Any disclosure of Confidential Information permitted by Section 18.1 shall only be to the extent that any person who Confidential Information is provided to needs to know the same for the performance of their duties, and shall only be under the condition that such person acknowledges and agrees to be bound by, the confidentiality obligation under this Section.

18.3.The following shall not constitute "Confidential Information" under this Agreement: (i) information that was previously known to the receiving Party, independent from any disclosure under or in connection with this Agreement and free from any obligation to keep confidential; (ii) information that is or becomes generally available to the public other than as a (direct or indirect) result of any unauthorized disclosure by the receiving Party or its representatives; (iii) information that was rightfully received from a third party who, to the receiving Party's knowledge, is under no obligation of confidence to the disclosing Party; and (iv) information that is shown to have been independently developed by the receiving Party. Additionally, Confidential Information may be disclosed to the extent such is required by Applicable Law or by an order or subpoena of any Governmental Authority, provided that in such event the receiving Party shall, to the extent legally permissible and practically possible, inform the disclosing Party of the information to be disclosed and the timing and circumstances of such disclosure, providing the disclosing Party with an opportunity to avoid and limit any such disclosure (and the receiving Party shall cooperate at the disclosing Party's expense with the disclosing Party's effort in the same).

18.4.Without limitation of this foregoing, each Party acknowledges and agrees that (x) the Confidential Information of the other Party may include and/or constitute material non-public information ("MNPI") of such other Party and (y) such Party shall in no event make any purchases of sales of securities of the other Party while in possession of MNPI of the other Party.

19.Notices

Any Party can give notice under this Agreement (each a "**Notice**") by sending an email, by a physical mailing using a recognized overnight courier, or by registered mail, return receipt requested, to the applicable email or mailing address listed below; provided that any Termination Notice, and any notice for breach, indemnification, or other legal matter, shall be given by a physical mailing using a recognized overnight courier, or by registered mail with return receipt requested, to the applicable mailing address listed below, also sending an electronic copy of said physical writing via email to the applicable email address listed below.

To Provider:

Address: Lancium LLC
9950 Woodloch Forest Drive, Suite 1700
The Woodlands, Texas 77380
email: [●]
Attention: Michael McNamara, CEO

and:

[●]
Keith Sigale, General Counsel

To Customer:

Address: CleanSpark, Inc.
2370 Corporate Cir.
Suite 160
Henderson, NV 89074

email: [●]

Telephone:
Attention: [●]

Notices by email are deemed received as of the time sent, and notices by mail (and all notices required to be by mail) are deemed received as of the time delivered. If such time does not fall within a Business Day, as of the beginning of the first Business Day following such time. For purposes of counting days for notice periods, the Business Day on which the notice is deemed received counts as the first day. Notices shall be given in the English language.

Either Party may change its notice addresses for future Notices by providing the other Party with Notice of such change (using the methods set forth in this Section 19).

20.Assignment; Subcontracting

Subject to the restrictions on assignment of this Agreement, this Agreement shall be binding upon, and shall inure to the benefit of, the permitted successors and assigns of each Party hereto. Customer shall not assign or otherwise transfer any of its rights, or delegate or otherwise transfer any of its obligations or performance under this Agreement, in each case whether voluntarily, involuntarily, by operation of law, or otherwise, without Provider's written consent; provided, however, that it shall not be deemed a violation of this Section 20 in the event that certain of the Customer Equipment delivered to the Facility by Customer is owned under financing arrangements with Foundry Digital Group ("Foundry"), in which case Foundry (or other similar third party approved in writing by Provider) shall be entitled to inure to the rights and obligations hereunder solely with respect to such affected Customer Equipment. Provider may at any time assign, transfer, delegate, or subcontract any or all of its rights or obligations under this Agreement without Customer's written consent, but subject to prior notice. If Provider assigns this Agreement to a third party (other than an Affiliate who has the capacity to perform Provider's obligations under this Agreement), Customer may terminate this Agreement pursuant to the same terms as provided under Section 17.1.4.

Provider may use subcontractors or affiliates to perform some or all of its obligations under this Agreement; provided that Provider shall remain responsible under this Agreement for work performed by its subcontractors and affiliates to the same extent as if Provider had performed such work itself.

21.Right of Publicity; Use of Marks

Except as legally required (including but not limited to where required for SEC disclosures or the like), neither Party may issue any press release or publicity regarding the Agreement, without first obtaining the other Party's prior written approval of each such disclosure, which shall not be unreasonably withheld.

22.Governing Law; Venue

This Agreement shall be governed by and construed in accordance with the laws of the state of Texas without regard to conflict of laws principles. The Agreement shall not be governed by the United Nations convention on the international sale of goods. Any dispute, claim, counterclaim or controversy of any kind arising under or relating to this Agreement is and shall continue to be subject to the exclusive jurisdiction of the courts of the State of Texas or of the federal courts sitting in the State of Texas. Each of the Parties agrees that all actions or proceedings arising under this Agreement shall be heard and determined in Houston, Harris County, Texas and the Parties submit to the jurisdiction of such courts in respect of any such action or proceeding brought in such courts. The parties waive, to the fullest extent permitted by Law, any objection that they may now or hereafter have to the laying of venue of any such action or proceeding in such courts and any claim that any such action or proceeding brought in any such court has been brought in an inconvenient forum. EACH PARTY HERETO HEREBY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY..

NO CLAIM MAY BE BROUGHT AS A CLASS OR COLLECTIVE ACTION. CUSTOMER SHALL NOT ASSERT SUCH A CLAIM AS A MEMBER OF A CLASS OR COLLECTIVE ACTION THAT IS BROUGHT BY ANOTHER CLAIMANT. CUSTOMER AGREES THAT IT SHALL NOT BRING A CLAIM UNDER THE AGREEMENT MORE THAN ONE (1) YEAR AFTER THE TIME THAT THE CLAIM ACCRUED.

Notwithstanding the foregoing, in the event of any breach or threatened breach of Section 18 of this Agreement, any Party who desires to protect its Confidential Information will have the right to seek, without the requirement of posting a bond or security, equitable relief, including, without limitation, injunctive relief and specific performance, in addition to any other remedies at law or in equity it may have under this Section 22.

23.Miscellaneous

23.1.Survival

The following provisions shall survive termination or expiration of this Agreement: Insurance, Disclaimer, Exclusion and Limitation of Liability, Indemnity, Confidential Information, , Notices, Governing Law/Venue, Miscellaneous, all provisions requiring Customer to pay any amounts (i) owed for Services provided under this Agreement prior to the Termination Date or (ii) otherwise owed by Customer hereunder, and any other provisions of this Agreement that, by their nature, would continue beyond termination or expiration of this Agreement.

23.2.No Lease

This Agreement does not create any real property interest for Customer in the Customer Area or the Facility, and Customer shall not, shall not attempt to, and shall not encourage any third party to file or otherwise create any liens or other property interest or liability on the Facility or any portion thereof.

23.3.Independent Contractor

Each Party is an independent contractor to the other Party in connection with this Agreement, and personnel used or supplied by a Party in the performance of this Agreement shall be and remain employees or agents of such Party and under no circumstances shall be considered employees or agents of the other Party. Each Party shall have the sole responsibility for supervision and control of its personnel. Neither Party is an agent for the other Party, and neither Party has the right to bind the other Party in connection with any agreement with a third party.

23.4.No Third Party Beneficiaries

This Agreement is for the sole and exclusive benefit of the Parties hereto and their respective permitted successors and assigns. Except for the Provider Indemnified Parties under Section 15 and the Facility Owner, nothing herein, express or implied, shall confer, or shall be construed to confer, any rights or benefits in or to any other person.

23.5.Remedies

The rights and remedies of either Party under this Agreement shall be cumulative and not exclusive or alternative.

23.6.Waiver

No failure or delay by either Party in requiring strict performance of any provision of this Agreement, no previous waiver or forbearance of the provisions of this Agreement by either Party, and no course of dealing between the Parties will in any way be construed as a waiver or continuing waiver of any provision of this Agreement.

23.7.Severability

In the event any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such provision will be enforced to the maximum extent possible under law and will, to the extent possible, be replaced by such enforceable provision most closely mirroring the Parties' intentions. All other provisions of this Agreement will remain unaffected by such invalidity or unenforceability and will remain in full force and effect. If a new or a change in the Applicable Law renders this Agreement invalid, illegal or impossible to perform, Provider shall have the right to terminate the Agreement after providing written notice thereof to Customer. The Parties acknowledge and agree that the pricing and other terms in this Agreement reflect, and are based upon, the intended allocation of risk between the Parties and form an essential part of this Agreement.

23.8.Conflict

To the extent there is a conflict between or among the terms of this Agreement, the AUP, and the Data Center Rules, the following shall be the order of precedence: (i) AUP; (ii) Agreement; (iii) Data Center Rules.

23.9.Interpretation

The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party. The words "include," "includes," and "including" (or similar terms) shall be deemed to be followed by the words "without limitation"; "or" means "either or both" and shall not be construed as exclusive; "hereof," "hereby," "herein," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not any particular section in which such words appear, unless otherwise specified; and "any" and "all" each means "any and all" and shall not be construed as terms of limitation. The captions, titles, and section headings are for convenience only and are not intended to aid or otherwise affect the interpretation of this Agreement. The words "written" or "in writing" are used for emphasis in certain circumstances and shall not reduce or eliminate the notice requirements set forth in this Agreement. The use of a term defined herein in its plural form includes the singular and vice versa. The terms defined herein shall be inclusive of all tenses. All references to "days" shall be deemed to refer to calendar days, except as expressly stated otherwise.

23.10.Entire Agreement; Amendment

This Agreement is the only agreement between the Parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, between the Parties relating to such subject matter. Unless otherwise expressly permitted in this Agreement, no modification, amendment, or waiver of this Agreement is effective or binding unless made in a writing that references this Agreement and is signed by both Parties. Without limitation of the foregoing, the Key Terms and the scope of Services may be amended to modify, add, or remove Key Terms and/or Services by a writing that references this Agreement and that is signed by both Parties. In no event will the terms of any of Customer's purchase order or business form, or other standard or pre-printed terms that Customer provides, be of any force or effect as between the Parties.

23.11. Counterparts

This Agreement and each exhibit or attachment hereto may be executed in counterparts, each of which shall constitute an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile or in pdf or other electronic format (including DocuSign), and a facsimile or electronic signature shall be deemed the same, and equally enforceable, as an original.

[SIGNATURE PAGE FOLLOWS]

This Hosting Agreement is executed among the undersigned as of the date first set forth above:

LANCIUM LLC

By: /s/ Michael McNamara
Michael McNamara, CEO

CLEANSPARK, INC.

By: /s/ Zach Bradford
Zach Bradford, CEO

EXHIBIT A

Acceptable Usage Policy

[OMITTED]

Exhibit B

Insurance Requirements

[OMITTED]

Exhibit 31.1

CERTIFICATION

I, Zachary K. Bradford, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 of CleanSpark, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2022

By: /s/ Zachary K. Bradford
Zachary K. Bradford
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Gary A Vecchiarelli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 of CleanSpark, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2022

By: /s/ Gary A. Vecchiarelli
Gary A. Vecchiarelli
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CleanSpark, Inc. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Zachary K. Bradford, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2022

By: /s/ Zachary K. Bradford
Zachary K. Bradford
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CleanSpark, Inc. (the “Company”) on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gary A. Vecchiarelli, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2021

By: /s/ Gary A. Vecchiarelli
Gary A. Vecchiarelli
Chief Financial Officer

Cover - shares	6 Months Ended Mar. 31, 2022	May 10, 2022
Cover [Abstract]		
Document Type	10-Q	
Amendment Flag	false	
Document Quarterly Report	true	
Document Transition Report	false	
Document Period End Date	Mar. 31, 2022	
Document Fiscal Period Focus	Q2	
Document Fiscal Year Focus	2022	
Current Fiscal Year End Date	--09-30	
Entity File Number	001-39187	
Entity Registrant Name	CleanSpark, Inc.	
Entity Central Index Key	0000827876	
Entity Tax Identification Number	87-0449945	
Entity Incorporation, State or Country Code	NV	
Entity Address, Address Line One	2370 Corporate Circle	
Entity Address, Address Line Two	Suite 160	
Entity Address, City or Town	Henderson	
Entity Address, State or Province	NV	
Entity Address, Postal Zip Code	89074	
City Area Code	702	
Local Phone Number	989-7692	
Title of 12(b) Security	Common Stock, par value $0.001 per share	
Trading Symbol	CLSK	
Security Exchange Name	NASDAQ	
Entity Current Reporting Status	Yes	
Entity Interactive Data Current	Yes	
Entity Filer Category	Large Accelerated Filer	
Entity Small Business	false	
Entity Emerging Growth Company	false	
Entity Shell Company	false	
Entity Common Stock, Shares Outstanding		41,290,065

CONSOLIDATED BALANCE SHEETS - USD ($)	Mar. 31, 2022	Sep. 30, 2021
Cash and cash equivalents		
Cash and cash equivalents, including restricted cash	$ 1,912,947	$ 18,040,327
Accounts receivable, net	6,836,253	2,619,957
Inventory	1,259,423	2,672,744
Prepaid expense and other current assets	10,316,242	5,129,047
Digital currency	17,045,640	23,603,210
Derivative investment asset	3,794,359	4,905,656
Investment in equity security	250,000	260,772
Investment in debt security, AFS, at fair value	541,200	494,608
Total current assets	41,956,064	57,726,321
Property and equipment, net	276,330,089	137,674,739
Operating lease right of use asset	1,353,557	1,488,240
Intangible assets, net	10,262,761	12,699,177
Deposits on mining equipment	69,902,321	87,959,910
Other long-term asset	5,943,314	875,536
Goodwill	19,049,198	19,049,198
Total assets	424,797,304	317,473,121
Current liabilities		
Accounts payable and accrued liabilities	21,385,732	7,975,263
Contract liabilities	188,929	296,964
Operating lease liability	321,600	256,195
Finance lease liability	345,817	413,798
Acquisition liability	0	300,000
Contingent Consideration	0	820,802
Dividends payable	335,439	
Total current liabilities	22,577,517	10,063,022
Long-term liabilities		
Operating lease liability, net of current portion	1,043,931	1,235,325
Finance lease liability, net of current portion	257,952	458,308
Total liabilities	23,879,400	11,756,655
Stockholders' equity		
Common stock; $0.001 par value; 100,000,000 shares authorized; 41,293,951 and 37,395,945 shares issued and outstanding as of March 31, 2022 and September 30, 2021, respectively	41,291	37,394
Preferred stock; $0.001 par value; 10,000,000 shares authorized; Series A shares; 2,000,000 authorized; 1,750,000 and 1,750,000 issued and outstanding as of March 31, 2022 and September 30, 2021, respectively	1,750	1,750
Additional paid-in capital	525,246,200	444,074,832
Accumulated other comprehensive income (loss)	41,200	(5,392)
Accumulated deficit	(124,412,537)	(138,392,118)
Total stockholders' equity	400,917,904	305,716,466

Total liabilities and stockholders' equity	$ 424,797,304	$ 317,473,121

CONSOLIDATED BALANCE SHEETS (Parenthetical) - $ / shares	Mar. 31, 2022	Sep. 30, 2021
Common Stock, Par Value	$ 0.001	$ 0.001
Common Stock, Shares Authorized	100,000,000	100,000,000
Common stock, shares issued	41,290,587	37,395,945
Common stock, shares outstanding	41,290,587	37,395,945
Preferred Stock, Par Value	$ 0.001	$ 0.001
Preferred Stock, Shares Authorized	10,000,000	10,000,000
Preferred Stock, Shares Issued	1,750,000	1,750,000
Preferred Stock, Shares Outstanding	1,750,000	1,750,000
Series A Preferred Stock [Member]		
Preferred Stock, Shares Authorized	2,000,000	2,000,000
Preferred Stock, Shares Issued	1,750,000	1,750,000
Preferred Stock, Shares Outstanding	1,750,000	1,750,000

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED) - USD ($)	3 Months Ended		6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
Revenues, net				
Digital currency mining revenue, net	$ 36,965,739	$ 6,715,792	$ 73,940,317	$ 7,449,202
Energy hardware, software and services revenue	4,585,971	1,313,530	8,556,181	2,827,233
Other services revenue	86,282	90,366	383,463	100,824
Total revenues, net	41,637,992	8,119,688	82,879,961	10,377,258
Costs and expenses				
Cost of revenues (exclusive of depreciation and amortization shown below)	12,127,120	1,537,683	20,925,046	2,879,197
Professional fees	900,976	2,456,554	4,218,795	4,169,277
Payroll expenses	10,542,025	3,262,097	19,425,072	6,576,298
General and administrative expenses	3,182,946	1,243,154	5,071,046	2,193,293
(Gain) on disposal of assets	(920,861)	0	(642,691)	
Other impairment expense (related to Digital Currency)	811,345	0	7,033,691	0
Depreciation and amortization	11,661,633	2,117,172	19,359,201	3,226,263
Total costs and expenses	38,305,184	10,616,660	75,390,160	19,044,328
Income (loss) from operations	3,332,808	(2,496,972)	7,489,801	(8,667,070)
Other income/(expense)				
Other Income	308,038	541,576	308,038	541,576
Change in fair value of contingent consideration	290,249	0	345,791	0
Realized gain (loss) on sale of digital currency	(2,733,882)	585,709	7,260,909	635,627
Realized gain on sale of equity security	0	0	665	0
Unrealized gain (loss) on equity security	0	343,000	(1,847)	269,500
Unrealized gain (loss) on derivative security	(1,410,146)	8,400,629	(1,111,297)	7,380,135
Interest income	51,782	54,479	85,253	102,463
Interest expense	(9,584)	(28,381)	(62,293)	(29,721)
Total other income (expense)	(3,503,543)	9,897,012	6,825,219	8,899,580
Income (loss) before income tax (expense) or benefit	(170,735)	7,400,040	14,315,020	232,510
Income tax (expense) or benefit	0	0	0	0
Net income (loss)	(170,735)	7,400,040	14,315,020	232,510
Preferred stock dividends	20,828	177,505	335,439	177,505
Net income (loss) attributable to common shareholders	(191,563)	7,222,535	13,979,581	55,005
Other comprehensive income	28,479	0	46,592	0
Total comprehensive income (loss) attributable to common shareholders	$ (163,084)	$ 7,222,535	$ 14,026,173	$ 55,005
Income (loss) per common share - basic	$ 0.00	$ 0.28	$ 0.34	$ 0.00
Weighted average common shares outstanding- basic	41,336,342	25,925,259	40,802,319	24,025,557
Income (loss) per common share - diluted	$ 0.00	$ 0.22	$ 0.34	$ 0.00

Weighted- average common shares outstanding - diluted	41,336,342	32,697,863	40,861,052	30,798,161

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED) - USD ($)	Total	Preferred Stock [Member]	Common Stock [Member]	Additional Paid-in Capital [Member]	Accumulated Other Comprehensive Loss [Member]	Accumulated Deficit [Member]
Beginning balance, value at Sep. 30, 2020	$ 16,426,365	$ 1,750	$ 17,391	$ 132,809,830	$ 0	$ (116,402,606)
Beginning Balance, Shares Outstanding at Sep. 30, 2020		1,750,000	17,390,979			
Stock Issued During Period, Shares, Issued for Services			501,437			
shares issued for service	3,011,634		$ 501	3,011,133		
Exercise of options and warrants, shares			115,385			
Exercise of options and warrants	192,656		$ 116	192,540		
Shares issued for settlement of contingent consideration related to business acquisition, Shares			1,618,285			
Shares issued for settlement of contingent consideration related to business acquisition	$ 21,183,351		$ 1,618	$ 21,181,733		
Stock Issued During Period, Shares, Other	1,339,009			1,339,009		
Shares issued under underwritten offering, net of offering costs			4,444,445			
Shares issued under underwritten offering, net of offering costs value	$ 37,049,605		$ 4,445	$ 37,045,160		
Net income (loss)	(7,167,530)					(7,167,530)
Ending balance, value at Dec. 31, 2020	72,035,090	$ 1,750	$ 24,071	195,579,405	0	(123,570,136)
Ending Balance, Shares Outstanding at Dec. 31, 2020		1,750,000	24,070,531			
Beginning balance, value at Sep. 30, 2020	16,426,365	$ 1,750	$ 17,391	132,809,830	0	(116,402,606)
Beginning Balance, Shares Outstanding at Sep. 30, 2020		1,750,000	17,390,979			
Net income (loss)	232,510					
Other comprehensive income	0					
Ending balance, value at Mar. 31, 2021	283,720,459	$ 1,750	$ 33,874	400,032,436	0	(116,347,601)
Ending Balance, Shares Outstanding at Mar. 31, 2021		1,750,000	33,874,151			
Beginning balance, value at Sep. 30, 2020	16,426,365	$ 1,750	$ 17,391	132,809,830	0	(116,402,606)

Beginning Balance, Shares Outstanding at Sep. 30, 2020		1,750,000	17,390,979			
Ending balance, value at Sep. 30, 2021	305,716,466	$ 1,750	$ 37,394	444,074,832	(5,392)	(138,392,118)
Ending Balance, Shares Outstanding at Sep. 30, 2021		1,750,000	37,395,945			
Beginning balance, value at Dec. 31, 2020	72,035,090	$ 1,750	$ 24,071	195,579,405	0	(123,570,136)
Beginning Balance, Shares Outstanding at Dec. 31, 2020		1,750,000	24,070,531			
Stock Issued During Period, Shares, Issued for Services			19,429			
shares issued for service	71,497		$ 19	71,478		
Exercise of options and warrants, shares			223,650			
Exercise of options and warrants	3,153,903		$ 223	3,153,680		
Shares issued for settlement of contingent consideration related to business acquisition, Shares			477,703			
Shares issued for settlement of contingent consideration related to business acquisition	$ 13,246,704		$ 478	$ 13,246,226		
Stock Issued During Period, Shares, Other	777,517			777,517		
Shares issued under underwritten offering, net of offering costs			9,090,910			
Shares issued under underwritten offering, net of offering costs value	$ 187,213,213		$ 9,091	$ 187,204,122		
Stock Repurchased During Period, Shares			(8,072)			
Shares returned in relation to business acquisition			$ (8)	8		
Preferred dividends	(177,505)					(177,505)
Net income (loss)	7,400,040					7,400,040
Other comprehensive income	0					
Ending balance, value at Mar. 31, 2021	283,720,459	$ 1,750	$ 33,874	400,032,436	0	(116,347,601)
Ending Balance, Shares Outstanding at Mar. 31, 2021		1,750,000	33,874,151			
Beginning balance, value at Sep. 30, 2021	305,716,466	$ 1,750	$ 37,394	444,074,832	(5,392)	(138,392,118)
Beginning Balance, Shares Outstanding at Sep. 30, 2021		1,750,000	37,395,945			

Shares issued under equity offering, value net of offering costs			$ 4,021	67,984,972		
Options and restricted stock units issued for services	5,749,107			5,749,107		
Exercise of options and warrants, shares			52,061			
Exercise of options and warrants	$ 281,616		$ 52	281,564		
Shares issued for settlement of contingent consideration related to business acquisition, Shares	150,011		8,404			
Shares issued for settlement of contingent consideration related to business acquisition			$ 8	150,003		
Shares issued under equity offering, shares	67,988,993		4,017,652			
Preferred dividends	$ (314,611)					314,611
Net income (loss)			$ 14,485,755			14,485,755
Other comprehensive income			18,113		18,113	
Ending balance, value at Dec. 31, 2021	394,075,450	$ 1,750	$ 41,475	518,240,478	12,721	(124,220,974)
Ending Balance, Shares Outstanding at Dec. 31, 2021		1,750,000	41,474,062			
Beginning balance, value at Sep. 30, 2021	305,716,466	$ 1,750	$ 37,394	444,074,832	(5,392)	(138,392,118)
Beginning Balance, Shares Outstanding at Sep. 30, 2021		1,750,000	37,395,945			
Net income (loss)	14,315,020					
Other comprehensive income	46,592					
Ending balance, value at Mar. 31, 2022	$ 400,917,904	$ 1,750	$ 41,291	525,246,200	41,200	(124,412,537)
Ending Balance, Shares Outstanding at Mar. 31, 2022	400,917,904	1,750,000	41,290,587			
Beginning balance, value at Dec. 31, 2021	$ 394,075,450	$ 1,750	$ 41,475	518,240,478	12,721	(124,220,974)
Beginning Balance, Shares Outstanding at Dec. 31, 2021		1,750,000	41,474,062			
Options and restricted stock units issued for services	6,553,984		$ 2	6,553,982		
Options and restricted stock units issued for services, Shares			1,874			
Shares returned for settlement of contingent consideration and holdbacks related to business acquisition, Shares			(232,518)			

Shares returned for settlement of contingent consideration and holdbacks related to business acquisition			$ (233)	233		
Exercise of options and warrants, shares			47,169			
Exercise of options and warrants	451,554		$ 47	451,507		
Preferred dividends	(20,828)					20,828
Net income (loss)	(170,735)					(170,735)
Other comprehensive income	28,479				28,479	
Ending balance, value at Mar. 31, 2022	$ 400,917,904	$ 1,750	$ 41,291	$ 525,246,200	$ 41,200	$ (124,412,537)
Ending Balance, Shares Outstanding at Mar. 31, 2022	400,917,904	1,750,000	41,290,587			

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED) - USD ($)	6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021
Cash Flows from Operating Activities		
Net income (loss)	$ 14,315,020	$ 232,510
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Unrealized (gain) loss on equity security	1,847	(269,500)
Realized gain on sale of equity security	(665)	0
Impairment of digital currency	7,033,691	0
Realized gain on sale of digital currency	(7,260,909)	(635,627)
Digital currency issued for services	294,992	0
Unrealized (gain) loss on derivative asset	1,111,297	(7,380,135)
Change in fair value of contingent consideration	(345,791)	0
Non-cash lease expenses	134,683	166,460
Stock Based Compensation	12,303,091	5,199,658
Depreciation and amortization	19,359,201	3,226,263
Provision for bad debts		231,932
PPP loan forgiveness		(531,169)
Gain on write-off and disposal of assets	(642,691)	0
Income from in-kind receipts of miners	(308,038)	
Changes in operating assets and liabilities		
Mining of digital currency	(73,940,317)	(7,449,202)
Decrease in operating lease right of use liabilities	(125,989)	(268,861)
Decrease (increase) in contract assets, net		4,103
Increase (decrease) in contract liabilities, net	(108,035)	487,779
Increase (decrease) in accounts payable and accrued liabilities	10,083,770	(2,890,270)
(Increase) in prepaid expenses and other current assets	(12,985,662)	(1,130,741)
(Increase) decrease in accounts receivable	(3,963,323)	114,285
(Increase) decrease in Inventory	1,495,321	(793,945)
Net cash used in operating activities	(33,548,507)	(11,686,460)
Cash Flows from investing		
Payments on miner deposits	(105,077,053)	(45,488,258)
Purchase of fixed assets	(28,914,917)	(9,058,011)
Settlement of holdbacks related to contingent consideration	(625,000)	
Investment in infrastructure development		(2,830,560)
Proceeds from sale of digital currencies	80,430,113	2,422,282
Proceeds from sale of miners	3,497,654	0
Proceeds from sale of equity securities	9,590	0
Acquisition of Solar Watt Solutions, net of cash received		(1,000,337)
Acquisition of ATL Data Center, net of cash received		45,783
Net cash used in investing activities	(50,679,613)	(55,909,101)
Cash Flows from Financing Activities		

Payments on promissory notes		(5,865,476)
Payments on finance leases	(368,450)	
Proceeds from exercise of options and warrants	480,197	3,346,559
Proceeds from equity offerings, net	67,988,993	224,262,818
Net cash provided by financing activities	68,100,740	221,743,901
Net increase (decrease) in cash and cash equivalents and restricted cash	(16,127,380)	154,148,340
Cash and cash equivalents and restricted cash, beginning of period	18,040,327	3,126,202
Cash and cash equivalents and restricted cash, end of period	1,912,947	157,274,542
Supplemental disclosure of cash flow information		
Cash paid for interest	62,293	31,846
Non-cash investing and financing transactions		
Shares and options issued for business acquisition		34,430,055
Cashless exercise of options and warrants		74
Receivables from exercise of options	252,973	
Shares issued for settlement of seller agreements related to acquisition	150,011	
Shares returned as part of settlement of seller agreements related to acquisition	233	
Preferred share dividends accrued	335,439	177,505
Unrealized gain on investment in available-for-sale debt security	$ 46,592	

1. ORGANIZATION AND LINE OF BUSINESS	6 Months Ended Mar. 31, 2022
Organization, Consolidation and Presentation of Financial Statements [Abstract]	
ORGANIZATION AND LINE OF BUSINESS	

1.ORGANIZATION AND LINE OF BUSINESS

Organization

The Company – CleanSpark, Inc. ("CleanSpark," "we," "our," or the "Company") was incorporated in the state of Nevada on October 15, 1987 as SmartData Corporation. In October 2016, the Company changed its name to CleanSpark, Inc.

CleanSpark, Inc. is a bitcoin mining and energy technology company. The Company sustainably mines bitcoin and provides advanced energy technology solutions to commercial and residential customers to solve modern energy challenges. The Company, through itself and its wholly owned subsidiaries, has operated in the digital currency mining sector since December 2020, and in the alternative energy sector since March 2014.

Lines of Business

Digital Currency Mining Segment

Through our wholly owned subsidiaries, ATL Data Centers LLC ("ATL") and CleanBlok, Inc. ("CleanBlok"), the Company mines bitcoin. The Company entered the bitcoin mining industry through our acquisition of ATL in December 2020. It acquired a second data center in August 2021 and has had a co-location agreement with New York-based Coinmint, LLC in place since July 2021. Bitcoin mining has now become the Company's principal revenue generating business activity. We currently intend to acquire additional facilities, equipment and infrastructure capacity to continue to expand our bitcoin mining operations.

Through our subsidiaries CSRE Properties Norcross, LLC, CSRE Property Management Company, LLC and CSRE Properties, LLC, we maintain real property holdings for ATL Data Centers LLC and CleanBlok Inc.

Energy Segment

The Company provides energy solutions through our wholly owned subsidiaries CleanSpark, LLC, CleanSpark Critical Power Systems, Inc., GridFabric, LLC, and Solar Watt Solutions, Inc. These solutions consist of engineering, design and software solutions, custom hardware solutions, Open Automated Demand response ("OpenADR"), solar, energy storage for microgrid and distributed energy systems to military, commercial and residential customers in Southern California and throughout the world.

The Company's solutions are supported by a proprietary suite of software solutions that include microgrid energy modeling, energy market communications and energy management solutions.

Other business activities

Through ATL, we also provide traditional data center services, such as providing customers with rack space, power and equipment, and offer several cloud-based service solutions including virtual services, virtual storage, and data backup services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	6 Months Ended
	Mar. 31, 2022
Accounting Policies [Abstract]	
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	(see below)

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying unaudited interim financial statements of the Company have been prepared in accordance with accounting principles generally States of America and the rules of the Securities and Exchange Commission and should be read in conjunction with the audited financial statemer contained in

the Company's most recent annual report on Form 10-K for the year ended September 30, 2021, filed with the SEC on December 14, 2021 ("Forr management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of period presented in this quarterly report on Form 10-Q have been reflected herein. The results of operations for the interim period are not necessar results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audit the most recent fiscal period, as reported in the Form 10-K, have been omitted.

The accompanying unaudited consolidated financial statements include the accounts of CleanSpark, Inc., and its wholly owned operating subsidia CleanSpark II, LLC, CleanSpark Critical Power Systems Inc., p2kLabs, Inc, GridFabric, LLC, ATL Data Centers LLC, CleanBlok, Inc., CSRE Pr Solutions, Inc, CSRE Properties Norcross, LLC and CSRE Property Management Company, LLC. All intercompany transactions have been elimi of these entities.

Liquidity

As shown in the accompanying unaudited consolidated financial statements, the Company generated a net income (loss) of ($170,735) and $14,3 the three months and six months ended March 31, 2022. While the Company has experienced negative cash flows from investing and operating ac continued investments in capital expenditures in support of its bitcoin mining operations, it has generated positive cash flows from financing activ sufficient working capital to support its ongoing operations for the next twelve months. In addition, the Company has access to equity financing t offering facility and debt financing through the lending arrangement the Company entered into in April 2022 (see Note 15). As of March 31, 2022 working capital of $19,378,547.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the da financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include estimates used goodwill and digital currency impairment, intangible assets acquired, impairments and estimations of long-lived assets, revenue recognition on pe type contracts, revenue recognition from digital currency mining, valuation of derivative assets and liabilities, available-for-sale investments, allo accounts, valuation of digital currencies, valuation of contingent consideration, warranty, and the valuations of share based awards. The Compan historical experience and on various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates u or conditions including, but not limited to, the ultimate impact that the ongoing COVID-19 pandemic may have on the Company's operations.

Revenue Recognition

We recognize revenue in accordance with generally accepted accounting principles as outlined in the Financial Accounting Standard Board's ("FA Standards Codification ("ASC") 606, Revenue From Contracts with Customers, which requires that five steps be followed in evaluating revenue contract with the customer; (ii) identity the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transacti revenue when or as the entity satisfied a performance obligation.

Our accounting policy on revenue recognition by type of revenue is provided below.

Revenues from digital currency mining

The Company has entered into contracts with digital asset mining pool operators to provide computing power to the mining pools. The contracts a by either party and the Company's enforceable right to

compensation only begins when the Company starts providing computing power to the mining pool operator. In exchange for providing computin entitled to a fractional share of the fixed cryptocurrency award the mining pool operator receives (*less* net digital asset transaction fees to the mini successfully adding a block to the blockchain, plus a fractional share of the transaction fees attached to that blockchain. The Company's fractiona proportion of computing power the Company contributed to the mining pool operator to the total computing power contributed by all mining pool the current algorithm. The transaction consideration the Company receives is noncash consideration, in the form of digital currency, which the Co value on the date received which is not materially different than the fair value at contract inception or time the Company has earned the award fro value of the digital currency award received is determined using the spot price of the related digital currency on the date earned.

There is currently no definitive guidance under GAAP or alternative accounting framework for the accounting for digital currencies recognized as management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacte Company may be required to change its policies, which could have an effect on the Company's consolidated financial position and results from op

Engineering & Construction Contracts and Service Contracts

The Company recognizes engineering and construction contract revenue over time, as performance obligations are satisfied, due to the continuous customer. Engineering and construction contracts are generally accounted for as a single unit of account (a single performance obligation) and are

types of services. The Company recognizes revenue based primarily on contract cost incurred to date compared to total estimated contract cost (ar
method is the most faithful depiction of the Company's performance because it directly measures the value of the services transferred to the custo
materials, labor and equipment and, in certain cases, subcontractor materials, labor and equipment, are included in revenue and cost of revenue wh
that the Company is acting as a principal rather than as an agent (i.e., the Company integrates the materials, labor and equipment into the delivera
customer). Customer-furnished materials are only included in revenue and cost when the contract includes construction activity and the Company
amount the customer is paying for the materials or there is a reasonable basis for estimating the amount. The Company recognizes revenue, but no
uninstalled materials that are not specifically produced, fabricated, or constructed for a project. Revenue on these uninstalled materials is recogniz
incurred (when control is transferred). Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are det
contract level. Pre-contract costs are expensed as incurred unless they are expected to be recovered from the client. Project mobilization costs are
project costs as incurred when they are an integrated part of the performance obligation being transferred to the client. Customer payments on eng
contracts are typically due within 30 to 45 days of billing, depending on the contract.

The Company recognizes energy (solar panel and battery) installation contract revenue for residential customers at a point in time upon completio
revenues associated with energy installations for commercial customers are recognized over a period of time as noted in the engineering and cons
disclosure above.

For service contracts (including maintenance contracts) in which the Company has the right to consideration from the customer in an amount that
the value to the customer of the Company's performance completed to date, revenue is recognized when services are performed and contractually
that include multiple performance obligations are segmented between types of services.

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using an estimat
selling price of each distinct service in the contract. Revenue recognized on service contracts that have not been billed to clients is classified as a c
contract assets on the Consolidated Balance Sheets. Amounts billed to clients in excess of revenue recognized on service contracts to date are clas
under contract liabilities. Customer payments on service contracts are typically due within 30 days of billing, depending on the contract.

Revenues from Sale of Equipment

Performance Obligations Satisfied at a point in time.

We recognize revenue on agreements for equipment we sell on a standardized basis to the market at a point in time. We recognize revenue at the p
customer obtains control of the good, which is generally upon shipment or when the customer has physical possession of the product depending o
proof of delivery for certain large equipment with more complex logistics, whereas the delivery of other equipment is estimated based on historica
periods (i.e., time between shipment and delivery). Generally, shipping costs are included in the price of equipment unless the customer requests a
In situations where an alternative shipment arrangement has been made, the Company recognizes the shipping revenue upon customer receipt of t

In situations where arrangements include customer acceptance provisions based on seller or customer-specified objective criteria, we recognize re
concluded that the customer has control of the goods and that acceptance is likely to occur. We generally do not provide for anticipated losses on p
prior to transferring control of the equipment to the customer.

Our billing terms for these point in time equipment contracts vary and generally coincide with shipment to the customer; however, within certain
progress payments from customers for large equipment purchases, which is generally to reserve production slots with our manufacturing partners,
contract liabilities.

Due to the customized nature of the equipment, the Company does not allow for customer returns.

Service Performance obligations satisfied over time.

We enter into long-term product service agreements with our customers primarily within our microgrid segment. These agreements require us to p
maintenance, and standby support services that include certain levels of assurance regarding system performance throughout the contract periods,
generally range from 1 to 10 years. We account for items that are integral to the maintenance of the equipment as part of our service-related perfo
the customer has a substantive right to make a separate purchasing decision (e.g., equipment upgrade). Contract modifications that extend or revis
uncommon and generally result in our recognizing the impact of the revised terms prospectively over the remaining life of the modified contract (
contract). Revenues are recognized for these arrangements on a straight-line basis consistent with the nature, timing and extent of our services, wh
routine maintenance and as needed product repairs. Our billing terms for these contracts vary, but we generally invoice periodically as services ar

Contract assets represent revenue recognized in excess of amounts billed and include unbilled receivables (typically for cost reimbursable contrac
progress (typically for fixed-price contracts). There were no contracts assets as of March 31, 2022 and September 30, 2021. Unbilled receivables,
unconditional right to payment subject only to the passage of time, are reclassified to accounts receivable when they are billed under the terms of
advances that are payments on account of contract assets that have been deducted from contract assets as of March 31, 2022 and September 30, 2
represent deferred revenues as of March 31, 2022. The Company recorded $188,929 and $296,964 in contract liabilities as of March 31, 2022 and
respectively.

Revenues from software

The Company derives its software revenue from both subscription fees from customers for access to its energy software offerings and software lic
services. Revenues from software licenses are generally recognized upfront when the software is made available to the customer and revenues fro
generally recognized ratably over the contract term. The Company's policy is to exclude sales and other indirect taxes when measuring the transac
subscription agreements.

The Company's subscription agreements generally have monthly or annual contractual terms. Revenue is recognized ratably over the related contr
the date that the platform is made available to a customer. Access to the platform represents a series of distinct services as the Company continua
fulfills its obligation to the end customer over the subscription term. The series of distinct services represents a single performance obligation tha

Revenues from design, software development and other technology-based consulting services

For service contracts performed under Master Services Agreements (“MSA”) and accompanying Statement(s) of Work (“SOW”), revenue is recog
performance obligation(s) outlined in the SOW which is typically hours worked or specific deliverable milestones. In the case of a milestone-base
recognizes revenues as each deliverable is signed off by the customer.

Revenues from data center services

The Company provides data services such as providing its customers with rack space, power and equipment, and cloud services such as virtual se
data backup services, generally based on monthly services provided at a defined price included in the contracts. The performance obligations are t
customer for the month based on the contract. The transaction price is the price agreed with the customer for the monthly services provided and th
monthly based on the services rendered for the month.

Variable Consideration

The nature of the Company’s contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards
liquidated damages and penalties. The Company recognizes revenue for variable consideration when it is probable that a significant reversal in the
revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected v
probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount. Factors considered in determ
associated with claims (including change orders in dispute and unapproved change orders in regard to both scope and price) should be recognized
the contract or other evidence provides a legal basis for the claim, (b) additional costs were caused by circumstances that were unforeseen at the c
result of deficiencies in the Company’s performance, (c) claim-related costs are identifiable and considered reasonable in view of the work perforn
supporting the claim is objective and verifiable. If the requirements for recognizing revenue for claims or unapproved change orders are met, reve
the costs associated with the claims or unapproved change orders have been incurred. Back charges to suppliers or subcontractors are recognized
when it is determined that recovery of such cost is probable and the amounts can be reliably estimated. Disputed back charges are recognized whe
described above for claims accounting have been satisfied.

The Company generally provides limited warranties for work performed under its engineering and construction contracts. The warranty periods ty
limited duration following substantial completion of the Company’s work on a project. Historically, warranty claims have not resulted in material

Practical Expedients

If the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the Company’s performance
service contract in which the Company bills a fixed amount for each hour of service provided), the Company recognizes revenue in the amount to
invoice for services performed.

The Company does not adjust the contract price for the effects of a significant financing component if the Company expects, at contract inception
when the Company transfers a service to a customer and when the customer pays for that service will be one year or less.

The Company has made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by government
collected by the Company from its customers (use taxes, value added taxes, some excise taxes).

Cost of Revenues

The Company includes the following in cost of revenues: energy costs, materials costs, manufacturing and logistics costs, freight costs, inventory
services costs. The recognition of cost of revenue for our energy segment is dependent upon the revenue stream that it pertains to, refer below:

1. Products and related services delivered at a point in time. Cost of revenue from these products and related services is recognized when the
control of the product to the customer, which is generally upon shipment.

2. Products and related services delivered over time. Cost of revenue from these products and related services is recognized over the related s

Cash and cash equivalents

Cash and cash equivalents include cash and amounts due from banks and restricted cash. The Company’s restricted cash represents amounts held
construction projects. The following table sets forth a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated bala
the total of those amounts as presented in the consolidated statements of cash flows.

		March 31, 2022
Cash and cash equivalents, excluding restricted cash	$	1,695,718
Restricted cash - construction escrow account		217,229
Cash and cash equivalents, including restricted cash	$	1,912,947

Accounts receivable

Accounts receivable is comprised of uncollateralized customer obligations due under normal trade terms. They are initially recorded at the invoic
goods or services to customers, and do not bear interest. The Company performs ongoing credit evaluation of its customers and management clos
receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The carrying amount of ac
reviewed periodically for collectability. If management determines that collection is unlikely, an allowance that reflects management’s best estima
not be collected is recorded.

Accounts receivable, net consists of the following:

		March 31, 2022
Accounts Receivable, gross	$	6,796,293
Other receivables		733,468
Provision for doubtful allowances		(693,508)
Total Accounts Receivable, net	$	6,836,253

Inventory

Inventory is stated at the lower of cost or net realizable value with cost being measured on a first-in, first-out basis. For solar panel and battery ins
transfers component parts from inventories to cost of goods sold once installation is complete. The Company periodically reviews inventories for
items based on assumptions about future demand and market conditions. Based on this evaluation, provisions are made to write inventories down
value. There were no write-downs of inventory as of March 31, 2022

and September 30, 2021, respectively. The composition of inventory as of March 31, 2022 and September 30, 2021 are as follows:

		March 31, 2022
Batteries and solar panels	$	595,43
Supplies and other		663,99
Total inventory	$	1,259,42

Prepaid expense and other current assets

The Company records a prepaid expense for costs paid but not yet incurred. Those expected to be incurred within one year are recognized and sho
pre-paid expense. Any costs expected to be incurred outside of one year would be considered other long-term assets.

Other current assets are assets that consist of deposits and interest receivable. Deposits and interest we expect to receive within one year are show
expect to receive outside of one year are shown as other long-term assets.

Concentration Risk

At times throughout the year, the Company may maintain cash balances in certain bank accounts in excess of FDIC limits. The cash balance, in ex
was $1,098,786 and $17,790,327 as of March 31, 2022 and September 30, 2021, respectively. The accounts offered by custodians of the Company
by the FDIC. The fair market value of bitcoin held in accounts not covered by FDIC limits was $17,045,640 and $23,603,210 as of March 31, 202
2021, respectively. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in th

The Company has certain customers and vendors who individually represented 10% or more of the Company's revenue or capital expenditures. P
Major Customers and Vendors.

Stock-based compensation

The Company follows the guidelines in FASB Codification Topic ASC 718-10 Compensation-Stock Compensation, which requires companies to
employee and non-employee services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. S
expense for stock options is recognized on a straight-line basis over the requisite service period. The Company may issue compensatory shares fo
not limited to, executive, management, accounting, operations, corporate communication, financial and administrative consulting services. The C
grant date fair value of the options using the Black-Scholes option-pricing model. For equity awards granted by the Company that are contingent
conditions, the Company fair values these awards using the Monte Carlo simulation model. For discussion of accounting for restricted stock units
Note 11 – Stock-Based Compensation.

Earnings (loss) per share

The Company reports earnings (loss) per share in accordance with FASB ASC 260-10 "Earnings Per Share," which provides for calculation of "b
earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholde
common shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earning
calculation of diluted net loss per share gives effect to common stock equivalents; however, potential common shares are excluded if their effect i
March 31, 2022, 489,282 units of common stock equivalents that consist of options, warrants and restricted stock units were excluded from the

calculation of the diluted (loss) per share calculation for the three months ended March 31, 2022 as their effect is anti-dilutive.

	For the Three Months Ended March 31,				For th Ende	
		2022		2021		2022
Numerator						
Consolidated net income (loss) attributable to common shareholders	$	(191,563)	$	7,222,535	$	13,979,5
Denominator						
Weighted- average common shares outstanding, basic		41,336,342		25,925,259		40,802,3
Dilutive impact of stock options and other share-based awards		—		6,772,604		58,7
Weighted- average common shares outstanding, diluted		41,336,342		32,697,863		40,861,0
Net income (loss) per common share attributable						
Basic	$	(0.00)	$	0.28	$	0.
Diluted	$	(0.00)	$	0.22	$	0.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Construction in progress is the construction or development of assets tha
in service for its intended use. Depreciation for machinery and equipment, mining equipment, buildings, furniture and fixtures and leasehold impr
once they are ready for its intended use. Leasehold improvements are depreciated on a straight-line basis over the shorter of their estimated useful
related leases. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Useful life (years)
Building	
Land Improvements	
Machinery and equipment	1-10

Office Equipment	3-7
Mining equipment	3-15
Miners	3-5
Infrastructure asset	Shorter of estimated lease term or 15 years
Leasehold improvements	Shorter of estimated lease term or 5 years
Furniture and fixtures	1-5

In accordance with the FASB ASC 360-10, "Property, Plant and Equipment" the carrying value of property and equipment, and other long-lived a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the fair value. During the three and six months ended March 31, 2022 and March 31, 2021 the Company did not record an impairment expense.

Digital Currency

Digital currencies are included in current assets in the consolidated balance sheets. Digital currencies are recorded at cost less impairment. They a indefinite-lived intangible assets in accordance with ASC 350, Intangibles — Goodwill and Other, and are accounted for in connection with the C recognition policy detailed above and in Note 2 – Summary of Significant Accounting Policies. 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 mor indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, the Company has a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment tes is measured using the quoted price of the digital currency at the time its fair value is being measured in accordance with ASC 820, Fair Value Me are obtained from the principal market. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subseq impairment losses is not permitted as per ASC 350, Intangibles – Goodwill and Other.

Digital currencies earned by the Company through its mining activities are included within operating activities on the accompanying consolidated The sales of digital currencies are included within investing activities in the accompanying consolidated statements of cash flows and any realized sales are included in other income (expense) in the consolidated statements of operations and comprehensive income (loss). The Company accour accordance with the first in first out ("FIFO") method of accounting.

The following table presents the activities of the digital currencies for the six months ended March 31, 2022:

Balance as on September 30, 2021	**$**
Addition of digital currencies	
Sale of digital currencies	
Digital currencies issued for services	
Realized gain on sale of digital currencies	
Impairment loss	
Balance as on March 31, 2022	**$**

Fair Value Measurement of financial instruments, derivative asset and contingent consideration

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair val observable inputs and minimize the use of unobservable inputs. The Company utilizes a fair value hierarchy based on three levels of inputs, of wh considered observable and the last unobservable.

Level 1 Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions markets involving identical assets.

Level 2 Quoted prices for similar assets and liabilities in active markets; quoted prices included for identical or similar assets and liabilities model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. These are typically o readily-available pricing sources for comparable instruments.

Level 3 Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's ov assumptions that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

The carrying value of cash, accounts payable and accrued expenses, and debt approximate their fair values because of the short-term nature of the Management believes the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The following table presents the Company's financial instruments that are measured and recorded at fair value on the Company's balance sheets c their level within the fair value hierarchy as of March 31, 2022 and September 30, 2021:

March 31, 2022

	Amount	Level 1	Level 2
Derivative asset	$ 3,794,359	$ -	$
Investment in debt security	541,200	-	
Total	$ 4,335,559	$ -	$

September 30, 2021

	Amount	Level 1	Level 2
Derivative asset	$ 4,905,656	$ -	$
Investment in equity security	10,772	10,772	
Investment in debt security	494,608	-	
Contingent cash consideration	820,802	-	
Total	$ 6,231,838	$ 10,772	$

There were no transfers between Level 1, 2 or 3 during the three and six months ended March 31, 2022 and 2021.

Income taxes

The Company’s calculation of its tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in vario
The Company recognizes tax liabilities for uncertain tax positions based on management’s estimate of whether it is more likely than not that addit
required. The Company had no uncertain tax positions as of March 31, 2022 and September 30, 2021.

Deferred income taxes are recognized in the consolidated financial statements for the tax consequences in future years of differences between the
liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates. Temporary differences arise from net operating l
depreciation methods of archived images, and property and equipment, stock-based and other compensation, and other accrued expenses. A valua
established when it is determined that it is more likely than not that some or all of the deferred tax assets will not be realized.

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations thems
change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability f
state jurisdictions, may be materially different from managements estimates, which could result in the need to record additional tax liabilities or p
previously recorded tax liabilities. Interest and penalties are included in tax expense.

The Company includes interest and penalties arising from the underpayment of income taxes in the statements of operation in the provision for in
31, 2022 and September 30, 2021, the Company had no accrued interest or penalties related to uncertain tax positions.

Income tax expense/(benefit) from operations for the three and six months ended March 31, 2022 and 2021 was $0 in each period, which resulted
maintaining a full valuation allowance against the Company's deferred tax assets.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the r
operations or net assets of the Company.

Segment Reporting

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by th
maker, or decision-making group, in deciding the method to allocate resources and assess performance. The Company has two reportable segmen
Currency Mining Segment and (2) Energy Segment.

Recently issued accounting pronouncements

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities fr
Customers, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquir
in accordance with ASC 606, Revenue from Contracts with Customers, as if it had originated the contracts. Under the current business combinatio
and liabilities are recognized by the acquirer at fair value on the acquisition date. This new guidance is effective for the Company for its fiscal yea
December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The
potential impact but does not expect the new standard to have a material impact on the Company's results of operations or cash flows.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Ins
2020 (“ASU 2016-13”). ASU 2016-13 requires entities to use a new forward-looking “expected loss” model that reflects expected credit losses, i
related to trade receivables, and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimate
result in the earlier recognition of allowances for losses. As the Company was a Smaller Reporting Company at the time of issuance of the ASU, t
adopt the ASU effective October 1, 2023, including the interim periods within the fiscal year. Early application of the adoption is permitted. The C
potential impact but does not expect the new standard to have a material impact on the Company's results of operations or cash flows.

In August 2020, the FASB issued ASU2020-06, “Debt - Debt with Conversion and Other Options (subtopic 470-20) and Derivatives and Hedging
Own Equity (subtopic 815-40),” which reduces the number of accounting models in ASC 470-20 that require separate accounting for embedded c
result, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost as long as no other features require b
as derivatives. By removing those separation models, the effective interest rate of convertible debt instruments will be closer to the coupon interes
net income per share calculation for convertible instruments will require the Company to use the if-converted method. The treasury stock method
to calculate diluted net income per share for convertible instruments. The amendment will be effective for the Company for fiscal years beginning
including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 202
periods within those fiscal years. We expect the adoption of ASU 2020-06 to not have a material impact on the Company’s financial statements o

3. ACQUISITIONS

	6 Months Ended
	Mar. 31, 2022

Business Combination and Asset Acquisition [Abstract]

ACQUISITIONS

3.ACQUISITIONS

SOLAR WATT SOLUTIONS, INC.

On February 23, 2021, the Company entered into an Agreement and Plan of Merger (the "SWS Merger Agreement") with Solar Watt Solutions, I
owners (the "Sellers"). The Company accounted for the acquisition of SWS as an acquisition of a business under ASC 805 – Business Combinati

At the closing on February 24, 2021, SWS became a wholly owned subsidiary of the Company. In exchange, the Company issued (i) 477,703 sha
stock with a deemed value of $15,640,000 calculated based on the five-day average closing price of the Company's common stock for the trading
immediately preceding the closing date of $32.74 per share to the Sellers, of which (a) 167,685 shares with a deemed value of $5,490,000 would
and (b) an additional 310,018 shares with a deemed fair value of $10,150,000 were issued to an escrow agent and only earned by Sellers, subject
Sellers' satisfaction of certain future milestones with all such shares subject to a lock up of no less than 180 days and a leak

out of no more than 10% of average daily trading value of the prior 30 days for a period of 36 months following the closing, and (ii) up to $3,850
minus the Sellers' debt, minus the difference between the Actual Amount and Expected Amount consisting of: (a) $1,350,000 (no changes post a
payable on a pro rata basis to Sellers at closing, less payment of $500,000 (no changes post acquisition date) to settle Sellers' debt at closing, whi
(no changes post acquisition date) in cash held back by the Company to satisfy potential damages from indemnification claims and any amounts
post-closing adjustments, (y) an additional $100,000 (no changes post acquisition date) in cash held back by the Company to satisfy any amounts
post-closing adjustments, and (b) up to $2,500,000 (fair valued at $155,000 at acquisition date) in cash held back by the Company and only payab
meeting certain future milestones and subject to satisfaction of any amounts owing from SWS to the Company resulting from damages required t
SWS Merger Agreement.

The Company determined the fair value of the consideration given to the sellers of SWS in connection with the transaction in accordance with AS

Consideration:	
Cash	$
Contingent consideration	
310,018 shares of common stock as contingent equity consideration	$
167,685 shares of common stock	
Total Consideration	$

	Preliminary Allocation at Acquisition Date	Adjustments to Fair Value
Customer List	$ 5,122,733	$ (4,932,73
Goodwill	1,642,409	5,178,12
Other Assets and Liabilities assumed, net	(77,235)	(245,39
Total	$ 6,687,907	$ —

The goodwill recorded as result of the acquisition represents the strategic benefits of growing the Company's service portfolio and the expected r
increased market penetration. Acquired goodwill is not deductible for income tax purposes. The total purchase price was allocated to identifiable
and liabilities assumed, based on their estimated fair values.

The amortization period for customer list is estimated to be 1.5 years. The Company estimated the fair value of the identified customer list using
model. These fair value measurements were based on significant inputs not observable in the market and thus represent a Level 3 measurement. K
the level and timing of expected incremental future cash flows over its remaining useful life, and discount rates the Company believe to be consis
associated with customer list, which is 14%. The Company believes the level and timing of expected future cash flows appropriately reflects mar

On January 31, 2022, the Company entered into a Merger Satisfaction and Release Agreement (the "Merger Satisfaction Agreement") with the Se
consideration of fully satisfying the terms under the SWS Merger Agreement, the Company paid the Sellers $625,000 and released from escrow
Company's common stock. Additionally, the Sellers agreed to release back to the Company 232,518 shares of the Company's common stock held
of such consideration, the parties agreed that the shares and cash holdbacks contained in the original merger agreement were fully satisfied.

ATL DATA CENTERS, LLC

On December 9, 2020, the Company entered into an Agreement and Plan of Merger (the "ATL Merger") with ATL Data Centers LLC ("ATL") a
Company accounted for the acquisition of ATL as an acquisition
of a business under ASC 805 – Business Combination.

At the closing, ATL became a wholly owned subsidiary of the Company. In exchange, the Company issued 1,618,285 shares of restricted commo
members of ATL, of which: (i) 642,309 shares were fully earned on closing, and (ii) an additional 975,976 shares were issued and held in escrow,
pending satisfaction of certain indemnification claims and future milestones, with all such shares subject to a lock up of no less than 180 days and
than 10% of the average daily trading value of the prior 30 days.

Of the 975,976 shares held in escrow, 515,724 shares were released to the selling members of ATL and 68,194 shares were returned to the Comp
satisfy nonsatisfaction of certain indemnification matters during the year ended September 30, 2021. The remaining 392,058 shares held in escro
subject to holdback pending satisfaction of further indemnification matters and 319,069 shares subject to satisfaction of future milestones.

In connection with the return of the 68,194 shares held in escrow that were cancelled to satisfy certain indemnification matters, total consideration
decreased by $892,659 during the year ended September 30, 2021.

The consideration remitted in connection with the ATL Merger is subject to adjustment based on post-closing adjustments to closing cash, indebte
expenses of ATL within 90 days of closing. The Company also assumed approximately $6,900,000 in debts of ATL at closing. As part of the trans
Company issued 41,708 shares of common stock for an aggregate value of $545,916 to the broker which were expensed upon issuance of the shar

Purchase Price Allocation	Preliminary Allocation at Acquisition Date	Adjustments to Fair Value
Strategic Contract	$ 7,457,970	$ 2,342,00
Goodwill	14,205,245	(1,264,16
Other Assets and Liabilities assumed, net	(479,864)	(1,077,83
Total	$ 21,183,351	$ —

The Company made measurement period adjustments, primarily to strategic contract and goodwill, to better reflect the facts and circumstances th
acquisition date.

The goodwill recorded as a result of the acquisition represents the strategic benefits of growing the Company's service portfolio and the expected
increased market penetration. Acquired goodwill is not deductible for income tax purposes. The total purchase price was allocated to identifiable
and liabilities assumed, based on their estimated fair values.

The strategic contract relates to supply of a critical input to our digital currency mining business. The other assets and liabilities assumed include
currency mining equipment and approximately $5,475,000 of notes payable related to this equipment, which was settled by the Company in Dece
with the acquisition, the Company had acquired an operating lease related to a rental building, which had a purchase option associated with the le
Company exercised the purchase option to buy the property in May 2021 and, as a result, terminated the lease.

The amortization period for strategic contracts is estimated to be 5 years. The Company estimated the fair value of the identified strategic contrac
flow model. These fair value measurements were based on significant inputs not observable in the market and thus represent a Level 3 measurem
include

the level and timing of expected future cash flows, conditions and demands over its remaining useful life, and discount rates the Company believe
inherent risks associated with strategic contract, which is 6.4%. The Company believes the level and timing of expected future cash flows appropr
participant assumptions.

Pro forma of Consolidated Financial Statements (Unaudited)

The following is the unaudited pro forma information assuming the acquisition of ATL and SWS occurred on October 1, 2020:

	For the three months ended March 31, 2021	For
Net sales	$ 8,907,200	$
Net income (loss)	$ 7,208,568	$
Net income / (loss) per common share – basic	$ 0.27	$
Weighted average common shares outstanding – basic	26,402,962	
Net income / (loss) per common share – diluted	$ 0.22	$
Weighted average common shares outstanding – diluted	33,175,566	

The unaudited pro forma consolidated financial results have been prepared for illustrative purposes only and do not purport to be indicative of the
would have actually resulted had the acquisition occurred on the first day of the earliest period presented, or of future results of the consolidated e
forma consolidated financial information does not reflect any operating efficiencies and cost savings that may be realized from the integration of t
transactions that would be considered inter-company transactions for pro forma purposes have been eliminated.

4. INVESTMENTS	6 Months Ended Mar. 31, 2022

Schedule of Investments [Abstract]

INVESTMENTS

4.INVESTMENTS

As of March 31, 2022 and September 30, 2021, the Company had total investments of $4,585,559 and $5,661,036, respectively that comprise of t

International Land Alliance, Inc.

On November 5, 2019, the Company entered into a binding Memorandum of Understanding (the "MOU") with International Land Alliance, Inc. (corporation, to lay a foundational framework where the Company expects to deploy its energy solutions across the portfolio of ILAL, including it customers.

In connection with the MOU, and to support the power and energy needs of ILALs development and construction of certain projects, the Compan Purchase Agreement ("SPA"), dated as of November 6, 2019, with ILAL.

Pursuant to the terms of the SPA with ILAL, the Company purchased 1,000 shares of Series B Preferred Stock of ILAL (the "Preferred Stock") fo price of $500,000 (the "Stock Transaction"), less certain expenses and fees. The Series B Preferred Stock accrue cumulative in-kind accruals at a and were redeemable on August 6, 2020. The Preferred Stock can be converted into common stock at a variable rate (refer the discussion on emb below). This variable conversion ratio will increase by 10% with the occurrence of certain events. Since the investments were not redeemed on A now redeemable at the Company`s option in cash or into common stock, based on the conversion ratio. The Preferred Stock is recorded as an AFS reported at its estimated fair value as of March 31, 2022. Any change in the fair values of AFS debt securities are reported net of income tax as an Comprehensive income.

The Company accrued interest on our available-for-sale debt securities totaling $484,000 and $399,863, as of March 31, 2022 and September 30, presented as prepaid expense and other current assets on the

Consolidated Balance Sheets. The fair value of investment in Debt Securities is $541,200 and $494,608 as of March 31, 2022 and September 30, Company has included gain on change in fair value of preferred stock amounting to $28,479 and $46,592 respectively for the three month and six March 31, 2022, and $0 and $0 respectively for the three month and six month periods ended March 31, 2021, as part of other comprehensive inc Statements of Operations and Comprehensive Income (Loss).

The Company has deemed this variable conversion feature of ILAL preferred stock as an embedded derivative instrument in accordance with AS topic requires the Company to account for the conversion feature on its balance sheet at fair value and account for changes in fair value as a deriv Unrealized gain or loss on fair valuation of this embedded feature is recognized as an income in Consolidated statements of Operations and Com

Total fair value of investment in derivative assets as of March 31, 2022 and September 30, 2021, respectively was $3,794,359 and $4,905,656. T the debt security as a straight debt instrument based on liquidation value and accrued interest to date. The fair value of the derivative asset is base fair value of the debt security determined as a straight debt instrument and the fair value of the debt security if converted as of the reporting date. unrealized loss on derivative assets for $1,410,146 and $1,111,297 respectively for the three and six month periods ended March 31, 2022, compa on derivative assets for $8,400,629 and $7,380,135 for the three and six month periods ended March 31, 2021.

The following table sets forth a reconciliation of carrying value of all investments as of March 31, 2022 and September 30, 2021:

	ILAL Debt Securities	ILAL Derivative Asset	ILAL Equity Securities
Balance as of September 30, 2021	**$ 494,608**	**$ 4,905,656**	**$ 10,77**
Shares sold during the year	—	—	(9,59
Realized gain on fair value recognized in other income/expense	—	—	66
Unrealized loss recognized in other income/expense	—	(1,111,297)	(1,84
Unrealized gain on fair value recognized in other comprehensive income	46,592	—	–
Balance as of March 31, 2022	**$ 541,200**	**$ 3,794,359**	**$ –**

5. INTANGIBLE ASSETS

	6 Months Ended
	Mar. 31, 2022
Goodwill and Intangible Assets Disclosure [Abstract]	
INTANGIBLE ASSETS	

5.INTANGIBLE ASSETS

Intangible assets consist of the following as of March 31, 2022 and September 30, 2021:

	March 31, 2022	
	Intangible assets	Accumulated amortization
Patents	$ 74,113	$ 34,55
Websites	23,115	8,91
Customer list and non-compete agreement	6,892,024	5,981,76
Design assets	123,000	123,00
Trademarks	5,928	2,48
Engineering trade secrets	4,370,269	3,282,67
Software	870,000	344,37
Strategic Contract	9,799,970	2,568,12
mPulse software	741,846	291,60
Total	$ 22,900,265	$ 12,637,50

	September 30, 2021	
	Intangible assets	Accumulated amortization
Patents	$ 74,112	$ 28,32
Websites	8,115	8,11
Customer list and non-compete agreement	6,892,024	4,940,45
Design assets	123,000	123,00
Trademarks	5,928	2,23
Engineering trade secrets	4,370,269	2,943,17
Software	870,000	325,51
Strategic Contract	9,799,970	1,577,09
mPulse software	741,846	238,16
Total	$ 22,885,264	$ 10,186,08

Amortization expense for the three and six months ended March 31, 2022 was $1,225,873 and $2,451,417, respectively. Amortization expense fo ended March 31, 2021 was $1,403,483 and $2,309,974, respectively.

The Company expects to record amortization expense of intangible assets over the next 5 years and thereafter as follows:

Year	
2022	$
2023	
2024	
2025	
2026	
Thereafter	
	$

6. PROPERTY AND EQUIPMENT	6 Months Ended Mar. 31, 2022

Property, Plant and Equipment [Abstract]

PROPERTY AND EQUIPMENT

6.PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	March 31, 2022
Mining equipment	$ 11,782,820
Miners	256,063,805
Land Improvements	1,529,937
Office Equipment	167,329
Land and building	12,624,608
Machinery and equipment	331,172
Leasehold improvements	158,110
Furniture and fixtures	82,601
Infrastructure	12,439,515
Construction in progress	4,172,407
Less: accumulated depreciation	(23,022,215)
Property and equipment, net	$ 276,330,089

Depreciation expense for the three months ended March 31, 2022 and 2021 was $10,435,760 and $706,417, respectively. Depreciation expense f
March 31, 2022 and 2021 was $16,907,784 and $930,324, respectively. For the three months ended March 31, 2022, $3,978,676 of property and e
gain of $920,861. For the six months ended March 31, 2022, $4,390,160 of property and equipment was disposed of for a gain of $642,691, whic
property and equipment that was written-off resulting in a loss of $278,170. There were no disposals during the three and six months ended Marcl

The Company placed-in service property and equipment of $160,345,487 during the six months ended March 31, 2022. This increase in fixed ass
miners amounting to $135,733,036, which also includes miners received in-kind under miner purchase agreements valued at approximately $308,
$8,959,602, and infrastructure of $12,357,647.

Construction in progress: The Company is expanding its facilities in Georgia.

As of March 31, 2022, the Company has outstanding deposits totaling $69,902,321. These deposits are in prepayments paid to premier suppliers a
purchase mining ASICs and equipment. The prepayments will be applied to the purchase price when the vendor ships the miners.

7. LEASES

6 Months Ended
Mar. 31, 2022

Leases [Abstract]

LEASES

7.LEASES

On October 1, 2019, the Company adopted the amendments to ASC 842, Leases, which requires lessees to recognize lease assets and liabilities ar leases on the balance sheet. The Company adopted the new lease guidance using the modified retrospective approach and elected the transition op 2018-11, Leases (Topic 842) Targeted Improvements, allowing entities to continue to apply the legacy guidance in ASC 840, Leases, to prior peri requirements.

The Company's operating leases are office spaces and finance leases which are primarily related to equipment used at its data center.

The Company's lease costs recognized during the three and six months ended March 31, 2022 and 2021 in the Consolidated Statements of Operat Income (Loss) consist of the following:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021	For the March 31 2022
Operating lease cost [(1)]	$ 83,237	$ 152,848	$ 166
Finance lease cost:			
Amortization of right-of-use assets	$ 94,815	$ 90,981	$ 189
Interest on lease obligations	$ 10,125	$ 14,645	$ 21

(1) Included in general and administrative expenses

Other lease information is as follows:

	For the six mo March 31, 2022
Cash paid for amounts included in measurement of lease obligations:	
Operating cash flows from operating leases	$ 157,780
Financing cash flows from finance leases	$ 206,063

	March 31, 2022
Weighted-average remaining lease term - operating leases	4.54 years
Weighted-average remaining lease term - finance leases	1.78 years
Weighted-average discount rate - operating leases	4.50%
Weighted-average discount rate - finance leases	5.50%

The following is a schedule of the Company's lease liabilities by contractual maturity as of March 31, 2022:

Fiscal Year	Operating Leases
2022	$ 159,125
2023	324,949
2024	333,234
2025	341,767
2026	299,039
Thereafter	37,301
Gross lease liabilities	1,495,415
Less: imputed interest	(129,884)
Present value of lease liabilities	$ 1,365,531
Less: Current portion of lease liabilities	(321,600)
Total lease liabilities, net of current portion	$ 1,043,931

8. RELATED PARTY TRANSACTIONS	6 Months Ended Mar. 31, 2022
Related Party Transactions [Abstract]	
RELATED PARTY TRANSACTIONS	**8. RELATED PARTY TRANSACTIONS** *Zachary K. Bradford - Chief Executive Officer and Director* During the three and six months ended March 31, 2022, the Company paid Blue Chip Accounting, LLC (“Blue Chip”) $0 and $47,075, respectively, for accounting, tax, administrative services and reimbursement for office supplies. During the three and six months ended March 31, 2021, the Company paid Blue Chip Accounting, LLC (“Blue Chip”) $50,675 and $80,675, respectively, for accounting, tax, administrative services and reimbursement for office supplies. Blue Chip is 50% beneficially owned by Mr. Bradford. None of the services were associated with work performed by Mr. Bradford. The services consisted of preparing and filing tax returns, bookkeeping, accounting and administrative support assistance. The Company also sub-leases office space from Blue Chip. During the three and six months ended March 31, 2022, $0 and $4,575, respectively, was paid to Blue Chip for rent. During the three and six months ended March 31, 2021, $4,575 and $9,150, respectively, was paid to Blue Chip for rent. The sublease and engagement for accounting services was terminated on December 31, 2021.

9. STOCKHOLDERS' EQUITY	6 Months Ended
	Mar. 31, 2022
Equity [Abstract]	
STOCKHOLDERS' EQUITY	

9.STOCKHOLDERS' EQUITY

Overview

The Company's authorized capital stock consists of 100,000,000 shares of common stock and 10,000,000 shares of preferred stock, par value $0.001 per share. As of March 31, 2022, there were 41,290,587 shares of common stock issued and outstanding and 1,750,000 shares of preferred stock issued and outstanding. As of September 30, 2021, there were 37,395,945 shares of common stock issued and outstanding and 1,750,000 shares of preferred stock issued and outstanding.

Common Stock issuances during the six months ended March 31, 2022

The Company issued 99,230 common shares in relation to exercise of options.

The Company issued 1,874 common shares valued at $30,032 as compensation for Director services.

The Company issued 8,404 common shares valued at $150,011 for settlement of contingent consideration related to business acquisition.

The Company issued 4,017,652 common shares in relation to equity raises through its At-the-Market offering facility, net of offering costs, for net proceeds of $67,988,993.

Common stock returned during the six months ended March 31, 2022

The Company had 232,518 shares of common stock returned back to the Company as part of the settlement of contingent consideration and holdbacks related to business acquisition.

10. STOCK WARRANTS	6 Months Ended Mar. 31, 2022

Stock Warrants

STOCK WARRANTS

10.STOCK WARRANTS

The following is a summary of stock warrant activity during the six months ended March 31, 2022:

	Number of Warrant Shares
Balance, September 30, 2021	615,704
Warrants granted	—
Warrants expired	(183,334)
Warrants canceled	—
Warrants exercised	—
Balance, March 31, 2022	432,370

As of March 31, 2022, there are warrants exercisable to purchase 432,370 shares of common stock in the Company and there are no warrants that
March 31, 2022, the outstanding warrants have a weighted average remaining term of 1.62 years and an intrinsic value of $467,940.

During the three and six months ended March 31, 2022, there were no exercise of warrants.

11. STOCK-BASED COMPENSATION	6 Months Ended
	Mar. 31, 2022

Equity [Abstract]

STOCK-BASED COMPENSATION

11.STOCK-BASED COMPENSATION

The Company sponsors a stock-based incentive compensation plan known as the 2017 Incentive Plan (the "Plan"), which was established by the I
Company on June 19, 2017. On October 7, 2020, the Company executed a first amendment to the Plan to increase its share pool from 300,000 to
common stock.

Effective September 15, 2021, following approval by our stockholders, the Plan was amended to (i) increase the number of shares of common sto
under the Plan by an additional 2,000,000 shares, resulting in an aggregate of 3,500,000 shares of common stock authorized for issuance under the
Section 19 of the Plan to more closely align with the provisions of Section 422 of the Internal Revenue Code of 1986, as amended, and Section 17

As of March 31, 2022, there were 370,821 shares available for issuance under the Plan.

The Plan allows the Company to grant incentive stock options, non-qualified stock options, stock appreciation rights, common stock, units of com
stock, performance shares and performance units. Other than incentive stock options that are granted to participants who owns more than 10% of
power of all classes of the stock of the Company or of its parent or subsidiary corporations (a "Ten Percent Stockholder"), stock options are exerc
at an option price per share not less than the fair market value on the date the option is granted. The incentive stock options are limited to persons
employees of the Company or Ten Percent Stockholders at the date of the grant of the option. Non-qualified stock options and the other types of a
Plan may be granted to any person, including, but not limited to, employees, independent agents, consultants and attorneys, who the Company's C
believes have contributed, or will contribute, to the success of the Company. The option vesting schedule for options granted is determined by the
Committee at the time of the grant. The Plan provides for accelerated vesting of unvested options if there is a change in control, as defined in the

The Company granted 64,000 non-qualified options pursuant to the Plan during the six months ended March 31, 2022.

The Company recognized $6,553,984 and $12,303,091 respectively for the three and six months ended March 31, 2022 in stock-based compensat
Company recognized $231,361 and $1,163,401 respectively for the three and six months ended March 31, 2021 in stock-based compensation und

STOCK OPTIONS

The following is a summary of stock option activity during the six months ended March 31, 2022:

	Number of Option Shares
Balance, September 30, 2021	1,547,029
Options granted	197,250
Options expired	-
Options canceled/forfeited	(157,885)
Options exercised	(99,230)
Balance, March 31, 2022	1,487,164

As of March 31, 2022, there are options exercisable to purchase 632,753 shares of common stock in the Company and 854,508 unvested options
exercised until vesting conditions are met. As of March 31, 2022, the outstanding options have a weighted average remaining term of 1.61 years a
$1,303,773.

During the six months ended March 31, 2022, a total of 99,230 shares of the Company's common stock were issued in connection with the exerc
options at exercise prices ranging from $4.65 to $15.10, for a total consideration of $733,170. For the six months ended March 31, 2022, the Com
options with a total fair value of $2,958,367 to purchase shares of common stock to employees.

The Black-Scholes model utilized the following inputs to value the options granted during the six months ended March 31, 2022:

Fair value assumptions Options:	
Risk free interest rate	
Expected term (years)	
Expected volatility	
Expected dividends	

As of March 31, 2022, the Company expects to recognize $13,096,168 of stock-based compensation for the non-vested outstanding options over a
of 2.05 years.

RESTRICTED STOCK UNITS

The Company grants RSUs that contain (a) service conditions, (b) performance conditions, or (c) market performance conditions. RSUs containin
monthly or annually. RSUs containing performance conditions generally vest over 1 year, and the number of shares earned depends on the achiev
Company metrics.

When the criteria for vesting is met, the Company recognizes the expense equal to the total fair value of the common stock price on the grant date
prior to September 30, 2021 were either vested or forfeited and cancelled.

The following table summarizes the performance-based restricted stock units at the maximum award amounts based upon the respective performa
Actual shares that will vest depend on the attainment of the performance-based criteria.

	Number of Shares		Weighted Average Fair Value Per Share
Outstanding at September 30, 2021	10,995	$	11.5
Granted	1,106,250		14.6
Vested	(77,885)		20.1
Forfeited	(40,759)		20.4
Outstanding at March 31, 2022	998,601	$	14.1

During the six months ended March 31, 2022, the Company granted 1,106,250 RSUs, which comprised of 90,000 that are service period based, 1 performance condition based, and 870,000 that are market condition based awards. The market condition based RSUs consist of 60,000 units that and therefore, are given a derived service period of 5 years. The remaining 810,000 RSUs have a stated service period of 1 year. The fair value of are determined using the Monte Carlo simulation and is in the following range: $11.03 - $17.89 per unit. The risk free rate, volatility, expected ter these market based RSUs are as follows: 0.14-1.26%, 111.37-172.18%, 1-5 years, and 20.00-21.00%.

As of March 31, 2022, the Company had $7,755,679 in unrecognized compensation costs related to RSU awards that it expects to recognize over of 0.75 years.

12. COMMITMENTS AND CONTINGENCIES

12. COMMITMENTS AND CONTINGENCIES	6 Months Ended Mar. 31, 2022
Commitments and Contingencies Disclosure [Abstract]	
COMMITMENTS AND CONTINGENCIES	

12.COMMITMENTS AND CONTINGENCIES

Purchase of bitcoin mining equipment

The Company has cancellable purchase commitments totaling approximately $87,300,000 related to purchase of miners and approximately $10,6
of mining operations related equipment and construction projects as of March 31, 2022, and the Company has paid approximately $73,700,000 to
as of the end of this period. As of March 31, 2022, the remaining commitment for future payments was approximately $24,200,000.

Future hosting agreements

On March 29, 2022, the Company entered into a Hosting Agreement (the "Lancium Agreement") with Lancium LLC ("Lancium"). Pursuant to th
Lancium has agreed to host, power and provide maintenance and other related services to the Company's cryptocurrency mining equipment to be
facilities. Pursuant to the Agreement, Lancium will provide 200 megawatts in support of Company's mining equipment. In addition, for a period o
following the operations commencement date under the Agreement, the Company will have an option to increase the power capacity supplied to t
MW or 40% of the aggregate capacity of all facilities owned and operated by Lancium, whichever is lesser. As consideration for the Services, the
Lancium a power charge fee based on kilowatt hours consumed by the Company's equipment and a hosting fee based on power consumed, subjec
adjustments and credits, if any.

The Agreement further provides that through December 31, 2023, Lancium, subject to certain limited exceptions, will not enter into any all-in fix
other customers with the same or less power draw as the Company that contains more favorable terms for the fixed all-in price than those in the L
the Company is provided with the same lower fixed price under the Lancium Agreement. The Agreement has an initial term of five years from the
commencement date (unless terminated earlier in accordance with the terms of the Agreement), after which it will renew automatically for two-ye
party provides notice of non-renewal at least ninety days prior to the expiration of the term or renewal term, as applicable. As of March 31, 2022,
any contractual future payment obligations under the terms of the Agreement.

Contractual future payments

The following table sets forth certain information concerning our obligations to make contractual future payments towards our agreements as of M

	2022	2023	2024	2025	2026	Thereaft
Recorded contractual obligations:						
Operating lease obligations	$ 159,125	$ 324,949	$ 333,234	$ 341,767	$ 299,039	$ 37
Finance Lease obligations	198,047	295,541	131,164	11,092	-	
Mining equipment	20,396,770	-	-	-	-	
Mining operations related equipment	3,774,435	-	-	-	-	
Total	$ 24,528,377	$ 620,490	$ 464,398	$ 352,859	$ 299,039	$ 37

Contingent consideration

GridFabric

On August 31, 2020, the Company acquired GridFabric, LLC. Pursuant to the terms of the purchase agreement, additional shares of the Company
at up to $750,000 were issuable if GridFabric achieves certain revenue and product release milestones. On September 30, 2021, the contingent co
re-measured to $500,000.

On November 23, 2021, the Company settled all contingent consideration due to GridFabric resulting in a payment of 8,404 shares of common st

Solar Watt Solutions

On February 24, 2021, the Company acquired Solar Watt Solutions, Inc. Pursuant to the terms of the purchase agreement, additional cash conside
(fair valued at $155,000 at acquisition date) in cash held back by the Company and only payable pro rata to Sellers upon meeting certain future m
satisfaction of any amounts owing from SWS to the Company resulting from damages required to be indemnified under the SWS Merger Agreem
consideration was re-measured to $615,249 at December 31, 2021.

On January 31, 2022, the Company settled all contingent consideration due to the SWS sellers, resulting in a payment of $625,000, 77,500 shares
out of escrow to the SWS sellers, and SWS sellers releasing 232,518 shares of common stock back the Company.

Legal contingencies

From time to time we may be subject to litigation arising in the ordinary course of business. The Company accrues a liability when a loss is consi
amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, the Company does not record a li
discloses the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Legal fees are expe
the opinion of legal counsel and other factors, management believes that the final disposition of these existing matters will not have a material adv
business, results of operations, financial condition, or cash flows of the Company. The Company has identified certain claims as a result of which

but in the aggregate the loss is expected to be insignificant. This assessment is based on our current understanding of relevant facts and circumsta
these matters is subject to inherent uncertainties and may change in the future. Significant judgment is required in both the determination of proba
determination as to whether an exposure is reasonably estimable. Actual outcomes of these legal and regulatory proceedings may materially diffe
estimates. For other claims regarding proceedings that are in an initial phase, the Company is unable to estimate the range of possible loss, if any,
that any loss related to such claims will not be material. Risks associated with legal liability are difficult to assess and quantify, and their existenc
remain unknown for significant periods of time. We maintain liability insurance to reduce such risk exposure to the Company. Despite the measu
may not cover future litigation, or the damages claimed may exceed our coverage which could result in contingent liabilities.

Bishins v. CleanSpark, Inc. et al.

On January 20, 2021, Scott Bishins ("Bishins"), individually, and on behalf of all others similarly situated (together, the "Class"), filed a class act
Complaint") in the United States District Court for the Southern District of New York against the Company, its Chief Executive Officer, Zachary
and its Chief Financial Officer, Lori Love ("Love") (such action, the "Class Action"). The Class Complaint alleged that, between December 31, 2
the Company, Bradford, and Love "failed to disclose to investors: (1) that the Company had overstated its customer and contract figures; (2) that
recent acquisitions involved undisclosed related party transactions; and (3) that, as a result of the foregoing, Defendants' positive statements abou
operations, and prospects were materially misleading and/or lacked a
reasonable basis." The Class Complaint sought: (a) certification of the Class, (b) an award of compensatory damages to the Class, and (c) an awa
expenses incurred by the Class in the litigation.

On December 2, 2021, the Court appointed Darshan Hasthantra as lead Plaintiff (together, with Bishins, the "Plaintiffs"), and Glancy, Prongay an
counsel.

Hasthantra filed an Amended Complaint on February 28, 2022 (the "Amended Class Complaint"). In the Amended Class Complaint, Love is no
Matthew Schultz ("Schultz") has been added as a defendant (the Company, Bradford and Schultz, collectively, the "Defendants"). The Amended
that, between December 10, 2020 and August 16, 2021 (the "Class Period"), Defendants made material misstatements and omissions regarding th
of ATL Data Centers, Inc. ("ATL") and its anticipated expansion of bitcoin mining operations. In particular, Plaintiffs allege that Defendants: (1)
various public announcements related to the timeline for expanding ATL's mining capacity; and (2) failed to disclose other material conditions pu
Company's acquisition of ATL, including that an ATL predecessor had filed for bankruptcy about six months prior to the acquisition, that another
declined to acquire ATL, and that a related party had performed an audit of ATL for the Company. The Amended Class Complaint seeks: (a) certi
an award of compensatory damages to the Class, and (c) an award of reasonable costs and expenses incurred by the Class in the litigation.

To date, no class has been certified in the Class Action.

The Company filed its Motion to Dismiss on April 28, 2022. The Motion to Dismiss seeks dismissal of all claims asserted in the Amended Class
and without leave to amend on the grounds that Plaintiffs fail to state a claim upon which relief can be granted under Sections 10(b) and 20(a) of
Act of 1934 and SEC Rule 10b-5 promulgated thereunder. Plaintiffs' opposition is due on June 27, 2022, and Defendants' reply in further suppor
Dismiss is due on August 11, 2022.

Although the ultimate outcome of the Class Action cannot be determined with certainty, the Company stands behind all of its prior statements an
that the claims raised in the Amended Class Complaint and the Class Complaint are entirely without merit. The Company intends to both defend
these claims and to vigorously prosecute any counterclaims.

Notwithstanding Plaintiffs' allegations' lack of merit, however, the Class Action may distract the Company and cost the Company's management
to defend against the claims made in the Amended Class Complaint. Notwithstanding the Company's belief that the Company and its manageme
of their obligations under applicable securities regulations, no assurance can be given as to the outcome of the Class Action, and in the event the
in such action, the Company, its business, financial condition and results of operations could be materially and adversely affected.

**Ciceri, derivatively on behalf of CleanSpark, Inc., v. Bradford, Love, Schultz, Beynon, McNeill, and Wood (consolidated with Perna, deri
CleanSpark, Inc., v. Bradford, Love, Schultz, Beynon, McNeill, and Wood)**

On May 26, 2021, Andrea Ciceri ("Ciceri"), derivatively on behalf of CleanSpark, Inc., filed a verified shareholder derivative action (the "Ciceri
United States District Court in the District of Nevada against Chief Executive Officer, Zachary Bradford ("Bradford"), Chief Financial Officer, L
Directors Matthew Schultz, Roger Beynon, Larry McNeill and Tom Wood (Bradford, Love and Directors collectively referred to as "Ciceri Deriv
June 22, 2021, Mark Perna ("Perna") (Ciceri, Perna, and Ciceri Derivative Defendants collectively referred to as the "Parties") filed a verified sh
(the "Perna Derivative Action") in the same Court against the same Ciceri Derivative Defendants, making substantially similar allegations. On Ju
consolidated the Ciceri Derivative Action with the Perna Derivative Action in accordance with a stipulation among the parties (the consolidated c
"Derivative Action"). The Derivative Action alleges that Ciceri Derivative Defendants: (1) made materially false and misleading public statemen
business and prospects; (2) did not maintain adequate internal controls; and (3) did not disclose several related party transactions benefitting insi
corporate assets, and excessive compensation. The claims asserted against all Ciceri Derivative Defendants include breach of fiduciary duties, un
enrichment, abuse of control, gross mismanagement, and waste of corporate assets. A claim for contribution under Sections 10(b) and 21D of the
Act is asserted against only Bradford and Love. The Derivative Action seeks declaratory relief, monetary damages, and imposition of adequate c
internal controls. Plaintiffs were given the opportunity to submit an Amended Complaint by November 25, 2021, but elected not to. In January 20
stay the entirety of the case pending the outcome of the Motion to Dismiss in the Class Action. Any of the Parties may also terminate the stay on

Although the ultimate outcome of the Derivative Action cannot be determined with certainty, the Company stands behind all of its prior statemen
believes that the claims raised in that case are entirely without merit. The Company intends to both defend itself vigorously against these claims a
any counterclaims.

Notwithstanding the Derivative Action's lack of merit, however, it may distract the Company and cost the Company's management time, effort a
against the claims. Notwithstanding the Company's belief that the Company and its management have complied with all of their obligations unde
regulations, no assurance can be given as to the outcome of the Derivative Action, and in the event the Company does not prevail in such action,
financial condition and results of operations could be materially and adversely affected.

Solar Watt Solutions, Inc., v. Pathion, Inc.

On January 6, 2022, Solar Watt Solutions, Inc., ("SWS") filed suit in the Superior Court of the State of California in the County of Santa Clara ag
("Pathion") for breach of contract, conversion, unjust enrichment and negligent misrepresentation. Prior to its acquisition by the Company, SWS
solar batteries and related equipment for delivery in August 2019, later amended to November 2019. Pathion never delivered any of the items pu

breach resulted in SWS being unable to complete a separate contract and cost the end-user client over $15,000 per month in electricity costs. SW
compensatory damages totaling over $500,000. Pathion filed an answer on or around February 16, 2022, generally denying the claims asserted by
management conference is scheduled for May 31, 2022, and discovery has commenced.

13. MAJOR CUSTOMERS AND VENDORS

Accounting Policies [Abstract]

MAJOR CUSTOMERS AND VENDORS

	6 Months Ended
	Mar. 31, 2022

13.MAJOR CUSTOMERS AND VENDORS

Digital Currency Mining Segment

For the three months ended March 31, 2022 and 2021, the digital currency mining business had the following customers that represented more tha these purposes customers are defined as the Company's mining pool operators.

	Three Months
	March 31, 2022
Mining Pool Operator A	99.99%
Mining Pool Operator B	0.01%

For the six months ended March 31, 2022 and 2021, the digital currency mining business had the following customers that represented more than purposes customers are defined as the Company's mining pool operators.

	Six Months En
	March 31, 2022
Mining Pool Operator A	99.95%
Mining Pool Operator B	0.05%

For the three months ended March 31, 2022 and 2021, the Company had the following significant suppliers of mining equipment.

	Three Months
	March 31, 2022
Vendor A	90.85%
Vendor B	—
Vendor C	—
Vendor D	—

For the six months ended March 31, 2022 and 2021, the Company had the following significant suppliers of mining equipment.

	Six Months
	March 31, 2022
Vendor A	71.70%
Vendor B	24.03%
Vendor C	—
Vendor D	—
Vendor E	—

Energy Segment

For the three months ended March 31, 2022 and 2021, the energy business had the following customers that represented more than 10% of revenu

	Three Months
	March 31, 2022
Customer A	37.39%
Customer B	—
Customer C	—

For the six months ended March 31, 2022 and 2021, the energy business had the following customers that represented more than 10% of revenue.

	Six Months
	March 31, 2022
Customer A	30.01%
Customer B	—

For the three months ended March 31, 2022 and 2021, the Company had the following suppliers that represented more than 10% of direct materia

	Three Months
	March 31, 2022
Vendor A	20.23%
Vendor B	17.82%
Vendor C	12.06%
Vendor D	—

For the six months ended March 31, 2022 and 2021, the Company had the following suppliers that represented more than 10% of direct material c

Six Months

	March 31, 2022
Vendor A	38.87%
Vendor B	11.76%
Vendor C	—
Vendor D	—
Vendor E	—

14. SEGMENT REPORTING	6 Months Ended
	Mar. 31, 2022

Segment Reporting [Abstract]

SEGMENT REPORTING

14.SEGMENT REPORTING

We disclose segment information that is consistent with the way in which management operates and views the business. Our operating structure c segments: Digital Currency and Energy. The Company measures the results of its segments using, among other measures, each segment's sales an includes certain corporate overhead allocations.

Digital Currency: This segment consists of operations related to Bitcoin mining. The Company provides computing power through ATL Data Ce Inc. to the mining pools. This segment also includes operation related to maintenance of real property holdings for company purposes through CS LLC and CSRE properties LLC. This segment revenue represents fractional share of the fixed cryptocurrency award received from the mining po computing power.

Energy: This segment provides services, equipment, and software to the energy industry. This segment includes revenue from providing enginee services, selling equipment such as residential battery, residential solar, commercial solar and non-customized equipment and providing access to offerings and software license sales and support services.

Other Revenue and Eliminations: This includes revenue from providing design, software development, and other technology-based consulting and data center services through ATL Data Center. Corporate items and eliminations consist of corporate overhead and other items not allocated t segments as in the table below. Intersegment transactions, which were at market price, are included in the "Other revenue and eliminations" and " eliminations" in the table below.

	Three Months Ended	
	March 31, 2022	
Revenue		
Energy	$ 4,585,971	$
Digital Currency Mining	36,965,739	
Total segment revenues	41,551,710	
Other revenue and eliminations	86,282	
Consolidated Revenues	41,637,992	
Profit		
Energy	945,534	
Digital Currency Mining	28,476,493	
Total segment profit	29,422,027	
Corporate items and eliminations (including depreciation and amortization)	(29,592,762)	
Net income/(loss)	$ (170,735)	$

	Six Months Ended	
	March 31, 2022	
Revenue		
Energy	$ 8,556,181	$
Digital Currency Mining	73,940,317	
Total segment revenues	82,496,498	
Other revenue and eliminations	383,463	
Consolidated Revenues	82,879,961	
Profit		
Energy	1,931,774	
Digital Currency Mining	59,809,483	
Total segment profit	61,741,257	
Corporate items and eliminations (including depreciation and amortization)	(47,426,237)	
Net income	$ 14,315,020	$

For details on major customers of Digital currency and Energy segment, see Note 13.

A summary of segment assets is as follows:

	March 31, 2022	**S**
Digital Currency Mining	$ 375,183,757	$
Energy	25,267,292	
Other and Corporate assets	24,346,255	
Total	$ 424,797,304	$

The Company operates its business only in the United States.

Total additions in long-lived assets for the three months and six months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022			Three Months Ende March 31, 2021	
	Digital Currency	**Energy**	**Corporate**	**Digital Currency**	**Energy**
Property and Equipment	97,273,057	13,939	78,393	9,001,813	70,68
Intangibles	-	-	15,000	-	190,00
Total	**97,273,057**	**13,939**	**93,393**	**9,001,813**	**260,68**

	Six Months Ended March 31, 2022			Six Months Ended March 31, 2021	
	Digital Currency	**Energy**	**Corporate**	**Digital Currency**	**Energy**
Property and Equipment	168,566,562	29,993	148,202	10,259,396	83,55
Intangibles	-	-	15,000	-	190,00
Total	**168,566,562**	**29,993**	**163,202**	**10,259,396**	**273,55**

15. SUBSEQUENT EVENTS

	6 Months Ended Mar. 31, 2022
Subsequent Events [Abstract]	
SUBSEQUENT EVENTS	**15.SUBSEQUENT EVENTS** On April 22, 2022, the Company entered into a Master Equipment Financing Agreement with Trinity Capital Inc., as the Lender (the "Financing Agreement"). The Financing Agreement provides for up to $35 million of borrowings to finance the Company's acquisition of blockchain computing equipment. The Company received a loan of $20 million at closing, with the remaining $15 million fundable upon the Company's request, if requested no later than December 31, 2022, subject to certain customary conditions. The loan draws have a term of 36 months from issuance with a monthly rate factor of at least 0.032198 payable monthly on the total cost of the equipment purchased with such borrowing. The Financing Agreement contains standard financial reporting requirements and certain other affirmative obligations, failure of which to comply with could result in an event of default under the Financing Agreement. In such an event, the Lender could exercise certain remedies including, but not limited to, declaring that all amounts outstanding under the Financing Agreement, together with accrued interest, be declared immediately due and payable. The Company received funding of $20 million at close, which included closing costs of $701,624 and security deposit of $643,960.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Policies)	6 Months Ended Mar. 31, 2022
Accounting Policies [Abstract]	
Basis of Presentation and Principles of Consolidation	Basis of Presentation and Principles of Consolidation The accompanying unaudited interim financial statements of the Company have been prepared in accordance with accounting principles generally States of America and the rules of the Securities and Exchange Commission and should be read in conjunction with the audited financial statemen contained in the Company's most recent annual report on Form 10-K for the year ended September 30, 2021, filed with the SEC on December 14, 2021 ("Forn management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of period presented in this quarterly report on Form 10-Q have been reflected herein. The results of operations for the interim period are not necessar results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audit the most recent fiscal period, as reported in the Form 10-K, have been omitted. The accompanying unaudited consolidated financial statements include the accounts of CleanSpark, Inc., and its wholly owned operating subsidia CleanSpark II, LLC, CleanSpark Critical Power Systems Inc., p2kLabs, Inc, GridFabric, LLC, ATL Data Centers LLC, CleanBlok, Inc., CSRE Pr Solutions, Inc, CSRE Properties Norcross, LLC and CSRE Property Management Company, LLC. All intercompany transactions have been elimi of these entities.
Liquidity	Liquidity As shown in the accompanying unaudited consolidated financial statements, the Company generated a net income (loss) of ($170,735) and $14,3 the three months and six months ended March 31, 2022. While the Company has experienced negative cash flows from investing and operating ac continued investments in capital expenditures in support of its bitcoin mining operations, it has generated positive cash flows from financing activ sufficient working capital to support its ongoing operations for the next twelve months. In addition, the Company has access to equity financing th offering facility and debt financing through the lending arrangement the Company entered into in April 2022 (see Note 15). As of March 31, 2022 working capital of $19,378,547.
Use of Estimates	Use of Estimates The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the da financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include estimates used goodwill and digital currency impairment, intangible assets acquired, impairments and estimations of long-lived assets, revenue recognition on pe type contracts, revenue recognition from digital currency mining, valuation of derivative assets and liabilities, available-for-sale investments, allo accounts, valuation of digital currencies, valuation of contingent consideration, warranty, and the valuations of share based awards. The Company historical experience and on various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates u or conditions including, but not limited to, the ultimate impact that the ongoing COVID-19 pandemic may have on the Company's operations.
Revenue Recognition	Revenue Recognition We recognize revenue in accordance with generally accepted accounting principles as outlined in the Financial Accounting Standard Board's ("FA Standards Codification ("ASC") 606, Revenue From Contracts with Customers, which requires that five steps be followed in evaluating revenue r contract with the customer; (ii) identity the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transacti revenue when or as the entity satisfied a performance obligation. Our accounting policy on revenue recognition by type of revenue is provided below. ***Revenues from digital currency mining*** The Company has entered into contracts with digital asset mining pool operators to provide computing power to the mining pools. The contracts a by either party and the Company's enforceable right to compensation only begins when the Company starts providing computing power to the mining pool operator. In exchange for providing computin entitled to a fractional share of the fixed cryptocurrency award the mining pool operator receives (*less* net digital asset transaction fees to the mini successfully adding a block to the blockchain, plus a fractional share of the transaction fees attached to that blockchain. The Company's fractiona proportion of computing power the Company contributed to the mining pool operator to the total computing power contributed by all mining pool the current algorithm. The transaction consideration the Company receives is noncash consideration, in the form of digital currency, which the Co value on the date received which is not materially different than the fair value at contract inception or time the Company has earned the award fro value of the digital currency award received is determined using the spot price of the related digital currency on the date earned. There is currently no definitive guidance under GAAP or alternative accounting framework for the accounting for digital currencies recognized as management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacte Company may be required to change its policies, which could have an effect on the Company's consolidated financial position and results from op ***Engineering & Construction Contracts and Service Contracts*** The Company recognizes engineering and construction contract revenue over time, as performance obligations are satisfied, due to the continuous customer. Engineering and construction contracts are generally accounted for as a single unit of account (a single performance obligation) and are types of services. The Company recognizes revenue based primarily on contract cost incurred to date compared to total estimated contract cost (an

method is the most faithful depiction of the Company's performance because it directly measures the value of the services transferred to the custo materials, labor and equipment and, in certain cases, subcontractor materials, labor and equipment, are included in revenue and cost of revenue wh that the Company is acting as a principal rather than as an agent (i.e., the Company integrates the materials, labor and equipment into the deliverab customer). Customer-furnished materials are only included in revenue and cost when the contract includes construction activity and the Company amount the customer is paying for the materials or there is a reasonable basis for estimating the amount. The Company recognizes revenue, but no uninstalled materials that are not specifically produced, fabricated, or constructed for a project. Revenue on these uninstalled materials is recogniz incurred (when control is transferred). Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are dete contract level. Pre-contract costs are expensed as incurred unless they are expected to be recovered from the client. Project mobilization costs are project costs as incurred when they are an integrated part of the performance obligation being transferred to the client. Customer payments on eng contracts are typically due within 30 to 45 days of billing, depending on the contract.

The Company recognizes energy (solar panel and battery) installation contract revenue for residential customers at a point in time upon completio revenues associated with energy installations for commercial customers are recognized over a period of time as noted in the engineering and const disclosure above.

For service contracts (including maintenance contracts) in which the Company has the right to consideration from the customer in an amount that the value to the customer of the Company's performance completed to date, revenue is recognized when services are performed and contractually that include multiple performance obligations are segmented between types of services.

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using an estimat selling price of each distinct service in the contract. Revenue recognized on service contracts that have not been billed to clients is classified as a c contract assets on the Consolidated Balance Sheets. Amounts billed to clients in excess of revenue recognized on service contracts to date are clas under contract liabilities. Customer payments on service contracts are typically due within 30 days of billing, depending on the contract.

Revenues from Sale of Equipment

Performance Obligations Satisfied at a point in time.

We recognize revenue on agreements for equipment we sell on a standardized basis to the market at a point in time. We recognize revenue at the p customer obtains control of the good, which is generally upon shipment or when the customer has physical possession of the product depending o proof of delivery for certain large equipment with more complex logistics, whereas the delivery of other equipment is estimated based on historica periods (i.e., time between shipment and delivery). Generally, shipping costs are included in the price of equipment unless the customer requests a In situations where an alternative shipment arrangement has been made, the Company recognizes the shipping revenue upon customer receipt of t

In situations where arrangements include customer acceptance provisions based on seller or customer-specified objective criteria, we recognize re concluded that the customer has control of the goods and that acceptance is likely to occur. We generally do not provide for anticipated losses on p prior to transferring control of the equipment to the customer.

Our billing terms for these point in time equipment contracts vary and generally coincide with shipment to the customer; however, within certain progress payments from customers for large equipment purchases, which is generally to reserve production slots with our manufacturing partners, contract liabilities.

Due to the customized nature of the equipment, the Company does not allow for customer returns.

Service Performance obligations satisfied over time.

We enter into long-term product service agreements with our customers primarily within our microgrid segment. These agreements require us to p maintenance, and standby support services that include certain levels of assurance regarding system performance throughout the contract periods, generally range from 1 to 10 years. We account for items that are integral to the maintenance of the equipment as part of our service-related perfor the customer has a substantive right to make a separate purchasing decision (e.g., equipment upgrade). Contract modifications that extend or revis uncommon and generally result in our recognizing the impact of the revised terms prospectively over the remaining life of the modified contract (contract). Revenues are recognized for these arrangements on a straight-line basis consistent with the nature, timing and extent of our services, wh routine maintenance and as needed product repairs. Our billing terms for these contracts vary, but we generally invoice periodically as services ar

Contract assets represent revenue recognized in excess of amounts billed and include unbilled receivables (typically for cost reimbursable contrac progress (typically for fixed-price contracts). There were no contracts assets as of March 31, 2022 and September 30, 2021. Unbilled receivables, unconditional right to payment subject only to the passage of time, are reclassified to accounts receivable when they are billed under the terms of advances that are payments on account of contract assets that have been deducted from contract assets as of March 31, 2022 and September 30, 20 represent deferred revenues as of March 31, 2022. The Company recorded $188,929 and $296,964 in contract liabilities as of March 31, 2022 and respectively.

Revenues from software

The Company derives its software revenue from both subscription fees from customers for access to its energy software offerings and software lic services. Revenues from software licenses are generally recognized upfront when the software is made available to the customer and revenues fro generally recognized ratably over the contract term. The Company's policy is to exclude sales and other indirect taxes when measuring the transac subscription agreements.

The Company's subscription agreements generally have monthly or annual contractual terms. Revenue is recognized ratably over the related contr the date that the platform is made available to a customer. Access to the platform represents a series of distinct services as the Company continual fulfills its obligation to the end customer over the subscription term. The series of distinct services represents a single performance obligation that

Revenues from design, software development and other technology-based consulting services

For service contracts performed under Master Services Agreements ("MSA") and accompanying Statement(s) of Work ("SOW"), revenue is reco performance obligation(s) outlined in the SOW which is typically hours worked or specific deliverable milestones. In the case of a milestone-base recognizes revenues as each deliverable is signed off by the customer.

Revenues from data center services

The Company provides data services such as providing its customers with rack space, power and equipment, and cloud services such as virtual se
data backup services, generally based on monthly services provided at a defined price included in the contracts. The performance obligations are t
customer for the month based on the contract. The transaction price is the price agreed with the customer for the monthly services provided and th
monthly based on the services rendered for the month.

Variable Consideration

The nature of the Company's contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards
liquidated damages and penalties. The Company recognizes revenue for variable consideration when it is probable that a significant reversal in th
revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected v
probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount. Factors considered in determ
associated with claims (including change orders in dispute and unapproved change orders in regard to both scope and price) should be recognized
the contract or other evidence provides a legal basis for the claim, (b) additional costs were caused by circumstances that were unforeseen at the c
result of deficiencies in the Company's performance, (c) claim-related costs are identifiable and considered reasonable in view of the work perfor
supporting the claim is objective and verifiable. If the requirements for recognizing revenue for claims or unapproved change orders are met, reve
the costs associated with the claims or unapproved change orders have been incurred. Back charges to suppliers or subcontractors are recognized
when it is determined that recovery of such cost is probable and the amounts can be reliably estimated. Disputed back charges are recognized whe
described above for claims accounting have been satisfied.

The Company generally provides limited warranties for work performed under its engineering and construction contracts. The warranty periods ty
limited duration following substantial completion of the Company's work on a project. Historically, warranty claims have not resulted in material

Practical Expedients

If the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the Company's performance
service contract in which the Company bills a fixed amount for each hour of service provided), the Company recognizes revenue in the amount to
invoice for services performed.

The Company does not adjust the contract price for the effects of a significant financing component if the Company expects, at contract inception
when the Company transfers a service to a customer and when the customer pays for that service will be one year or less.

The Company has made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by government
collected by the Company from its customers (use taxes, value added taxes, some excise taxes).

Cost of Revenues

Cost of Revenues

The Company includes the following in cost of revenues: energy costs, materials costs, manufacturing and logistics costs, freight costs, inventory
services costs. The recognition of cost of revenue for our energy segment is dependent upon the revenue stream that it pertains to, refer below:

1. Products and related services delivered at a point in time. Cost of revenue from these products and related services is recognized when the
control of the product to the customer, which is generally upon shipment.

2. Products and related services delivered over time. Cost of revenue from these products and related services is recognized over the related s

Cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents include cash and amounts due from banks and restricted cash. The Company's restricted cash represents amounts held
construction projects. The following table sets forth a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated bal
the total of those amounts as presented in the consolidated statements of cash flows.

		March 31, 2022
Cash and cash equivalents, excluding restricted cash	$	1,695,718
Restricted cash - construction escrow account		217,229
Cash and cash equivalents, including restricted cash	$	1,912,947

Accounts receivable

Accounts receivable

Accounts receivable is comprised of uncollateralized customer obligations due under normal trade terms. They are initially recorded at the invoic
goods or services to customers, and do not bear interest. The Company performs ongoing credit evaluation of its customers and management clos
receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The carrying amount of ac
reviewed periodically for collectability. If management determines that collection is unlikely, an allowance that reflects management's best estim
not be collected is recorded.

Accounts receivable, net consists of the following:

		March 31, 2022
Accounts Receivable, gross	$	6,796,293
Other receivables		733,468
Provision for doubtful allowances		(693,508)
Total Accounts Receivable, net	$	6,836,253

Inventory

Inventory

Inventory is stated at the lower of cost or net realizable value with cost being measured on a first-in, first-out basis. For solar panel and battery ins transfers component parts from inventories to cost of goods sold once installation is complete. The Company periodically reviews inventories for items based on assumptions about future demand and market conditions. Based on this evaluation, provisions are made to write inventories down value. There were no write-downs of inventory as of March 31, 2022

and September 30, 2021, respectively. The composition of inventory as of March 31, 2022 and September 30, 2021 are as follows:

		March 31, 2022
Batteries and solar panels	$	595,43
Supplies and other		663,99
Total inventory	$	1,259,42

Prepaid expense and other current assets

Prepaid expense and other current assets

The Company records a prepaid expense for costs paid but not yet incurred. Those expected to be incurred within one year are recognized and sho pre-paid expense. Any costs expected to be incurred outside of one year would be considered other long-term assets.

Other current assets are assets that consist of deposits and interest receivable. Deposits and interest we expect to receive within one year are show expect to receive outside of one year are shown as other long-term assets.

Concentration Risk

Concentration Risk

At times throughout the year, the Company may maintain cash balances in certain bank accounts in excess of FDIC limits. The cash balance, in ex was $1,098,786 and $17,790,327 as of March 31, 2022 and September 30, 2021, respectively. The accounts offered by custodians of the Company by the FDIC. The fair market value of bitcoin held in accounts not covered by FDIC limits was $17,045,640 and $23,603,210 as of March 31, 202 2021, respectively. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in th

The Company has certain customers and vendors who individually represented 10% or more of the Company's revenue or capital expenditures. P Major Customers and Vendors.

Stock -based compensation

Stock-based compensation

The Company follows the guidelines in FASB Codification Topic ASC 718-10 Compensation-Stock Compensation, which requires companies to employee and non-employee services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. S expense for stock options is recognized on a straight-line basis over the requisite service period. The Company may issue compensatory shares fo not limited to, executive, management, accounting, operations, corporate communication, financial and administrative consulting services. The Co grant date fair value of the options using the Black-Scholes option-pricing model. For equity awards granted by the Company that are contingent conditions, the Company fair values these awards using the Monte Carlo simulation model. For discussion of accounting for restricted stock units Note 11 – Stock-Based Compensation.

Earnings (loss) per share

Earnings (loss) per share

The Company reports earnings (loss) per share in accordance with FASB ASC 260-10 "Earnings Per Share," which provides for calculation of "b earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholder common shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings calculation of diluted net loss per share gives effect to common stock equivalents; however, potential common shares are excluded if their effect i March 31, 2022, 489,282 units of common stock equivalents that consist of options, warrants and restricted stock units were excluded from the

calculation of the diluted (loss) per share calculation for the three months ended March 31, 2022 as their effect is anti-dilutive.

	For the Three Months Ended March 31,				For th Ende	
		2022		2021		2022
Numerator						
Consolidated net income (loss) attributable to common shareholders	$	(191,563)	$	7,222,535	$	13,979,5
Denominator						
Weighted- average common shares outstanding, basic		41,336,342		25,925,259		40,802,3
Dilutive impact of stock options and other share-based awards		—		6,772,604		58,7
Weighted- average common shares outstanding, diluted		41,336,342		32,697,863		40,861,0
Net income (loss) per common share attributable						
Basic	$	(0.00)	$	0.28	$	0.
Diluted	$	(0.00)	$	0.22	$	0.

Property and equipment

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Construction in progress is the construction or development of assets tha in service for its intended use. Depreciation for machinery and equipment, mining equipment, buildings, furniture and fixtures and leasehold impr once they are ready for its intended use. Leasehold improvements are depreciated on a straight-line basis over the shorter of their estimated useful related leases. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Useful life (years)
Building	
Land Improvements	
Machinery and equipment	1-10
Office Equipment	3-7

Mining equipment	3-15
Miners	3-5
Infrastructure asset	Shorter of estimated lease term or 15 years
Leasehold improvements	Shorter of estimated lease term or 5 years
Furniture and fixtures	1-5

In accordance with the FASB ASC 360-10, "Property, Plant and Equipment" the carrying value of property and equipment, and other long-lived a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the fair value. During the three and six months ended March 31, 2022 and March 31, 2021 the Company did not record an impairment expense.

Digital Currency

Digital Currency

Digital currencies are included in current assets in the consolidated balance sheets. Digital currencies are recorded at cost less impairment. They a indefinite-lived intangible assets in accordance with ASC 350, Intangibles — Goodwill and Other, and are accounted for in connection with the C recognition policy detailed above and in Note 2 – Summary of Significant Accounting Policies. 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 mor indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, the Company has a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment tes is measured using the quoted price of the digital currency at the time its fair value is being measured in accordance with ASC 820, Fair Value Mea are obtained from the principal market. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subseq impairment losses is not permitted as per ASC 350, Intangibles – Goodwill and Other.

Digital currencies earned by the Company through its mining activities are included within operating activities on the accompanying consolidated The sales of digital currencies are included within investing activities in the accompanying consolidated statements of cash flows and any realized sales are included in other income (expense) in the consolidated statements of operations and comprehensive income (loss). The Company accour accordance with the first in first out ("FIFO") method of accounting.

The following table presents the activities of the digital currencies for the six months ended March 31, 2022:

Balance as on September 30, 2021	$
Addition of digital currencies	
Sale of digital currencies	
Digital currencies issued for services	
Realized gain on sale of digital currencies	
Impairment loss	
Balance as on March 31, 2022	$

Fair Value Measurement of financial instruments, derivative asset and contingent consideration

Fair Value Measurement of financial instruments, derivative asset and contingent consideration

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair val observable inputs and minimize the use of unobservable inputs. The Company utilizes a fair value hierarchy based on three levels of inputs, of wh considered observable and the last unobservable.

Level 1 Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions markets involving identical assets.

Level 2 Quoted prices for similar assets and liabilities in active markets; quoted prices included for identical or similar assets and liabilities model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. These are typically o readily-available pricing sources for comparable instruments.

Level 3 Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's ov assumptions that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

The carrying value of cash, accounts payable and accrued expenses, and debt approximate their fair values because of the short-term nature of the Management believes the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The following table presents the Company's financial instruments that are measured and recorded at fair value on the Company's balance sheets o their level within the fair value hierarchy as of March 31, 2022 and September 30, 2021:

March 31, 2022

	Amount	Level 1	Level 2
Derivative asset	$ 3,794,359	$ -	$
Investment in debt security	541,200	-	
Total	$ 4,335,559	$ -	$

September 30, 2021

	Amount	Level 1	Level 2
Derivative asset	$ 4,905,656	$ -	$
Investment in equity security	10,772	10,772	
Investment in debt security	494,608	-	
Contingent cash consideration	820,802	-	
Total	$ 6,231,838	$ 10,772	$

There were no transfers between Level 1, 2 or 3 during the three and six months ended March 31, 2022 and 2021.

Income taxes

Income taxes

The Company’s calculation of its tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in vario
The Company recognizes tax liabilities for uncertain tax positions based on management’s estimate of whether it is more likely than not that addit
required. The Company had no uncertain tax positions as of March 31, 2022 and September 30, 2021.

Deferred income taxes are recognized in the consolidated financial statements for the tax consequences in future years of differences between the
liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates. Temporary differences arise from net operating l
depreciation methods of archived images, and property and equipment, stock-based and other compensation, and other accrued expenses. A valua
established when it is determined that it is more likely than not that some or all of the deferred tax assets will not be realized.

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations thems
change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability f
state jurisdictions, may be materially different from managements estimates, which could result in the need to record additional tax liabilities or p
previously recorded tax liabilities. Interest and penalties are included in tax expense.

The Company includes interest and penalties arising from the underpayment of income taxes in the statements of operation in the provision for in
31, 2022 and September 30, 2021, the Company had no accrued interest or penalties related to uncertain tax positions.

Income tax expense/(benefit) from operations for the three and six months ended March 31, 2022 and 2021 was $0 in each period, which resulted
maintaining a full valuation allowance against the Company's deferred tax assets.

Reclassifications

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the r
operations or net assets of the Company.

Segment Reporting

Segment Reporting

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by th
maker, or decision-making group, in deciding the method to allocate resources and assess performance. The Company has two reportable segmen
Currency Mining Segment and (2) Energy Segment.

Recently issued accounting pronouncements

Recently issued accounting pronouncements

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities fr
Customers, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquir
in accordance with ASC 606, Revenue from Contracts with Customers, as if it had originated the contracts. Under the current business combinatio
and liabilities are recognized by the acquirer at fair value on the acquisition date. This new guidance is effective for the Company for its fiscal yea
December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The
potential impact but does not expect the new standard to have a material impact on the Company's results of operations or cash flows.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Ins
2020 (“ASU 2016-13”). ASU 2016-13 requires entities to use a new forward-looking “expected loss” model that reflects expected credit losses, i
related to trade receivables, and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimate
result in the earlier recognition of allowances for losses. As the Company was a Smaller Reporting Company at the time of issuance of the ASU, t
adopt the ASU effective October 1, 2023, including the interim periods within the fiscal year. Early application of the adoption is permitted. The C
potential impact but does not expect the new standard to have a material impact on the Company's results of operations or cash flows.

In August 2020, the FASB issued ASU2020-06, “Debt - Debt with Conversion and Other Options (subtopic 470-20) and Derivatives and Hedging
Own Equity (subtopic 815-40),” which reduces the number of accounting models in ASC 470-20 that require separate accounting for embedded c
result, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost as long as no other features require b
as derivatives. By removing those separation models, the effective interest rate of convertible debt instruments will be closer to the coupon interes
net income per share calculation for convertible instruments will require the Company to use the if-converted method. The treasury stock method
to calculate diluted net income per share for convertible instruments. The amendment will be effective for the Company for fiscal years beginning
including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020
periods within those fiscal years. We expect the adoption of ASU 2020-06 to not have a material impact on the Company’s financial statements o

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Tables)	6 Months Ended
	Mar. 31, 2022
Accounting Policies [Abstract]	
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cash and Cash Equivalents	(table below)

		March 31, 2022
Cash and cash equivalents, excluding restricted cash	$	1,695,718
Restricted cash - construction escrow account		217,229
Cash and cash equivalents, including restricted cash	$	1,912,947

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Accounts Receivable

Accounts receivable, net consists of the following:

		March 31, 2022
Accounts Receivable, gross	$	6,796,293
Other receivables		733,468
Provision for doubtful allowances		(693,508)
Total Accounts Receivable, net	$	6,836,253

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Schedule of Inventories Current

The composition of inventory as of March 31, 2022 and September 30, 2021 are as follows:

		March 31, 2022
Batteries and solar panels	$	595,43
Supplies and other		663,99
Total inventory	$	1,259,42

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Schedule of earnings per share, basic and diluted

	For the Three Months Ended March 31,				For th Ende	
		2022		2021		2022
Numerator						
Consolidated net income (loss) attributable to common shareholders	$	(191,563)	$	7,222,535	$	13,979,5
Denominator						
Weighted- average common shares outstanding, basic		41,336,342		25,925,259		40,802,3
Dilutive impact of stock options and other share-based awards		—		6,772,604		58,7
Weighted- average common shares outstanding, diluted		41,336,342		32,697,863		40,861,0
Net income (loss) per common share attributable						
Basic	$	(0.00)	$	0.28	$	0.
Diluted	$	(0.00)	$	0.22	$	0.

2. SUMMARY OF SIGNIFICANT ACCOUNTING ACCOUNTING POLICIES - Useful Life of Property and Equipment

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Useful life (years)
Building	
Land Improvements	
Machinery and equipment	1-10
Office Equipment	3-7
Mining equipment	3-15
Miners	3-5
Infrastructure asset	Shorter of estimated lease term or 15 years
Leasehold improvements	Shorter of estimated lease term or 5 years
Furniture and fixtures	1-5

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Schedule of Activities of Digital Currencies

The following table presents the activities of the digital currencies for the six months ended March 31, 2022:

Balance as on September 30, 2021	$
Addition of digital currencies	
Sale of digital currencies	
Digital currencies issued for services	
Realized gain on sale of digital currencies	
Impairment loss	
Balance as on March 31, 2022	$

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Schedule of Financial Instruments That are Recorded at Fair Value

The following table presents the Company’s financial instruments that are measured and recorded at fair value on the Company’s balance sheets o their level within the fair value hierarchy as of March 31, 2022 and September 30, 2021:

March 31, 2022

		Amount		Level 1		Level 2
Derivative asset	$	3,794,359	$	-	$	
Investment in debt security		541,200		-		
Total	$	4,335,559	$	-	$	

September 30, 2021

	Amount	Level 1	Level 2
Derivative asset	$ 4,905,656	$ -	$
Investment in equity security	10,772	10,772	
Investment in debt security	494,608	-	
Contingent cash consideration	820,802	-	
Total	$ 6,231,838	$ 10,772	$

3. ACQUISITIONS (Tables)

6 Months Ended Mar. 31, 2022

Business Combination and Asset Acquisition [Abstract]

Summary of SWS Consideration

The Company determined the fair value of the consideration given to the sellers of SWS in connection with the transaction in accordance with AS

Consideration:	
Cash	$
Contingent consideration	
310,018 shares of common stock as contingent equity consideration	$
167,685 shares of common stock	
Total Consideration	$

Summary of SWS Purchase Price Allocation

	Preliminary Allocation at Acquisition Date	Adjustments to Fair Value
Customer List	$ 5,122,733	$ (4,932,73
Goodwill	1,642,409	5,178,12
Other Assets and Liabilities assumed, net	(77,235)	(245,39
Total	$ 6,687,907	$ —

Summary of ATL Purchase Price Allocation

Purchase Price Allocation	Preliminary Allocation at Acquisition Date	Adjustments to Fair Value
Strategic Contract	$ 7,457,970	$ 2,342,00
Goodwill	14,205,245	(1,264,16
Other Assets and Liabilities assumed, net	(479,864)	(1,077,83
Total	$ 21,183,351	$ —

Schedule of Unaudited Pro Forma Information Assuming Acquisitions

he following is the unaudited pro forma information assuming the acquisition of ATL and SWS occurred on October 1, 2020:

	For the three months ended March 31, 2021	For
Net sales	$ 8,907,200	$
Net income (loss)	$ 7,208,568	$
Net income / (loss) per common share – basic	$ 0.27	$
Weighted average common shares outstanding – basic	26,402,962	
Net income / (loss) per common share – diluted	$ 0.22	$
Weighted average common shares outstanding – diluted	33,175,566	

4. INVESTMENTS (Tables)

6 Months Ended Mar. 31, 2022

Schedule of Investments [Abstract]

Summary of Reconciliation of carrying value of all investments

reconciliation of carrying value of all investments as of March 31, 2022 and September 30, 2021:

	ILAL Debt Securities	ILAL Derivative Asset	ILAL Equity Securities
Balance as of September 30, 2021	**$ 494,608**	**$ 4,905,656**	**$ 10,77**
Shares sold during the year	—	—	(9,59
Realized gain on fair value recognized in other income/expense	—	—	66
Unrealized loss recognized in other income/expense	—	(1,111,297)	(1,84
Unrealized gain on fair value recognized in other comprehensive income	46,592	—	–
Balance as of March 31, 2022	**$ 541,200**	**$ 3,794,359**	**$ –**

5. INTANGIBLE ASSETS (Tables)	6 Months Ended Mar. 31, 2022

Goodwill and Intangible Assets Disclosure [Abstract]

Schedule of Intangible Assets and Goodwill [Table Text Block]

Intangible assets consist of the following as of March 31, 2022 and September 30, 2021:

March 31, 2022

	Intangible assets	Accumulated amortization
Patents	$ 74,113	$ 34,55
Websites	23,115	8,91
Customer list and non-compete agreement	6,892,024	5,981,76
Design assets	123,000	123,00
Trademarks	5,928	2,48
Engineering trade secrets	4,370,269	3,282,67
Software	870,000	344,37
Strategic Contract	9,799,970	2,568,12
mPulse software	741,846	291,60
Total	$ 22,900,265	$ 12,637,50

September 30, 2021

	Intangible assets	Accumulated amortization
Patents	$ 74,112	$ 28,32
Websites	8,115	8,11
Customer list and non-compete agreement	6,892,024	4,940,45
Design assets	123,000	123,00
Trademarks	5,928	2,23
Engineering trade secrets	4,370,269	2,943,17
Software	870,000	325,51
Strategic Contract	9,799,970	1,577,09
mPulse software	741,846	238,16
Total	$ 22,885,264	$ 10,186,08

5. INTANGIBLE ASSETS - Amortization Expense

The Company expects to record amortization expense of intangible assets over the next 5 years and thereafter as follows:

Year	
2022	$
2023	
2024	
2025	
2026	
Thereafter	
	$

6. PROPERTY AND EQUIPMENT (Tables)	6 Months Ended Mar. 31, 2022
Property, Plant and Equipment [Abstract]	
Schedule of Property and Equipment	Property and equipment consist of the following:

		March 31, 2022
Mining equipment	$	11,782,820
Miners		256,063,805
Land Improvements		1,529,937
Office Equipment		167,329
Land and building		12,624,608
Machinery and equipment		331,172
Leasehold improvements		158,110
Furniture and fixtures		82,601
Infrastructure		12,439,515
Construction in progress		4,172,407
Less: accumulated depreciation		(23,022,215)
Property and equipment, net	$	276,330,089

7. LEASES (Tables)	6 Months Ended Mar. 31, 2022

Leases [Abstract]

7. LEASES - Lease costs

The Company's lease costs recognized during the three and six months ended March 31, 2022 and 2021 in the Consolidated Statements of Operat
Income (Loss) consist of the following:

	For the three months ended March 31, 2022	March 31, 2021	For the March 31 2022
Operating lease cost [(1)]	$ 83,237	$ 152,848	$ 166
Finance lease cost:			
Amortization of right-of-use assets	$ 94,815	$ 90,981	$ 189
Interest on lease obligations	$ 10,125	$ 14,645	$ 21

(1) Included in general and administrative expenses

7. LEASES - Other Lease Information

Other lease information is as follows:

	For the six m March 31, 2022
Cash paid for amounts included in measurement of lease obligations:	
Operating cash flows from operating leases	$ 157,780
Financing cash flows from finance leases	$ 206,063

7. LEASES - Weighted-average Remaining Lease Terms

	March 31, 2022
Weighted-average remaining lease term - operating leases	4.54 years
Weighted-average remaining lease term - finance leases	1.78 years
Weighted-average discount rate - operating leases	4.50%
Weighted-average discount rate - finance leases	5.50%

7. LEASES - Contractual Maturity of Lease Liability

The following is a schedule of the Company's lease liabilities by contractual maturity as of March 31, 2022:

Fiscal Year	Operating Leases
2022	$ 159,125
2023	324,949
2024	333,234
2025	341,767
2026	299,039
Thereafter	37,301
Gross lease liabilities	1,495,415
Less: imputed interest	(129,884)
Present value of lease liabilities	$ 1,365,531
Less: Current portion of lease liabilities	(321,600)
Total lease liabilities, net of current portion	$ 1,043,931

10. STOCK WARRANTS (Tables)

6 Months Ended Mar. 31, 2022

Stock Warrants

10. STOCK WARRANTS - Schedule of Warrant Summary

The following is a summary of stock warrant activity during the six months ended March 31, 2022:

	Number of Warrant Shares
Balance, September 30, 2021	615,704
Warrants granted	—
Warrants expired	(183,334)
Warrants canceled	—
Warrants exercised	—
Balance, March 31, 2022	432,370

11. STOCK-BASED COMPENSATION (Tables)	6 Months Ended Mar. 31, 2022

Equity [Abstract]

Schedule of Option Summary

The following is a summary of stock option activity during the six months ended March 31, 2022:

	Number of Option Shares
Balance, September 30, 2021	1,547,029
Options granted	197,250
Options expired	-
Options canceled/forfeited	(157,885)
Options exercised	(99,230)
Balance, March 31, 2022	1,487,164

Fair Value Option, Disclosures

The Black-Scholes model utilized the following inputs to value the options granted during the six months ended March 31, 2022:

Fair value assumptions Options:	
Risk free interest rate	
Expected term (years)	
Expected volatility	
Expected dividends	

Schedule of Restricted Stock Summary

The following table summarizes the performance-based restricted stock units at the maximum award amounts based upon the respective performa
Actual shares that will vest depend on the attainment of the performance-based criteria.

	Number of Shares	Weighted Average Fair Value Per Share
Outstanding at September 30, 2021	10,995	$ 11.5
Granted	1,106,250	14.6
Vested	(77,885)	20.1
Forfeited	(40,759)	20.4
Outstanding at March 31, 2022	998,601	$ 14.1

12. COMMITMENTS AND CONTINGENCIES (Tables)

6 Months Ended Mar. 31, 2022

Commitments and Contingencies Disclosure [Abstract]

Schedule of Contractual Future Payments Obligations

The following table sets forth certain information concerning our obligations to make contractual future payments towards our agreements as of M

	2022	2023	2024	2025	2026	Thereaft
Recorded contractual obligations:						
Operating lease obligations	$ 159,125	$ 324,949	$ 333,234	$ 341,767	$ 299,039	$ 37
Finance Lease obligations	198,047	295,541	131,164	11,092	-	
Mining equipment	20,396,770	-	-	-	-	
Mining operations related equipment	3,774,435	-	-	-	-	
Total	$ 24,528,377	$ 620,490	$ 464,398	$ 352,859	$ 299,039	$ 37

13. MAJOR CUSTOMERS AND VENDORS (Tables)	6 Months Ended Mar. 31, 2022
Accounting Policies [Abstract]	
16. MAJOR CUSTOMERS AND VENDORS - Digital currency mining segment major customers	For these purposes customers are defined as the Company's mining pool operators. Three Months **March 31, 2022** Mining Pool Operator A 99.99% Mining Pool Operator B 0.01% For the six months ended March 31, 2022 and 2021, the digital currency mining business had the following customers that represented more than purposes customers are defined as the Company's mining pool operators. Six Months En **March 31, 2022** Mining Pool Operator A 99.95% Mining Pool Operator B 0.05%
16. MAJOR CUSTOMERS AND VENDORS - Digital currency mining segment major suppliers	Company had the following significant suppliers of mining equipment. Three Months **March 31, 2022** Vendor A 90.85% Vendor B — Vendor C — Vendor D — For the six months ended March 31, 2022 and 2021, the Company had the following significant suppliers of mining equipment. Six Months **March 31, 2022** Vendor A 71.70% Vendor B 24.03% Vendor C — Vendor D — Vendor E —
16. MAJOR CUSTOMERS AND VENDORS - Energy segment major customers	energy business had the following customers that represented more than 10% of revenue. Three Months **March 31, 2022** Customer A 37.39% Customer B — Customer C — For the six months ended March 31, 2022 and 2021, the energy business had the following customers that represented more than 10% of revenue. Six Months **March 31, 2022** Customer A 30.01% Customer B —
16. MAJOR CUSTOMERS AND VENDORS - Energy segment major suppliers	Company had the following suppliers that represented more than 10% of direct material costs. Three Months **March 31, 2022** Vendor A 20.23% Vendor B 17.82% Vendor C 12.06% Vendor D — For the six months ended March 31, 2022 and 2021, the Company had the following suppliers that represented more than 10% of direct material c Six Months **March 31, 2022** Vendor A 38.87% Vendor B 11.76% Vendor C — Vendor D — Vendor E —

14. SEGMENT REPORTING (Tables)	6 Months Ended Mar. 31, 2022
Segment Reporting [Abstract]	
Schedule Of Segment Reporting Information	Intersegment transactions, which were at market price, are included in the “Other revenue and eliminations” and “Corporate items and eliminatio

	Three Months Ended March 31, 2022	
Revenue		
Energy	$ 4,585,971	$
Digital Currency Mining	36,965,739	
Total segment revenues	41,551,710	
Other revenue and eliminations	86,282	
Consolidated Revenues	41,637,992	
Profit		
Energy	945,534	
Digital Currency Mining	28,476,493	
Total segment profit	29,422,027	
Corporate items and eliminations (including depreciation and amortization)	(29,592,762)	
Net income/(loss)	$ (170,735)	$

	Six Months Ended March 31, 2022	
Revenue		
Energy	$ 8,556,181	$
Digital Currency Mining	73,940,317	
Total segment revenues	82,496,498	
Other revenue and eliminations	383,463	
Consolidated Revenues	82,879,961	
Profit		
Energy	1,931,774	
Digital Currency Mining	59,809,483	
Total segment profit	61,741,257	
Corporate items and eliminations (including depreciation and amortization)	(47,426,237)	
Net income	$ 14,315,020	$

Schedule of segment assets

A summary of segment assets is as follows:

	March 31, 2022	S
Digital Currency Mining	$ 375,183,757	$
Energy	25,267,292	
Other and Corporate assets	24,346,255	
Total	$ 424,797,304	$

Schedule of Long Lived Assets

The Company operates its business only in the United States.

Total additions in long-lived assets for the three months and six months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022			Three Months Ende March 31, 2021	
	Digital Currency	Energy	Corporate	Digital Currency	Energy
Property and Equipment	97,273,057	13,939	78,393	9,001,813	70,68
Intangibles	-	-	15,000	-	190,00
Total	**97,273,057**	**13,939**	**93,393**	**9,001,813**	**260,68**

	Six Months Ended March 31, 2022			Six Months Ended March 31, 2021	
	Digital Currency	Energy	Corporate	Digital Currency	Energy
Property and Equipment	168,566,562	29,993	148,202	10,259,396	83,55
Intangibles	-	-	15,000	-	190,00
Total	**168,566,562**	**29,993**	**163,202**	**10,259,396**	**273,55**

1. ORGANIZATION AND LINE OF BUSINESS (Details Narrative)	6 Months Ended
	Mar. 31, 2022
Organization, Consolidation and Presentation of Financial Statements [Abstract]	
Entity Incorporation, Date of Incorporation	Oct. 15, 1987

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cash and Cash Equivalents (Details) - USD ($)	Mar. 31, 2022	Sep. 30, 2021
Accounting Policies [Abstract]		
Cash and cash equivalents, excluding restricted cash	$ 1,695,718	$ 14,571,198
Restricted cash - construction escrow account	217,229	3,469,129
Cash and cash equivalents, including restricted cash	$ 1,912,947	$ 18,040,327

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Accounts Receivable (Details) - USD ($)	Mar. 31, 2022	Sep. 30, 2021
Accounting Policies [Abstract]		
Accounts Receivable, gross	$ 6,796,293	$ 2,891,784
Other receivables	733,468	421,681
Provision for doubtful allowances	(693,508)	(693,508)
Total Accounts Receivable, net	$ 6,836,253	$ 2,619,957

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Schedule of Inventories Current (Details) - USD ($)	Mar. 31, 2022	Sep. 30, 2021
Accounting Policies [Abstract]		
Batteries and solar panels	$ 595,432	$ 1,819,398
Supplies and other	663,992	853,346
Total inventory	$ 1,259,423	$ 2,672,744

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Schedule of Basic Earnings and Diluted Per Share (Details) - USD ($)	3 Months Ended		6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
Numerator				
Consolidated net income (loss) attributable to common shareholders	$ (191,563)	$ 7,222,535	$ 13,979,581	$ 55,005
Denominator				
Weighted- average common shares outstanding, basic	41,336,342	25,925,259	40,802,319	24,025,557
Dilutive impact of stock options and other share-based awards	0	6,772,604	58,733	6,772,604
Weighted- average common shares outstanding, diluted	41,336,342	32,697,863	40,861,052	30,798,161
Net income (loss) per common share attributable				
Basic	$ 0.00	$ 0.28	$ 0.34	$ 0.00
Diluted	$ 0.00	$ 0.22	$ 0.34	$ 0.00

2. SUMMARY OF SIGNIFICANT ACCOUNTING ACCOUNTING POLICIES - Useful Life of Property and Equipment (Details)	6 Months Ended
	Mar. 31, 2022
Building [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	30 years
Land Improvements [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	15 years
Machinery and Equipment [Member] | Minimum [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	1 year
Machinery and Equipment [Member] | Maximum [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	10 years
Office Equipment [Member] | Minimum [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	3 years
Office Equipment [Member] | Maximum [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	7 years
Mining Equipment [Member] | Minimum [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	3 years
Mining Equipment [Member] | Maximum [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	15 years
Miners [Member] | Minimum [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	3 years
Miners [Member] | Maximum [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	5 years
Infrastructure Asset [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	15 years
Leasehold Improvements [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	5 years
Furniture and Fixtures [Member] | Minimum [Member]	
Property, Plant and Equipment [Line Items]	

Property, Plant and Equipment, Useful Life	1 year
Furniture and Fixtures [Member] | Maximum [Member]	
Property, Plant and Equipment [Line Items]	
Property, Plant and Equipment, Useful Life	5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Schedule of Activities of Digital Currencies (Details)	6 Months Ended Mar. 31, 2022 USD ($)
Accounting Policies [Abstract]	
Beginning Balance	$ 23,603,210
Addition of digital currencies	73,940,317
Sale of digital currencies	(80,430,113)
Digital Currency Issued For Services	(294,992)
Realized gain on sale of digital currencies	7,260,909
Impairment loss	(7,033,691)
Ending balance	$ 17,045,640

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Fair Value of Financial Instruments (Details) - USD ($)	Mar. 31, 2022	Sep. 30, 2021
Net Investment Income [Line Items]		
Derivative Asset	$ 3,794,359	$ 4,905,656
Equity Securities, FV-NI, Current	250,000	260,772
Amount [Member]		
Net Investment Income [Line Items]		
Derivative Asset	3,794,359	4,905,656
Equity Securities, FV-NI, Current		10,772
Debt Securities	541,200	494,608
Business Combination, Contingent Consideration, Asset		820,802
Financial Instruments, Owned, Principal Investments, at Fair Value	4,335,559	6,231,838
Level 1		
Net Investment Income [Line Items]		
Derivative Asset	0	0
Equity Securities, FV-NI, Current		10,772
Debt Securities	0	0
Business Combination, Contingent Consideration, Asset		0
Financial Instruments, Owned, Principal Investments, at Fair Value	0	10,772
Level 2		
Net Investment Income [Line Items]		
Derivative Asset	0	0
Equity Securities, FV-NI, Current		0
Debt Securities	0	0
Business Combination, Contingent Consideration, Asset		0
Financial Instruments, Owned, Principal Investments, at Fair Value	0	0
Level 3		
Net Investment Income [Line Items]		
Derivative Asset	3,794,359	4,905,656
Equity Securities, FV-NI, Current		0
Debt Securities	541,200	494,608
Business Combination, Contingent Consideration, Asset		820,802
Financial Instruments, Owned, Principal Investments, at Fair Value	$ 4,335,559	$ 6,221,066

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details Narrative) - USD ($)	3 Months Ended			6 Months Ended		12 Months Ended
	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2022	Mar. 31, 2021	Sep. 30, 2021
Product Information [Line Items]						
Net income (loss)	$ (170,735)	$ 7,400,040	$ (7,167,530)	$ 14,315,020	$ 232,510	
Working Capital	19,378,547			19,378,547		
Contract assets	0			0		$ 0
Contract liabilities	188,929			188,929		296,964
Income Tax Examination, Penalties Accrued	0			0		0
Inventory Write-down				0		0
Income Tax Expense Benefit	0	0		0	0	
FDIC Indemnification Asset, Period Increase (Decrease)				$ 1,098,786		17,790,327
Common shares issued in relation to exercise of options				99,230		
Goodwill, Impairment Loss	$ 0	$ 0		$ 0	$ 0	
Options, warrants and restricted stock units						
Product Information [Line Items]						
Common shares issued in relation to exercise of options				489,282		
Bitcoin [Member]						
Product Information [Line Items]						
FDIC Indemnification Asset, Period Increase (Decrease)				$ 17,045,640		$ 23,603,210
Revenue From Rights Concentration Risk | Major Customers and Vendors | Revenue						
Product Information [Line Items]						
Concentration Risk Percentage				10.00%		

3. ACQUISITIONS - Summary of SWS Consideration (Details) - USD ($)	1 Months Ended	3 Months Ended		
	Feb. 24, 2021	Mar. 31, 2021	Dec. 31, 2020	Jan. 31, 2022
Business Acquisition [Line Items]				
Cash				$ 625,000
310,018 shares of common stock as contingent equity consideration	$ 533,002			
167,685 shares of common stock		$ 13,246,704	$ 21,183,351	
Solar Watt Solutions [Member]				
Business Acquisition [Line Items]				
Cash	1,350,000			
Acquisition Costs, Cumulative	6,687,907			
Solar Watt Solutions [Member] | Restricted Stock Fair Value [Member]				
Business Acquisition [Line Items]				
167,685 shares of common stock	$ 4,649,905			
Solar Watt Solutions [Member] | Fair Value [Member]				
Business Acquisition [Line Items]				
Weighted Average Number of Shares, Contingently Issuable	155,000			

3. ACQUISITIONS - Summary of SWS Consideration (Parenthetical) (Details) - shares	1 Months Ended			3 Months Ended
	Jan. 31, 2022	Feb. 24, 2021	Feb. 24, 2021	Dec. 31, 2021
Business Acquisition [Line Items]				
Shares issued for settlement of contingent consideration related to business acquisition, Shares				150,011
Solar Watt Solutions, Inc. [Member]				
Business Acquisition [Line Items]				
Shares issued for settlement of contingent consideration related to business acquisition, Shares	232,518			
Solar Watt Solutions, Inc. [Member] | S W S Equity [Member]				
Business Acquisition [Line Items]				
Shares issued for settlement of contingent consideration related to business acquisition, Shares			310,018	
Solar Watt Solutions, Inc. [Member] | S W S Earned On Closing [Member]				
Business Acquisition [Line Items]				
Shares issued for settlement of contingent consideration related to business acquisition, Shares		167,685	167,685	

3. ACQUISITIONS - Summary of SWS Purchase Price Allocation (Details) - USD ($)	Mar. 31, 2022	Sep. 30, 2021	Feb. 24, 2021
Business Acquisition [Line Items]			
Goodwill	$ 19,049,198	$ 19,049,198	
Solar Watt Solutions [Member]			
Business Acquisition [Line Items]			
Finite-Lived Customer Lists, Gross			$ 5,122,733
Goodwill			1,642,409
Business Combination, Assets and Liabilities Arising from Contingencies, Amount Recognized, Other than at Fair Value, Net			(77,235)
Acquisition Costs, Cumulative			6,687,907
Solar Watt Solutions [Member] | Final Allocation [Member]			
Business Acquisition [Line Items]			
Finite-Lived Customer Lists, Gross			190,000
Goodwill			6,820,535
Business Combination, Assets and Liabilities Arising from Contingencies, Amount Recognized, Other than at Fair Value, Net			(322,628)
Acquisition Costs, Cumulative			6,687,907
Solar Watt Solutions [Member] | Adjustments To Fair Value [Member]			
Business Acquisition [Line Items]			
Finite-Lived Customer Lists, Gross			(4,932,733)
Goodwill			5,178,126
Business Combination, Assets and Liabilities Arising from Contingencies, Amount Recognized, Other than at Fair Value, Net			(245,393)
Acquisition Costs, Cumulative			$ 0

3. ACQUISITIONS - Summary of ATL Purchase Price Allocation (Details) - USD ($)	Mar. 31, 2022	Sep. 30, 2021	Dec. 09, 2020
Business Acquisition [Line Items]			
Gross lease liabilities	$ 26,302,464		
Goodwill	$ 19,049,198	$ 19,049,198	
A T L Data Centers [Member] | Preliminary Allocation [Member]			
Business Acquisition [Line Items]			
Gross lease liabilities			$ 7,457,970
Goodwill			14,205,245
Other Assets and Liabilities assumed, net			(479,864)
Acquisition Costs, Cumulative			21,183,351
A T L Data Centers [Member] | Final Allocation [Member]			
Business Acquisition [Line Items]			
Gross lease liabilities			9,799,970
Goodwill			12,941,078
Other Assets and Liabilities assumed, net			(1,557,697)
Acquisition Costs, Cumulative			21,183,351
A T L Data Centers [Member] | Adjustments To Fair Value [Member]			
Business Acquisition [Line Items]			
Gross lease liabilities			2,342,000
Goodwill			(1,264,167)
Other Assets and Liabilities assumed, net			(1,077,833)
Acquisition Costs, Cumulative			$ 0

3. ACQUISITIONS (Details Narrative) - USD ($)			1 Months Ended			3 Months Ended			6 Months Ended	12 Months Ended
	Jan. 31, 2022	Dec. 09, 2020	Jan. 31, 2022	Feb. 24, 2021	Feb. 24, 2021	Dec. 31, 2021	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2022	Sep. 30, 2021
Business Acquisition [Line Items]										
Shares issued for settlement of contingent consideration related to business acquisition, Shares						150,011				
Shares issued for settlement of contingent consideration related to business acquisition							$ 13,246,704	$ 21,183,351		
shares issued for service							$ 71,497	$ 3,011,634		
Business Acquisition, Transaction Costs	$ 625,000		$ 625,000							
S W S Earned On Closing [Member]										
Business Acquisition [Line Items]										
Shares issued for settlement of contingent consideration related to business acquisition				$ 5,490,000						
S W S Escrow [Member]										
Business Acquisition [Line Items]										
Shares issued for settlement of contingent consideration related to business acquisition, Shares				310,018						
Shares issued for settlement of contingent consideration related to business acquisition				$ 10,150,000						
Solar Watt Solutions [Member]										
Business Acquisition [Line Items]										
Shares issued for settlement of contingent consideration related to business acquisition, Shares			232,518							
Closed Block, Description				all such shares subject to a lock up of no less than 180 days and a leak out of no more than 10% of average daily trading value of the prior 30 days for a period of 36 months						

following the closing, and (ii) up to $3,850,000 in cash to the Sellers, minus the Sellers' debt, minus the difference between the Actual Amount and Expected Amount consisting of: (a) $1,350,000 (no changes post acquisition date) in cash payable on a pro rata basis to Sellers at closing, less payment of $500,000 (no changes post acquisition date) to settle Sellers' debt at closing, which includes (x) $200,000 (no changes post acquisition date) in cash held back by the Company to satisfy potential damages from indemnification claims and any amounts owed pursuant to post-closing adjustments, (y) an additional $100,000 (no changes post acquisition date) in cash held back by the Company to satisfy any amounts owed pursuant to post-closing adjustments, and (b) up to

		$2,500,000 (fair valued at $155,000 at acquisition date) in cash held back by the Company and only payable pro rata to Sellers upon meeting certain future milestones and subject to satisfaction of any amounts owing from SWS to the Company resulting from damages required to be indemnified under the SWS Merger Agreement.	
Regulatory asset amortization period		1 year 6 months	
Rate of return on present value		14.00%	
Business Acquisition, Transaction Costs		$ 1,350,000	$ 1,350,000
Solar Watt Solutions [Member] | Cash 1 [Member]			
Business Acquisition [Line Items]			
Common Stock Held in Escrow	77,500		
Solar Watt Solutions [Member] | S W S Earned On Closing [Member]			
Business Acquisition [Line Items]			
Shares issued for settlement of contingent consideration related to business acquisition, Shares		167,685	167,685
Solar Watt Solutions [Member] | Restricted Stock [Member]			
Business Acquisition [Line Items]			
Shares issued for settlement of contingent consideration related to business acquisition, Shares		477,703	
Shares issued for settlement of contingent consideration related to business acquisition		$ 15,640,000	

Stock issued per share		$ 32.74	$ 32.74		
A T L Data Centers [Member]					
Business Acquisition [Line Items]					
Closed Block, Description	with all such shares subject to a lock up of no less than 180 days and a leak out of no more than 10% of the average daily trading value of the prior 30 days.				
Financial Guarantee Insurance Contracts, Premium Received over Contract Period, Premium Receivable, Weighted Average Risk Free Discount Rate				6.40%	
Weighted Average Number of Shares, Contingently Issuable				975,976	
Business Combination, Contingent Consideration Arrangements, Change in Amount of Contingent Consideration, Liability					$ 892,659,000
Noncash or Part Noncash Acquisition, Debt Assumed					$ 6,900,000
Business Combination, Recognized Identifiable Assets Acquired and Liabilities Assumed, Equipment	$ 5,670,000				
Business Combination, Recognized Identifiable Assets Acquired and Liabilities Assumed, Noncurrent Liabilities, Long-term Debt	$ 5,475,000				
Capitalized Contract Cost, Amortization Period	5 years				
A T L Data Centers [Member] | Earned On Closing [Member]					
Business Acquisition [Line Items]					
Shares issued for settlement of contingent consideration related to business acquisition, Shares	642,309				
A T L Data Centers [Member] | Escrow [Member]					

Business Acquisition [Line Items]			
Weighted Average Number of Shares, Contingently Issuable			975,976
A T L Data Centers [Member] | Released To Selling Members [Member]			
Business Acquisition [Line Items]			
Shares issued for settlement of contingent consideration related to business acquisition, Shares			515,724
A T L Data Centers [Member] | Returned To Company [Member]			
Business Acquisition [Line Items]			
Weighted Average Number of Shares, Common Stock Subject to Repurchase or Cancellation			68,194
A T L Data Centers [Member] | Remaining Escrow [Member]			
Business Acquisition [Line Items]			
Weighted Average Number of Shares, Contingently Issuable		392,058	
A T L Data Centers [Member] | Holdback Shares [Member]			
Business Acquisition [Line Items]			
Weighted Average Number of Shares, Contingently Issuable		72,989	
A T L Data Centers [Member] | Milestone Holdback [Member]			
Business Acquisition [Line Items]			
Weighted Average Number of Shares, Contingently Issuable		319,069	
A T L Data Centers [Member] | Broker [Member]			
Business Acquisition [Line Items]			
Stock Issued During Period, Shares, Issued for Services			41,708
shares issued for service			$ 545,916
A T L Data Centers [Member] | Restricted Stock [Member]			
Business Acquisition [Line Items]			
Shares issued for settlement of contingent consideration related to business acquisition, Shares	1,618,285		

3. Acquisitions - Schedule of Unaudited Pro Forma Information Assuming Acquisitions (Details) - USD ($)	3 Months Ended			6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2022	Mar. 31, 2021
Business Acquisition [Line Items]					
Net sales	$ 41,637,992	$ 8,119,688		$ 82,879,961	$ 10,377,258
Net income (loss)	$ (170,735)	$ 7,400,040	$ (7,167,530)	$ 14,315,020	$ 232,510
Income (loss) per common share - basic	$ (0.00)	$ (0.28)		$ (0.34)	$ (0.00)
Income (loss) per common share - diluted	$ (0.00)	$ (0.22)		$ (0.34)	$ (0.00)
Weighted- average common shares outstanding - diluted	41,336,342	32,697,863		40,861,052	30,798,161
Pro Forma Acquisitions [Member]					
Business Acquisition [Line Items]					
Net sales		$ 8,907,200			$ 12,967,229
Net income (loss)		$ 7,208,568			$ (551,184)
Income (loss) per common share - basic		$ 0.27			$ (0.02)
Weighted average common shares outstanding - basic		26,402,962			26,121,545
Income (loss) per common share - diluted		$ 0.22			$ 0.02
Weighted- average common shares outstanding - diluted		33,175,566			26,121,545

4. INVESTMENTS - Reconciliation of carrying value of all investments (Details) - USD ($)	6 Months Ended	
	Mar. 31, 2022	Sep. 30, 2021
Investment Holdings [Line Items]		
Investment Owned, at Fair Value	$ 541,200	$ 494,608
I L A L Debt Securities [Member]		
Investment Holdings [Line Items]		
Investment Owned, at Fair Value	541,200	494,608
Shares sold during the year	0	
Realized gain on fair value recognized income in other income/expense	0	
Unrealized loss recognized in net income in other income/expense	0	
Unrealized gain on fair value recognized in other comprehensive income	46,592	
I L A L Derivative Asset [Member]		
Investment Holdings [Line Items]		
Investment Owned, at Fair Value	3,794,359	4,905,656
Shares sold during the year	0	
Realized gain on fair value recognized income in other income/expense	0	
Unrealized loss recognized in net income in other income/expense	(1,111,297)	
Unrealized gain on fair value recognized in other comprehensive income	0	
I L A L Equity Securities [Member]		
Investment Holdings [Line Items]		
Investment Owned, at Fair Value	0	10,772
Shares sold during the year	(9,590)	
Realized gain on fair value recognized income in other income/expense	665	
Unrealized loss recognized in net income in other income/expense	(1,847)	
Unrealized gain on fair value recognized in other comprehensive income	0	
Law Clerk Equity Securities [Member]		
Investment Holdings [Line Items]		
Investment Owned, at Fair Value	250,000	$ 250,000
Shares sold during the year	0	
Realized gain on fair value recognized income in other income/expense	0	
Unrealized loss recognized in net income in other income/expense	0	
Unrealized gain on fair value recognized in other comprehensive income	$ 0	

4. INVESTMENTS (Details Narrative) - USD ($)	1 Months Ended	3 Months Ended		6 Months Ended		
	Nov. 05, 2019	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021	Sep. 30, 2021
Investment Holdings [Line Items]						
Investments		$ 4,585,559		$ 4,585,559		$ 5,661,036
Investment Owned, at Fair Value		541,200		541,200		494,608
Loss on preferred stock other comprehensive income loss		28,479	$ 0	46,592	$ 0	
Unrealized Gain (Loss) on Derivatives		1,410,146	$ 8,400,629	1,111,297	$ 7,380,135	
Interest Receivable On Investment In Debt Securities [Member]						
Investment Holdings [Line Items]						
Prepaid Expense and Other Assets		484,000		484,000		399,863
International Land Alliance						
Investment Holdings [Line Items]						
Investment Owned, Balance, Shares	1,000					
Investment Owned, Face Amount	$ 500,000					
Debt Instrument, Convertible, Terms of Conversion Feature	The Series B Preferred Stock accrue cumulative in-kind accruals at a rate of 12% per annum and were redeemable on August 6, 2020. The Preferred Stock can be converted into common stock at a variable rate (refer the discussion on embedded derivative assets below). This variable conversion ratio will increase by 10% with the occurrence of certain events. Since the investments were not redeemed on August 6, 2020, they are now redeemable at the Company`s option in cash or into common stock, based on the					

	conversion ratio. The Preferred Stock is recorded as an AFS debt security and is reported at its estimated fair value as of March 31, 2022. Any change in the fair values of AFS debt securities are reported net of income tax as an element of Other Comprehensive income.			
Amount [Member]				
Investment Holdings [Line Items]				
Derivative assets investment fair value		$ 3,794,359	$ 3,794,359	$ 4,905,656

5. INTANGIBLE ASSETS - Schedule of Intangible Assets (Details) - USD ($)	Mar. 31, 2022	Sep. 30, 2021
Intangible Assets [Member]		
Finite-Lived Intangible Assets [Line Items]		
Patents	$ 74,113	$ 74,112
Websites	23,115	8,115
Customer list and non-compete agreement	6,892,024	6,892,024
Design assets	123,000	123,000
Trademarks	5,928	5,928
Engineering trade secrets	4,370,269	4,370,269
Software	870,000	870,000
Strategic Contract	9,799,970	9,799,970
mPulse software	741,846	741,846
Intangible Assets, Gross (Excluding Goodwill), Total	22,900,265	22,885,264
Accumulated Amortization [Member]		
Finite-Lived Intangible Assets [Line Items]		
Patents	34,552	28,329
Websites	8,915	8,115
Customer list and non-compete agreement	5,981,767	4,940,456
Design assets	123,000	123,000
Trademarks	2,480	2,236
Engineering trade secrets	3,282,677	2,943,173
Software	344,375	325,519
Strategic Contract	2,568,129	1,577,098
mPulse software	291,609	238,161
Intangible Assets, Gross (Excluding Goodwill), Total	12,637,504	10,186,087
Total [Member]		
Finite-Lived Intangible Assets [Line Items]		
Patents	39,561	45,783
Websites	14,200	0
Customer list and non-compete agreement	910,257	1,951,568
Design assets	0	0
Trademarks	3,448	3,692
Engineering trade secrets	1,087,592	1,427,096
Software	525,625	544,481
Strategic Contract	7,231,841	8,222,872
mPulse software	450,237	503,685
Intangible Assets, Gross (Excluding Goodwill), Total	$ 10,262,761	$ 12,699,177

5. INTANGIBLE ASSETS (Details Narrative) - USD ($)	3 Months Ended		6 Months Ended		12 Months Ended					
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2027	Dec. 31, 2026	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Goodwill and Intangible Assets Disclosure [Abstract]										
Amortization of Intangible Assets	$ 1,225,873	$ 1,403,483	$ 2,451,417	$ 2,309,974	$ 22,869	$ 439,811	$ 2,000,726	$ 2,827,374	$ 2,908,616	$ 2,063,365

5. INTANGIBLE ASSETS - Amortization Expense (Details) - USD ($)	3 Months Ended		6 Months Ended		12 Months Ended					
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021	Dec. 31, 2027	Dec. 31, 2026	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Goodwill and Intangible Assets Disclosure [Abstract]										
Amortization of Intangible Assets	$ 1,225,873	$ 1,403,483	$ 2,451,417	$ 2,309,974	$ 22,869	$ 439,811	$ 2,000,726	$ 2,827,374	$ 2,908,616	$ 2,063,365
Future amortization of intangible assets			$ 10,262,761							

6. PROPERTY AND EQUIPMENT, NET - Schedule of Property and Equipment (Details) - USD ($)	Mar. 31, 2022	Sep. 30, 2021
Property, Plant and Equipment [Abstract]		
Mining equipment	$ 11,782,820	$ 2,823,218
Miners	256,063,805	120,330,769
Land Improvements	1,529,937	0
Office Equipment	167,329	126,584
Land and building	12,624,608	11,048,299
Machinery and equipment	331,172	323,682
Leasehold improvements	158,110	69,056
Furniture and fixtures	82,601	30,934
Infrastructure	12,439,515	81,868
Construction in progress	4,172,407	10,498,311
Less: accumulated depreciation	(23,022,215)	(7,657,982)
Property and equipment, net	$ 276,330,089	$ 137,674,739

6. PROPERTY AND EQUIPMENT (Details Narrative) - USD ($)	3 Months Ended		6 Months Ended		
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021	Sep. 30, 2021
Property, Plant and Equipment [Line Items]					
Depreciation expense	$ 10,435,760	$ 706,417	$ 16,907,784	$ 930,324	
Property and equipment disposed value	411,484	0	411,484	$ 0	
Loss on disposition of property and equipment			278,170		
Disposal of property and equipment	3,978,676		4,390,160		
(Gain) on disposal of assets	920,861	$ 0	642,691		
Outstanding deposits	69,902,321		69,902,321		$ 87,959,910
Mining Equipment [Member]					
Property, Plant and Equipment [Line Items]					
Purchased of mining equipment			160,345,487		
Outstanding deposits	$ 69,902,321		69,902,321		
Miners [Member]					
Property, Plant and Equipment [Line Items]					
Purchased of mining equipment			135,733,036		
In-Kind Miners [Member]					
Property, Plant and Equipment [Line Items]					
Purchased of mining equipment			308,038		
Equipments [Member]					
Property, Plant and Equipment [Line Items]					
Purchased of mining equipment			8,959,602		
Infrastructure [Member]					
Property, Plant and Equipment [Line Items]					
Purchased of mining equipment			$ 12,357,647		

7. LEASES - Lease costs (Details) - USD ($)	3 Months Ended		6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
Leases [Abstract]				
Operating lease cost (1) [1]	$ 83,237	$ 152,848	$ 166,475	$ 189,006
Amortization of right-of-use assets	94,815	90,981	189,630	112,729
Interest on lease obligations	$ 10,125	$ 14,645	$ 21,512	$ 18,223

[1] Included in general and administrative expenses

7. LEASES - Other Lease Information (Details) - USD ($)	3 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021
Leases [Abstract]		
Operating cash flows from operating leases	$ 157,780	$ 158,874
Financing cash flows from finance leases	$ 206,063	$ 124,644

7. LEASES - Weighted-average Remaining Lease Terms (Details)	Mar. 31, 2022	Sep. 30, 2021
Leases [Abstract]		
Weighted-average remaining lease term - operating leases	4 years 6 months 14 days	5 years
Weighted-average remaining lease term - finance leases	1 year 9 months 10 days	3 years 2 months 12 days
Weighted-average discount rate - operating leases	4.50%	4.50%
Weighted-average discount rate - finance leases	5.50%	5.50%

7. LEASES - Contractual Maturity of Lease Liability (Details) - USD ($)	Mar. 31, 2022	Sep. 30, 2021
Lessee, Operating Lease, Liability, to be Paid Due	$ 1,365,531	
Lessee, Operating Lease, Liability, to be Paid, Year Two	324,949	
Lessee, Operating Lease, Liability, to be Paid, Year Three	333,234	
Lessee, Operating Lease, Liability, to be Paid, Year Four	341,767	
Lessee, Operating Lease, Liability, to be Paid, Year Five	299,039	
Lessee, Operating Lease, Liability, to be Paid, after Year Five	37,301	
Finance Lease, Liability, Payment, Due Due	603,769	
Finance Lease, Liability, to be Paid, Year Two	295,541	
Finance Lease, Liability, to be Paid, Year Three	131,164	
Finance Lease, Liability, to be Paid, Year Four	11,092	
Finance Lease, Liability, to be Paid, Year Five	0	
Finance Lease, Liability, to be Paid, after Year Five	0	
Total lease liabilities, net of current portion	1,495,415	
Total finance lease liabilities, net of current portion	635,844	
Accounts Payable, Interest-bearing, Noncurrent	(129,884)	
Less: imputed interest	32,075	
Finance Lease, Liability, to be Paid, Year One	198,047	
Lessee, Operating Lease, Liability, to be Paid, Year One	159,125	
Less: Current portion of lease liabilities	(321,600)	$ (256,195)
Less: Current portion of finance lease liabilities	(345,817)	$ (413,798)
Total lease liabilities, net of current portion	1,043,931	
Total finance lease liabilities, net of current portion	$ 257,952	

8. RELATED PARTY TRANSACTIONS (Details Narrative) - USD ($)	3 Months Ended		6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
Zachary Bradford Ownership				
Related Party Transaction [Line Items]				
Limited Liability Company or Limited Partnership, Members or Limited Partners, Ownership Interest			50.00%	
Blue Chip Accounting				
Related Party Transaction [Line Items]				
Sublease and engagement for accounting services termination date			Dec. 31, 2021	
Payment for Administrative Fees	$ 0	$ 50,675	$ 47,075	$ 80,675
Payments for Rent	$ 0	$ 4,575	$ 4,575	$ 9,150

9. STOCKHOLDERS' EQUITY (Details Narrative) - USD ($)	3 Months Ended		6 Months Ended	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2022	Sep. 30, 2021
Class of Stock [Line Items]				
Common Stock, Shares Authorized			100,000,000	100,000,000
Preferred Stock, Shares Authorized			10,000,000	10,000,000
Common Stock, Par or Stated Value Per Share			$ 0.001	$ 0.001
Preferred Stock, Par or Stated Value Per Share			$ 0.001	$ 0.001
Common stock, shares issued			41,290,587	37,395,945
Common stock, shares outstanding			41,290,587	37,395,945
Preferred Stock, Shares Outstanding			1,750,000	1,750,000
Preferred stock, shares issued			1,750,000	1,750,000
Common shares issued in relation to exercise of options			99,230	
Common Shares Returned			232,518	
Common stock value as compensation	$ 71,497	$ 3,011,634		
Seller Agreements Related to Business Acquisition [Member]				
Class of Stock [Line Items]				
Common stock, shares issued			8,404	
Settlement of contingent consideration related to business acquisition			$ 150,011	
Director [Member]				
Class of Stock [Line Items]				
Common stock value as compensation			30,032	
Compensation			$ 1,874	
At-the-Market offering facility [Member]				
Class of Stock [Line Items]				
Common stock, shares issued			4,017,652	
Proceeds from net offering costs			$ 67,988,993	

10. STOCK WARRANTS - Schedule of Warrant Summary (Details)	6 Months Ended Mar. 31, 2022 $ / shares shares
Stock Warrants	
Number of Shares, Begnning Balance | shares	615,704
Weighted Average Outstanding at Beginning Balance | $ / shares	$ 30.72
Number of Shares, Warrants granted | shares	0
Weighted Average Exercise, Warrants granted | $ / shares	$ 0
Number of Shares, Warrants expired | shares	(183,334)
Weighted Average Exercise, Warrants expired | $ / shares	$ 40.91
Number of Shares, Warrants canceled | shares	0
Weighted Average Exercise, Warrants canceled | $ / shares	$ 0
Number of Shares, Warrants exercised | shares	0
Weighted Average Exercise, Warrants exercised | $ / shares	$ 0
Number of Shares, Ending Balance | shares	432,370
Weighted Average Exercise, Ending Balance | $ / shares	$ 26.39

10. STOCK WARRANTS (Details Narrative)	3 Months Ended Mar. 31, 2022 USD ($) shares	6 Months Ended Mar. 31, 2022 USD ($) shares
Weighted average remaining term outstanding warrants		1 year 7 months 13 days
Weighted average intrinsic value outstanding warrants | $	$ 467,940	$ 467,940
Exercise of warrants	0	0
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercisable, Number	432,370	432,370
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Nonvested, Number	0	0

11. STOCK-BASED COMPENSATION - Schedule of Option Summary (Details)	6 Months Ended Mar. 31, 2022 $ / shares shares
Equity [Abstract]	
Number of Option Shares, Beginning Balance | shares	1,547,029
Weighted Average Exercise Price, Beginning Balance | $ / shares	$ 18.35
Share-based Compensation Arrangement by Share-based Payment Award, Options, Grants in Period | shares	197,250
Share-based Compensation Arrangements by Share-based Payment Award, Options, Grants in Period, Weighted Average Exercise Price | $ / shares	$ 15.29
Share-based Compensation Arrangement by Share-based Payment Award, Options, Expirations in Period | shares	0
Share-based Compensation Arrangements by Share-based Payment Award, Options, Expirations in Period, Weighted Average Exercise Price | $ / shares	$ 0
Share-based Compensation Arrangement by Share-based Payment Award, Options, Canceled/ Forfeited in Period | shares	(157,885)
Share-based Compensation Arrangement by Share-based Payment Award, Options, Canceled/ Forfeited in Period, Weighted Average Exercise Price | $ / shares	$ 18.59
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercises in Period | shares	(99,230)
Share-based Compensation Arrangements by Share-based Payment Award, Options, Exercises in Period, Weighted Average Exercise Price | $ / shares	$ 7.39
Share-based Compensation Arrangement by Share-based Payment Award, Options, Outstanding, Number, Ending Balance, March 31, 2022 | shares	1,487,164
Share-based Compensation Arrangement by Share-based Payment Award, Options, Outstanding, Weighted Average Exercise Price, Ending Balance | $ / shares	$ 18.69

11. STOCK-BASED COMPENSATION - Fair Value Assumptions 2021 (Details)	6 Months Ended Mar. 31, 2022 USD ($)
Expected term (years)	2 years 18 days
Expected dividends	$ 0
Minimum [Member]	
Risk free interest rate	0.10%
Expected term (years)	1 year 6 months
Expected volatility	140.00%
Maximum [Member]	
Risk free interest rate	2.55%
Expected term (years)	6 years 7 days
Expected volatility	533.00%

11. STOCK-BASED COMPENSATION - Schedule of Restricted Stock Summary (Details)	6 Months Ended Mar. 31, 2022 USD ($) $ / shares shares	12 Months Ended Sep. 30, 2021 USD ($) $ / shares shares
Class of Stock [Line Items]		
Number of Shares Outstanding at Beginning | shares	998,601	10,995
Weighted Average Grant-Date Fair Value Per Share Outstanding at Beginning	$ 26.39	$ 30.72
Stock Issued During Period, Shares, Restricted Stock Award, Gross | shares	1,106,250	
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Grants in Period, Weighted Average Grant Date Fair Value	$ 0	
Restricted stock vested during period | shares	77,885	
Stock Issued During Period, Shares, Restricted Stock Award, Forfeited | shares	(40,759)	
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Forfeitures, Weighted Average Grant Date Fair Value	$ 40.91	
Number of Shares Outstanding at Ending | shares	998,601	10,995
Weighted Average Exercise, Ending Balance	$ 26.39	$ 30.72
Restricted [Member]		
Class of Stock [Line Items]		
Weighted Average Grant-Date Fair Value Per Share Outstanding at Beginning	$ 14.15	$ 11.59
Aggregate Intrinsic Value Outstanding at Beginning | $	$ 12,352,694	$ 84,839
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Grants in Period, Weighted Average Grant Date Fair Value	$ 14.68	
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Grants in Period, Intrinsic Value, Amount Per Share | $	$ 13,684,313	
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Vested in Period, Intrinsic Value, Amount Per Share	$ 20.15	
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Aggregate Intrinsic Value, Vested | $	$ 1,569,280	
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Forfeitures, Weighted Average Grant Date Fair Value	$ 20.48	
Share based compensation arrangement by share based payment award | $	$ 458,729	
Weighted Average Exercise, Ending Balance	$ 14.15	$ 11.59
Share-based Compensation Arrangement by Share-based Payment Award, Equity Instruments Other than Options, Aggregate Intrinsic Value, Outstanding | $	$ 12,352,694	$ 84,839

11. STOCK-BASED COMPENSATION (Details Narrative) - USD ($)	3 Months Ended		6 Months Ended				
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021	Sep. 15, 2021	Oct. 07, 2020	Jun. 19, 2017
Accumulated Other Comprehensive Income (Loss) [Line Items]							
Employee Stock Ownership Plan (ESOP), Number of Allocated Shares					3,500,000		
Share-based Payment Arrangement, Noncash Expense			$ 12,303,091	$ 5,199,658			
Share-based Compensation Arrangement by Share-based Payment Award, Options, Vested and Expected to Vest, Exercisable, Number	632,753		632,753				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Nonvested, Number of Shares	854,508		854,508				
Share-based Payment Arrangement, Option, Exercise Price Range, Outstanding, Weighted Average Remaining Contractual Term			1 year 7 months 9 days				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercisable, Weighted Average Remaining Contractual Term			2 years 18 days				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Outstanding, Intrinsic Value	$ 1,303,773		$ 1,303,773				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Vested and Expected to Vest, Outstanding, Aggregate Intrinsic Value	2,958,367		$ 2,958,367				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercises in Period			99,230				
Stock Issued During Period, Shares, Restricted Stock Award, Gross			1,106,250				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Vested and Expected to Vest, Exercisable, Weighted Average Remaining Contractual Term			9 months				
Unrecognized compensation cost	$ 7,755,679		$ 7,755,679				

Share-based Compensation Arrangement by Share-based Payment Award, Award Vesting Period	5 years					
Service Period Based Grant Shares		146,250				
Proceeds from exercise of options and warrants		$ 480,197	$ 3,346,559			
Total consideration for options exercised		$ 733,170				
Restricted Stock, Shares Issued Net of Shares for Tax Withholdings	60,000	90,000				
Minimum [Member]						
Accumulated Other Comprehensive Income (Loss) [Line Items]						
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercisable, Weighted Average Remaining Contractual Term		1 year 6 months				
Fair value of market RSUs	$ 11.03	$ 11.03				
Maximum [Member]						
Accumulated Other Comprehensive Income (Loss) [Line Items]						
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercisable, Weighted Average Remaining Contractual Term		6 years 7 days				
Fair value of market RSUs	$ 17.89	$ 17.89				
Added Shares [Member]						
Accumulated Other Comprehensive Income (Loss) [Line Items]						
Employee Stock Ownership Plan (ESOP), Number of Allocated Shares				2,000,000		
Amended Equity Incentive Plan 2017 [Member]						
Accumulated Other Comprehensive Income (Loss) [Line Items]						
Employee Stock Ownership Plan (ESOP), Number of Allocated Shares					1,500,000	300,000
Common Stock, Shares Subscribed but Unissued	370,821	370,821				
Combined voting rights percent		10.00%				
Options [Member]						
Accumulated Other Comprehensive Income (Loss) [Line Items]						
Share-based Payment Arrangement, Noncash Expense		$ 13,096,168				

Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercises in Period			99,230	
Share-based Compensation Arrangement by Share-based Payment Award, Options, Grants in Period, Gross			64,000	
Employees [Member]				
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Grants in Period, Gross			197,250	
Option Stock Based Compensation [Member]				
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Share Based Compensation	6,553,984	231,361	12,303,091	1,163,401
Common stock options [Member] | Minimum [Member]				
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercisable, Weighted Average Exercise Price	$ 4.65		$ 4.65	
Common stock options [Member] | Maximum [Member]				
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Share-based Compensation Arrangement by Share-based Payment Award, Options, Exercisable, Weighted Average Exercise Price	$ 15.10		$ 15.10	
Restricted Stock Units (RSUs) [Member]				
Accumulated Other Comprehensive Income (Loss) [Line Items]				
Stock Issued During Period, Shares, Restricted Stock Award, Gross			1,106,250	
Share-based Compensation Arrangement by Share-based Payment Award, Award Vesting Period			1 year	
Risk free rate, minimum	0.14%			
Risk free rate, maximum	1.26%			
Volatility rate, minimum	111.37%			
Volatility rate, maximum	172.18%			

Restricted Stock Units (RSUs) [Member] | Minimum [Member]		
Accumulated Other Comprehensive Income (Loss) [Line Items]		
Expected Term	1 year	
Cost of equity rate	20.00%	
Restricted Stock Units (RSUs) [Member] | Maximum [Member]		
Accumulated Other Comprehensive Income (Loss) [Line Items]		
Expected Term	5 years	
Cost of equity rate	21.00%	
Restricted Stock Awards [Member]		
Accumulated Other Comprehensive Income (Loss) [Line Items]		
Stock Issued During Period, Shares, Restricted Stock Award, Gross	810,000	870,000
Share-based Compensation Arrangement by Share-based Payment Award, Award Vesting Period	1 year	

12. COMMITMENTS AND CONTINGENCIES (Details Narrative) - USD ($)		1 Months Ended	3 Months Ended		6 Months Ended						
	Nov. 23, 2021	Jan. 31, 2022	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2022	Mar. 29, 2022	Dec. 31, 2021	Sep. 30, 2021	Feb. 24, 2021	Aug. 31, 2020	Aug. 31, 2019
Long-term Purchase Commitment [Line Items]											
Stock Issued During Period, Shares, Other			777,517	1,339,009							
Long Term Purchase Commitment Amount					$ 87,300,000						
Purchase Commitment, Remaining Minimum Amount Committed					24,200,000						
Contractual future payment obligations					26,302,464						
Infrastructure Assets [Member]											
Long-term Purchase Commitment [Line Items]											
Long Term Purchase Commitment Amount					10,600,000						
Payments to Acquire Assets, Investing Activities					$ 73,700,000						
Grid Fabric [Member]											
Long-term Purchase Commitment [Line Items]											
Stock Issued During Period, Shares, Other	8,404										
Grid Fabric [Member] | Contingent Consideration [Member]											
Long-term Purchase Commitment [Line Items]											
Common stock released, shares	$ 150,000										
Solar Watt Solutions, Inc., v. Pathion, Inc. [Member]											
Long-term Purchase Commitment [Line Items]											
Lawsuit filing date					January 6, 2022						
Amount paid for solar batteries											$ 418,606
Electricity cost per month					$ 15,000						
Amount of claim in suit					500,000						
Grid Fabric L L C [Member]											
Long-term Purchase Commitment [Line Items]											
Asset Acquisition, Contingent Consideration, Liability								$ 500,000		$ 750,000	

Solar Watt Solutions, Inc. [Member]					
Long-term Purchase Commitment [Line Items]					
Asset Acquisition, Contingent Consideration, Liability				$ 615,249	
Fair value of cash consideration					$ 155,000
Solar Watt Solutions, Inc. [Member] | Cash 1 [Member]					
Long-term Purchase Commitment [Line Items]					
Asset Acquisition, Contingent Consideration, Liability					$ 2,500,000
SWS Sellers [Member]					
Long-term Purchase Commitment [Line Items]					
Asset Acquisition, Contingent Consideration, Liability	$ 625,000				
Stock Issued During Period, Shares, Other	77,500				
Common stock back to company	232,518				
Lancium [Member] | Agreement [Member]					
Long-term Purchase Commitment [Line Items]					
Initial term			5 years		
Renewal term			2 years		
Notice period for agreement Non-renew			90 days		
Contractual future payment obligations		$ 0			

12. COMMITMENTS AND CONTINGENCIES - Schedule of Contractual Future Payments Obligations (Details)	Mar. 31, 2022 USD ($)
Product Liability Contingency [Line Items]	
2022	$ 24,528,377
2023	620,490
2024	464,398
2025	352,859
2026	299,039
Thereafter	37,301
Contractual Obligation, Total	26,302,464
Finance Lease [Member]	
Product Liability Contingency [Line Items]	
2022	198,047
2023	295,541
2024	131,164
2025	11,092
2026	0
Thereafter	0
Contractual Obligation, Total	635,844
Operating Lease [Member[	
Product Liability Contingency [Line Items]	
2022	159,125
2023	324,949
2024	333,234
2025	341,767
2026	299,039
Thereafter	37,301
Contractual Obligation, Total	1,495,415
Mining Equipment [Member]	
Product Liability Contingency [Line Items]	
2022	20,396,770
Contractual Obligation, Total	20,396,770
Mining Operations Equipment [Member]	
Product Liability Contingency [Line Items]	
2022	3,774,435
Contractual Obligation, Total	$ 3,774,435

13. MAJOR CUSTOMERS AND VENDORS (Additional Information) (Details) - Minimum [Member]	3 Months Ended		6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
Digital Currency Mining [Member]				
Representation of company's revenue, percent	10.00%	10.00%	10.00%	10.00%
Energy [Member]				
Representation of company's revenue, percent	10.00%	10.00%	10.00%	10.00%
Company's Suppliers [Member]				
Representation of company's direct material cost, percent	10.00%	10.00%	10.00%	10.00%

13. MAJOR CUSTOMERS AND VENDORS - Digital currency mining segment major customers (Details) - Customer Concentration Risk [Member] - Accounts Receivable [Member]	3 Months Ended		6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
Mining Pool Operator A [Member]				
Concentration Risk, Percentage	99.99%	0.00%	99.95%	0.00%
Mining Pool Operator B [Member]				
Concentration Risk, Percentage	0.01%	100.00%	0.05%	100.00%

13. MAJOR CUSTOMERS AND VENDORS - Digital currency mining segment major suppliers (Details) - Customer Concentration Risk [Member] - Accounts Receivable [Member]	3 Months Ended		6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
Mining Vendor A [Member]				
Concentration Risk, Percentage	90.85%	0.00%	71.70%	0.00%
Mining Vendor B [Member]				
Concentration Risk, Percentage	0.00%	57.94%	24.03%	0.00%
Mining Vendor C [Member]				
Concentration Risk, Percentage	0.00%	23.69%	0.00%	46.77%
Mining Vendor D [Member]				
Concentration Risk, Percentage	0.00%	18.37%	0.00%	27.49%
Mining Vendor E [Member]				
Concentration Risk, Percentage			0.00%	14.91%

13. MAJOR CUSTOMERS AND VENDORS - Energy segment major customers (Details) - Customer Concentration Risk [Member] - Accounts Receivable [Member]	3 Months Ended		6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
Energy Customer A [Member]				
Concentration Risk, Percentage	37.39%	39.06%	30.01%	56.00%
Energy Customer B [Member]				
Concentration Risk, Percentage		12.47%	0.00%	12.25%
Energy Customer C [Member]				
Concentration Risk, Percentage		10.17%		

13. MAJOR CUSTOMERS AND VENDORS - Energy segment major suppliers (Details) - Customer Concentration Risk [Member] - Accounts Receivable [Member]	3 Months Ended		6 Months Ended	
	Mar. 31, 2022	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2021
Energy Vendor A [Member]				
Concentration Risk, Percentage	20.23%	22.24%	38.87%	0.00%
Energy Vendor B [Member]				
Concentration Risk, Percentage	17.82%	0.00%	11.76%	0.00%
Energy Vendor C [Member]				
Concentration Risk, Percentage	12.06%	0.00%	0.00%	15.62%
Energy Vendor D [Member]				
Concentration Risk, Percentage	0.00%	23.90%	0.00%	14.54%
Energy Vendor E [Member]				
Concentration Risk, Percentage				12.91%

14. SEGMENT REPORTING - Segment Information (Details)	3 Months Ended			6 Months Ended		
	Mar. 31, 2022 USD ($)	Mar. 31, 2021 USD ($)	Dec. 31, 2020 USD ($)	Mar. 31, 2022 USD ($) Segment	Mar. 31, 2021 USD ($)	Sep. 30, 2021 USD ($)
Segment Reporting Information [Line Items]						
Number of Reportable Segments | Segment				2		
Revenues	$ 41,637,992	$ 8,119,688		$ 82,879,961	$ 10,377,258	
Net Income (Loss), Including Portion Attributable to Noncontrolling Interest	(163,084)	7,222,535		14,026,173	55,005	
Net income (loss)	(170,735)	7,400,040	$ (7,167,530)	14,315,020	232,510	
Assets	424,797,304			424,797,304		$ 317,473,121
Energy [Member]						
Segment Reporting Information [Line Items]						
Revenues	4,585,971	1,313,530		8,556,181	2,827,233	
Net Income (Loss), Including Portion Attributable to Noncontrolling Interest	(945,534)	(292,023)		(1,931,774)	(389,853)	
Assets	25,267,292	17,507,314		25,267,292	17,507,314	
Property and Equipment	13,939	70,688		29,993	83,554	
Intangibles		190,000			190,000	
Total	13,939	260,688		29,993	273,554	
Digital Currency Mining [Member]						
Segment Reporting Information [Line Items]						
Revenues	36,965,739	6,715,792		73,940,317	7,449,202	
Net Income (Loss), Including Portion Attributable to Noncontrolling Interest	28,476,493	6,251,287		59,809,483	7,107,416	
Assets	375,183,757	270,995,942		375,183,757	270,995,942	
Property and Equipment	97,273,057	9,001,813		168,566,562	10,259,396	
Intangibles						
Total	97,273,057	9,001,813		168,566,562	10,259,396	
Total [Member]						
Segment Reporting Information [Line Items]						
Revenues	41,551,710	8,029,322		82,496,498	10,276,435	

Net Income (Loss), Including Portion Attributable to Noncontrolling Interest	29,422,027	6,543,310	61,741,257	7,497,269
Assets	424,797,304	317,473,121	424,797,304	317,473,121
Other Revenue And Eliminations [Member]				
Segment Reporting Information [Line Items]				
Revenues	86,282	90,366	383,463	100,824
Consolidated Revenues [Member]				
Segment Reporting Information [Line Items]				
Revenues	41,637,992	8,119,688	82,879,961	10,377,259
Corporate Items And Eliminations [Member]				
Segment Reporting Information [Line Items]				
Net Income (Loss), Including Portion Attributable to Noncontrolling Interest	(29,592,762)	856,730	(47,426,237)	(7,264,759)
Corporate Segment [Member]				
Segment Reporting Information [Line Items]				
Property and Equipment	78,393	1,945	148,202	8,160
Intangibles	15,000		15,000	
Total	93,393	1,945	163,202	8,160
Other and Corporate Assets [Member]				
Segment Reporting Information [Line Items]				
Assets	$ 24,346,255	$ 28,969,865	$ 24,346,255	$ 28,969,865

15. SUBSEQUENT EVENTS (Details Narrative) - USD ($)		6 Months Ended		
	Apr. 22, 2022	Mar. 31, 2022	Mar. 31, 2021	Sep. 30, 2021
Subsequent Event [Line Items]				
Received a loan		$ 257,952		$ 458,308
Common shares issued in relation to exercise of options		99,230		
Proceeds from stock options Exercises			$ 74	
Trinity Capital Inc | Subsequent Event [Member]				
Subsequent Event [Line Items]				
Borrowings	$ 35,000,000			
Received a loan	20,000,000			
Security deposit	643,960			
Funding closing costs	701,624			
Proceeds from at the market financing instruments	$ 15,000,000			