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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August, 2021

Commission File Number: 333-258788

BITFARMS LTD.
(Exact Name of Registrant as Specified in Its Charter)

18 King Street East, Suite 902, Toronto, Ontario, Canada M5C 1C4
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☐ Form 40-F ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

INCORPORATION BY REFERENCE

This report on Form 6-K, including the interim condensed consolidated financial statements for the three and six months ended June 30, 2021 and management's discussion and analysis for the three and six months ended June 30, 2021, shall be deemed to be incorporated by reference as exhibits to the Registration Statement of Bitfarms Ltd. on Form F-10 (File No. 333-258788) and to be a part thereof from the date on which this report was furnished, to the extent not superseded by documents or reports subsequently filed or furnished.

Exhibits

Exhibit No.	Description
99.1	Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2021
99.2	Management's Discussion & Analysis for the three and six months ended June 30, 2021
99.3	CEO Certification of Interim Filings Venture Issuer Basic Certificate dated August 16, 2021
99.4	CFO Certification of Interim Filings Venture Issuer Basic Certificate dated August 16, 2021

SIGNATURE

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.

BITFARMS LTD.

By: /s/ L. Geoffrey Morphy
Name: L. Geoffrey Morphy
Title: President

Date: August 16, 2021

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT JUNE 30, 2021 (UNAUDITED)

INDEX

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of U.S. dollars)

	Note	June 30, 2021	December 31, 2020
ASSETS			
CURRENT ASSETS:			
Cash		$ 36,216	$ 5,947
Trade receivables		880	1,103
Other assets	3	3,029	500
Electrical component inventory		322	169
Digital assets	4	45,329	-
Embedded derivative	8	-	1,449
TOTAL CURRENT ASSETS		85,776	9,168
NON-CURRENT ASSETS:			
Property, plant and equipment	5	65,693	35,793
Right-of-use assets	9	4,498	5,393
Long-term deposits and equipment prepayments	6	74,491	973
Intangible assets		252	377
Deferred tax asset	10b	514	-
TOTAL NON-CURRENT ASSETS		145,448	42,536
TOTAL ASSETS		$ 231,224	$ 51,704
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables and accrued liabilities	7	6,362	$ 2,696
Current portion of long-term debt	8	9,194	17,171
Current portion of lease liabilities	9	3,638	3,626
Taxes payable		2,106	316
Warrant liability		-	4,668
TOTAL CURRENT LIABILITIES		21,300	28,477
NON-CURRENT LIABILITIES:			
Long-term debt	8	2,366	174
Lease liabilities	9	6,301	7,397
Asset retirement provision		329	209
TOTAL NON-CURRENT LIABILITIES		8,996	7,780
TOTAL LIABILITIES		30,296	36,257
EQUITY:			
Share capital		202,725	32,004
Contributed surplus		31,628	5,588
Accumulated deficit		(33,425)	(22,145)
TOTAL EQUITY		200,928	15,447
TOTAL LIABILITIES & EQUITY		$ 231,224	$ 51,704

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE PROFIT OR LOSS

(In thousands of U.S. dollars, except earnings per share data)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Revenues	4, 15b	$ 36,687	$ 7,372	$ 65,119	$ 16,584
Cost of sales		13,332	7,506	22,452	15,423
Gross profit (loss)		23,355	(134)	42,667	1,161
General and administrative expenses	14a	10,607	1,371	13,426	4,176
Gain on disposition of digital assets	4	(47)	(23)	(25)	(23)
Loss on revaluation of digital assets	4	14,885	-	14,885	-
Operating income (loss)		(2,090)	(1,482)	14,381	(2,992)
Loss (gain) on disposition of property, plant and equipment		(146)	707	(165)	707
Net financial expenses	14b	1,127	1,545	24,552	2,567
Net loss before income taxes		(3,071)	(3,734)	(10,006)	(6,266)
Income tax expense (recovery)	10b	604	(4)	1,274	(112)
Net loss		$ (3,675)	$ (3,730)	$ (11,280)	$ (6,154)
Other comprehensive loss					
Revaluation loss on digital assets (net of tax)	4	(5,128)	-	-	-
Total comprehensive loss		$ (8,803)	$ (3,730)	$ (11,280)	$ (6,154)
Net loss per share (in U.S. dollars):	14c				
Basic and diluted net loss per share		$ (0.02)	$ (0.04)	$ (0.08)	$ (0.07)
Basic and diluted weighted average number of shares		151,954,612	84,655,795	138,033,267	84,353,779

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of U.S. dollars, except for quantity of shares)

	Quantity of shares	Share capital	Contributed surplus	Accumulated deficit	Total equity
Balance as of January 1, 2021	88,939,359	$ 32,004	$ 5,588	$ (22,145)	$ 15,447
Net loss	-	-	-	(11,280)	(11,280)
Share-based payment (Note 13)	-	-	6,762	-	6,762
Issuance of common shares and warrants (Note 11)	40,188,892	84,898	26,781	-	111,679
Conversion of long-term debt (Note 8)	8,474,577	5,110	(110)	-	5,000
Exercise of warrants and stock options (Note 11)	24,480,524	80,713	(7,393)	-	73,320
Balance as of June 30, 2021	162,083,352	$ 202,725	$ 31,628	$ (33,425)	$ 200,928
Balance as of January 1, 2020	83,620,630	$ 30,475	3,469	$ (5,856)	$ 28,088
Net loss	-	-	-	(6,154)	(6,154)
Share-based payment	600,000	192	1,072	-	1,264
Exercise of warrants	500,000	200	-	-	200
Balance as of June 30, 2020	84,720,630	$ 30,867	$ 4,541	$ (12,010)	$ 23,398

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

	Note	Six months ended June 30, 2021	Six months ended June 30, 2020
Cash flows from operating activities:			
Net loss		$ (11,280)	$ (6,154)
Adjustments for:			
Depreciation and amortization		7,928	5,730
Net financial expenses	14b	24,552	2,567
Digital assets mined	4	(62,542)	(15,744)
Digital assets liquidated	4	2,353	15,767
Gain on disposition of digital assets	4	(25)	(23)
Loss on revaluation of digital assets	4	14,885	-
Share-based payment	13	6,762	1,264
Interest and financial expenses paid		(1,547)	(2,096)
Deferred taxes, net	10b	(514)	-
Loss (gain) on disposal of property, plant and equipment		(165)	708
		(8,313)	8,173
Changes in non-cash working capital components	16	2,297	429
Net cash related to operating activities		(17,296)	2,448
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets		(28,806)	(3,216)
Proceeds from sale of property, plant and equipment		44	602
Equipment prepayments	6	(73,373)	-
Net cash related to investing activities		(102,135)	(2,614)
Cash flows from financing activities:			
Issuance of common shares and warrants		114,488	-
Exercise of warrants and stock options		43,545	200
Repayment of lease liabilities		(2,427)	(351)
Repayment of long-term debt		(15,191)	(453)
Proceeds from long-term debt		9,277	-
Net cash related to financing activities		149,692	(604)
Exchange rate differences on currency translation		8	(28)
Net change in cash and cash equivalents		30,269	(798)
Cash at the beginning of the period		5,947	2,159
Cash at the end of the period		$ 36,216	$ 1,361

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 1: REPORTING ENTITY, BASIS OF PRESENTATION AND LIQUIDITY

a. Bitfarms was incorporated under the Canada Business Corporation Act on October 11, 2018. The interim condensed financial statements of the corporation as at June 30, 2021 and 2020 comprise the accounts of Bitfarms Ltd. and its wholly owned subsidiaries (together referred to as the “Company” or “Bitfarms”). The activities of the Company are divided into two reportable segments: the cryptocurrency mining segment (referred to as “Backbone”) and the electrical services segment (referred to as “Volta”), as described in Note 15 “Reportable segments”.

Bitfarms is primarily engaged in the cryptocurrency mining industry, a highly volatile market with significant inherent risk. A significant decline in the market prices of cryptocurrencies, an increase in the difficulty of cryptocurrency mining, changes in the regulatory environment and adverse changes in other inherent risks can significantly and negatively impact the Company’s operations. In addition, adverse changes to the factors mentioned above may impact the recoverability of the Company’s digital assets and property, plant and equipment resulting in impairment charges being recorded.

The common shares of the Company are listed under the trading symbol BITF on Nasdaq and on the TSX Venture Exchange.

b. These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34.

These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company and the notes thereto for the year ended on December 31, 2020. These interim condensed consolidated financial statements were approved by the Board of Directors on August 16, 2021.

c. In March 2020, the World Health Organization declared COVID-19 a pandemic. The potential impacts that COVID-19 may have on the Backbone operating segment include increases in cryptocurrency price volatility and delays in receiving future orders of mining hardware and construction materials required to achieve the Company’s growth objectives. The Backbone operating segment has been, and is expected to, continue to be operating throughout the pandemic. Volta’s services are considered to be essential by government authorities and have been, and are expected to continue, operating throughout the pandemic. No significant impact of COVID-19 has been observed on Backbone or Volta’s existing operations for the six months ended June 30, 2021; however; the Company has observed longer than usual lead times in procuring construction materials required for the Company’s infrastructure buildout.

It is not possible to reliably estimate the length and severity of these developments as well as their impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 1: REPORTING ENTITY, BASIS OF PRESENTATION AND LIQUIDITY (Cont.)

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

1.	Backbone	Backbone Hosting Solutions Inc.
2.	Volta	9159-9290 Quebec Inc.
3.	BTC	Bitcoin
4.	BVVE	Blockchain Verification and Validation Equipment
5.	CAD	Canadian Dollars

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared following the same accounting policies used in the audited annual consolidated financial statements for the year ended December 31, 2020.

The accounting policies have been applied consistently by the Company’s entities and to all periods presented in these interim condensed consolidated financial statements, unless otherwise indicated.

NOTE 3: OTHER ASSETS

	June 30, 2021	December 31, 2020
Sales taxes receivable	$ 1,800	$ 297
Prepaid expenses	1,229	203
	$ 3,029	$ 500

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 4: DIGITAL ASSETS

Bitcoin transactions and the corresponding values for the three and six months ended June 30, 2021 and 2020 were as follows:

	Three months ended June 30,			
	2021		2020	
	Quantity	Value	Quantity	Value
Balance as of April 1,	548	$ 32,428	15	$ 96
Bitcoin mined*	759	35,352	815	6,763
Bitcoin exchanged for cash and services	(14)	(636)	(731)	(6,096)
Bitcoin exchanged for long-term debt repayment	-	-	(99)	(786)
Gain on disposition of Bitcoin	-	47	-	23
Revaluation of digital assets**	-	(21,862)	-	-
Balance as of June 30,	1,293	$ 45,329	-	$ -

	Six months ended June 30,			
	2021		2020	
	Quantity	Value	Quantity	Value
Balance as of January 1,	-	$ -	-	$ -
Bitcoin mined*	1,357	62,542	1,902	15,744
Bitcoin exchanged for cash and services	(17)	(807)	(1,644)	(13,537)
Bitcoin exchanged for long-term debt repayment	(47)	(1,546)	(258)	(2,070)
Gain on disposition of Bitcoin	-	25	-	23
Prior period accounting policy change	-	-	-	(160)
Revaluation of digital assets	-	(14,885)	-	-
Balance as of June 30,	1,293	$ 45,329	$ -	$ -

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

** The loss on revaluation of digital assets for the three months ended June 30, 2021, is presented in other comprehensive income, net of $1,849 of deferred income tax as described in Note 10b, to the extent that it reverses previously recorded gains on revaluation of digital assets that were recorded in other comprehensive income, totaling $5,128, net of deferred income tax.

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

a. As at June 30, 2021, and December 31, 2020, property, plant and equipment consisted of:

	BVVE and electrical components	Mineral assets	Land and buildings	Leasehold improvements	Vehicles	Total
Cost:						
Balance as of January 1, 2021	$ 52,676	$ 9,000	$ 3,263	$ 2,707	$ 448	$ 68,094
Additions during the period	36,588	-	125	513	12	37,238
Dispositions during the period	(51)	-	-	(52)	-	(103)
Balance as of June 30, 2021	89,213	9,000	3,388	3,168	460	105,229
Balance as of January 1, 2020	54,127	9,000	2,721	2,415	381	68,644
Additions during the period	9,548	-	542	306	80	10,476
Dispositions during the period	(10,999)	-	-	(14)	(13)	(11,026)
Balance as of December 31, 2020	52,676	9,000	3,263	2,707	448	68,094
Accumulated Depreciation:						
Balance as of January 1, 2021	30,042	-	185	1,861	213	32,301
Depreciation	7,092	-	47	128	41	7,308
Dispositions during the period	(34)	-	-	(39)	-	(73)
Balance as of June 30, 2021	37,100	-	232	1,950	254	39,536
Balance as of January 1, 2020	28,976	-	101	1,641	152	30,870
Depreciation	9,762	-	84	234	68	10,148
Dispositions during the period	(8,696)	-	-	(14)	(7)	(8,717)
Balance as of December 31, 2020	30,042	-	185	1,861	213	32,301
Net book value as of						
June 30, 2021	**$ 52,113**	**$ 9,000**	**$ 3,156**	**$ 1,218**	**$ 206**	**$ 65,693**
December 31, 2020	**$ 22,634**	**$ 9,000**	**$ 3,078**	**$ 846**	**$ 235**	**$ 35,793**

b. Further details of the quantity and models of BVVE held by the Company are as follows:

	Bitmain Antminer S9 (BTC)	Other Bitmain Antminers (BTC) *	Innosilicon T3 & T2T (BTC) **	Canaan Avalon A10 (BTC)	MicroBT Whatsminer (BTC) ***
Quantity as of January 1, 2021	9,497	1,747	6,446	1,024	8,394
Additions during the period	-	-	-	-	7,961
Dispositions during the period	-	(14)	-	-	-
Quantity as of June 30, 2021	9,497	1,733	6,446	1,024	16,355

* Includes 1,334 Antminer T15 and 399 Antminer S15

** Includes 5,082 T3 and 1,364 T2T

*** Includes 4,338 M20S, 1,465 M30S, 245 M31S and 10,307 M31S+

Included in the BVVE and electrical equipment listed above are right-of-use assets consisting of 3,000 Whatsminer M31S+ with a net book value of approximately $6,692 as described in Note 9.

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 6: LONG-TERM DEPOSITS, EQUIPMENT PREPAYMENTS AND COMMITMENTS

	June 30, 2021	December 31, 2020
Security deposits for rent, energy and insurance	$ 1,118	$ 942
Equipment prepayments	73,373	31
	$ 74,491	$ 973

The Company placed deposits on BVVE in the amount of $73,373. These deposits are mainly for orders placed on 7,300 Antminer and 48,000 Whatsminer miners with expected delivery in late 2021 and 2022, respectively, as well as 1,500 Whatsminer miners delivered in July 2021. The Company is exposed to counterparty risk through its significant deposits it places with suppliers of mining hardware to secure orders and delivery dates. The risk of a supplier failing to meet its contractual obligations may result in late deliveries or long-term deposits and equipment prepayments that are not realized. The Company attempts to mitigate this risk by procuring mining hardware from established suppliers with whom it maintains strong relationships. The Company's orders for mining hardware are with two of the largest mining hardware manufacturers in the world, and with whom the Company has maintained relations for several years. The table below outlines the Company's remaining payment obligation in connections with the purchase agreements described above:

	June 30, 2021
Three months ended September 30, 2021	24,500
Three months ended December 31, 2021	30,500
Three months ended March 31, 2022	41,400
Three months ended June 30, 2022	41,400
Three months ended September 30, 2022	26,400
Three months ended December 31, 2022	12,600
	$ 176,800

The Company will require additional sources of financing to meet the payment obligations included in the table above. If the Company were unable to obtain such financing, or the Bitcoin price and network difficulty were adversely impacted, then the Company may have difficulty meeting its payment obligations. If the Company were unable to meet its payment obligations, the counterparty to the contracts may result in the loss of any equipment prepayments and deposits paid by the Company under the purchase agreement, remedial legal measures against the Company which may include seeking damages and forced continuance of the contractual arrangement. Under these circumstances, the Company's growth plans and ongoing operations could be adversely impacted.

In addition to the commitments described above, in May 2021 the Company entered into three loan agreements, "Loans #2, #3 and #4", to acquire a total of 1,000 Whatsminer miners as described in Note 8b. The loan terms are 18 months, beginning in September through October 2021 with total monthly repayments averaging $311.

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 7: TRADE PAYABLES AND ACCRUED LIABILITIES

	June 30, 2021	December 31, 2020
Trade accounts payable and accrued liabilities	$ 4,174	$ 2,059
Government remittances	2,188	637
	$ 6,362	$ 2,696

NOTE 8: LONG-TERM DEBT

	June 30, 2021	December 31, 2020
Dominion Capital loan	$ -	$ 17,092
Equipment financing	11,406	-
Volta note payable and vendor financing	154	253
Total long-term debt	11,560	17,345
Less current portion of long-term debt	(9,194)	(17,171)
Non-current portion of long-term debt	$ 2,366	$ 174

a) Dominion Capital loan

On March 15, 2019, the Group entered into a secured debt financing facility for up to $20,000 with Dominion Capital LLC (the Lender). The debt facility was structured into four separate loan tranches of $5,000 per tranche. Each loan tranche bore interest at 10% per annum and the term of each loan tranche was 24 months with a balloon payment for any remaining outstanding balance at the end of the term. A monthly payment equivalent to 10% of the value of cryptocurrencies mined by Backbone during the month was required in repayment of the total loan tranches drawn. The loan contained a "make-whole" clause which stipulated that the 10% interest rate was calculated on the initial principal balance of the loan tranche and did not decrease as the principal balance was repaid.

The 10% interest rate was calculated over the 24-month term of each loan tranche regardless of whether the loan tranche was repaid prior to its maturity. Any unpaid interest at the time of the loan tranche's early repayment was included in the balloon payment. The loan features resulted in a loan liability measured at amortized cost, a warrant component recorded as equity, a warrant component recorded as a liability measured at fair value through profit or loss, and an embedded derivative measured at fair value through profit or loss described below.

In September 2020, the Company entered into an agreement with Dominion Capital to amend the maturity date of tranche #2 from April 2021 to November 2021. The 10% make-whole clause described below remained in effect for the 6 month extension of the second loan tranche. In addition, a conversion feature was added to tranche #3, maturing in June 2021, providing Dominion Capital with the option to convert all or a portion of the loan tranche into shares at a price of $0.59 USD per share. The conversion feature was exercisable by Dominion Capital at any time until the loan’s maturity date in June 2021. In January 2021, Dominion Capital exercised their option to convert $5,000 of debt into 8,474,577 Common Shares. In February 2021, the Company repaid the remaining debt obligation in its entirety.

NOTE 8: LONG-TERM DEBT (Cont.)

Loan liability

The loan liability was initially measured as the residual amount of the proceeds received, net of transaction costs and the fair value of the warrant issuance. The loan was then measured at amortized cost using the effective interest method. Management used significant judgement and estimates when determining the effective interest rate. Payment amounts were determined as 10% of the cryptocurrency mined by Backbone. In order to calculate the effective interest rate, management estimated Backbone's future cryptocurrency mining revenues in order to estimate the timing and amount of future loan repayments. Upon inception of each loan tranche, the effective interest rates were determined to be 26.93%, 30.16%, 37.10 % and 38.02% for the first, second, third and fourth tranches, respectively. Included in financial expenses for the three and six months ended June 30, 2021 are $472 (three and six months ended June 30 2020 $1,258 and $2,487, respectively) of interest expense related to the loan.

Warrant issuance

Bitfarms Ltd. also issued 1,666,667 Lender warrants, which vested upon issuance, to acquire 1,666,667 shares of Bitfarms Ltd. for each loan tranche drawn with an exercise price of $0.40 USD per share and an expiration date of five years. As a result, an aggregate of 6,666,668 Lender warrants to acquire 6,666,668 shares have been issued, of which 1,250,000 were exercised as of December 31, 2020. The remaining 5,416,668 warrants were exercised in January and February 2021 resulting in the issuance of 5,251,223 common shares for proceeds of approximately $1,500, see Note 11. The warrant exercises described above include the cashless exercise of 1,666,667 warrants resulting in the issuance of 1,501,222 common shares. In addition to the loan modifications described above, a cashless exercise feature was authorized for the warrants issued in connection with Tranche #2 and Tranche #3, which resulted in these warrants being reclassified from equity to a warrant liability measured at fair value through profit or loss. The Black Scholes model and the inputs described in Note 11 were used in determining the values of the warrants prior to their derecognition which resulted in a non-cash loss on revaluation of warrants for the three and six months ended of $2,466 included in net financial expenses (three and six months ended June 30, 2020 - $nil)

Embedded derivative

The value of the "make-whole" clause described above would vary based on management's projections of the timing of the loan repayment, which are based on Backbone's cryptocurrency mining revenues. This interest feature has been accounted for as an embedded derivative that is measured at fair value through profit or loss. The early repayment of the loan resulted in the company recording a loss on embedded derivative for the three and six months ended June 30, 2021, of $2,641 included in net financial expenses (three and six months ended June 30, 2020 gain of $58 and $120, respectively). See Note 14b.

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 8: LONG-TERM DEBT (Cont.)

b) Equipment financing

In April 2021, the Company entered into a loan agreement for the acquisition of 1,465 Whatsminer miners, “Loan #1”. The loan term is 18 months, beginning in April 2021, at an effective interest rate of 18.6% with total monthly repayments averaging $583. As of June 30, 2021, Loan #1 had a balance outstanding of $7,661 and is secured by the 1,465 Whatsminer miners described above with a net book value of $9,468. In May 2021, the Company entered into three additional loan agreements with the same lender to acquire a total of 1,000 Whatsminer miners with expected delivery from September through October 2021, “Loans #2, #3 and #4”. The loan terms are 18 months, beginning in September through October 2021, at an effective interest rate of 18.6% with total monthly repayments averaging $311. Loans #2, #3 and #4 are secured by the 1,000 Whatsminer miners described above.

In May 2021, the Company modified the terms of three lease agreements for 4,000 Whatsminer miners to convert them to three loan agreements. The key terms, such as interest rates loan term and payment schedule remain unchanged. The loan terms are for 14 to 16 months, beginning in June 2021 at effective interest rates ranging from 18% to 22% with monthly repayments totaling approximately $291. As of June 30, 2021, the loan balances outstanding of the three loan agreements described above were $3,745 and are secured by 4,000 Whatsminer miners with a net book value of $5,043. A total of $3,904 was reclassified from lease liabilities to long-term debt as a result of the modification. The right-of-use assets related to the three leases were classified in property, plant and equipment and as a result no reclassification was made.

NOTE 9: LEASES

Set out below are the carrying amounts of the Company’s right-of-use assets and lease liabilities and their activity during the six month period ended June 30, 2021:

	Leased premises	Vehicles	Other equipment	Total ROU assets	Lease liabilities
As at January 1, 2021	$ 5,129	$ 180	$ 84	$ 5,393	$ 11,023
Additions and extensions to ROU assets	133	121	-	254	254
Additions to property, plant and equipment	-	-	-	-	7,786
Depreciation	(447)	(44)	(14)	(505)	-
Lease termination	(646)	(3)	-	(649)	(800)
Lease liabilities converted to long-term debt	-	-	-	-	(3,904)
Payments	-	-	-	-	(3,362)
Issuance of warrants	-	-	-	-	(2,160)
Interest	-	-	-	-	935
Foreign exchange	-	5	-	5	167
As at June 30, 2021	$ 4,169	$ 259	$ 70	$ 4,498	$ 9,939
Less current portion of lease liabilities					(3,638)
Non-current portion of lease liabilities					$ 6,301

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 9: LEASES (Cont.)

During the three months ended June 30, 2021, the Company modified the terms of three two-year lease agreements for mining hardware, with a balance of $3,904 at the time of conversion, being reclassified from lease liabilities to long-term debt as described in Note 8b. No changes were made to the payment terms, interest rate or security interest of the former lessor.

The Company maintains one lease agreement for mining hardware, consisting of 3,000 Whatsminer M31S+, with a net book value of approximately $6,692, classified as property, plant and equipment under BVVE and electrical equipment as described in Note 5.

The Company issued 468,013 warrants to the former lessor with an exercise price of $0.40 USD and expiring in May 2023 with a total cost of $2,160, which was recorded as an addition to property, plant and equipment and will be amortized over the useful life of the corresponding assets. The inputs used to value the grant using the Black-Scholes model are as follows:

Grant date	**May 11, 2021**
Dividend yield (%)	-
Expected share price volatility (%)	139%
Risk-free interest rate (%)	0.05%
Expected life of warrants (years)	1.00
Share price (CAD)	6.04
Exercise price (USD)	0.40 USD
Fair value of warrants (USD)	4.62 USD
Quantity of warrants granted	468,013

* All warrants issued are for the purchase of one common share in the Company

NOTE 10: INCOME TAXES

a. Deferred taxes

Deferred taxes are computed at a tax rate of 26.5%, based on tax rates expected to apply at the time of realization. Deferred taxes relate primarily to the timing differences on recognition of expenses relating to the depreciation of fixed assets and loss carryforwards. Backbone currently has federal and provincial loss carryforwards of $14,807,000 CAD and $17,040,000 CAD, respectively which can be carried forward for a period of 20 years, expiring in 2040. Management has concluded that the loss carryforwards meet the recognition criteria to recognize a deferred tax asset under IFRS.

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 10: INCOME TAXES (Cont.)

b. Taxes included in profit or loss:

	Six months ended June 30, 2021	Six months ended June 30, 2020
Current tax expense (benefit)		
Current year	$ 1,788	$ -
Prior year	-	(112)
Deferred tax expense (benefit)		
Current year	(514)	-
Prior year	-	-
	$ 1,274	$ (112)

In addition to the taxes included in profit or loss, a deferred tax recovery of $1,849 was calculated on the revaluation loss on digital assets included in other comprehensive income, which offset the deferred tax expense of $1,849 recorded in the three months ended March 31, 2021. The Company's total deferred tax asset as of June 30, 2021, is $514.

c. Effective tax rate for the six months ended June 30:

	2021
Income tax expense at statutory rate of 26.5%	$ (2,652)
Increase (decrease) in taxes resulting from:	
Prior year	(707)
Non-deductible expenses and other	8,288
Deferred tax asset previously not recognized	(3,655)
	$ 1,274

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 11: SHARE CAPITAL

	Authorized	Issued and outstanding at	
	June 30, 2021	June 30, 2021	December 31, 2020
	Number of shares		
Common shares of no par value	Unlimited	162,083,352	88,939,359

Dominion Capital

As described in Note 8, the remaining 5,416,668 warrants were exercised in January and February 2021 resulting in the issuance of 5,251,223 common shares for proceeds of approximately $1,500.

The warrant exercises described above include the cashless exercise of 1,666,667 warrants resulting in the issuance of 1,501,222 common shares. In addition to the loan modifications described in Note 8, a cashless exercise feature was authorized for the warrants issued in connection with Tranche #2 and Tranche #3, which resulted in these warrants being reclassified from equity to a warrant liability measured at fair value through profit or loss. The Black Scholes model and the inputs below were used in determining the values of the warrants relating to Tranche #2 and Tranche #3, prior to their derecognition. The derecognition of warrants containing the authorized cashless exercise feature resulted in a non-cash loss on revaluation of warrants of $2,466 included in net financial expenses for the six months ended June 30, 2021 (six months ended June 30, 2020 - $nil).

	Remeasurement on settlement of warrant liability		
Grant date	**January 7, 2021**	**January 25, 2021**	**February 11, 2021**
Dividend yield (%)	-	-	-
Expected share price volatility (%)	131%	138%	136%
Risk-free interest rate (%)	0.25%	0.25%	0.25%
Expected life of stock options (years)	0.92	0.42	0.71
Share price (CAD)	3.00	3.25	4.40
Exercise price (CAD)	0.51	0.39	0.51
Fair value of warrants (USD)	2.00	2.25	3.08
Quantity of warrants exercised	250,000	1,666,667	916,667

As described in Note 8, in January 2021, Dominion Capital exercised their option to convert $5,000 of debt into 8,474,577 Common Shares.

In January and February 2021, Dominion Capital exercised all of their remaining outstanding warrants resulting in the issuance of 5,251,223 common shares for proceeds of approximately $1,500. The warrant exercises described above include the cashless exercise of 1,666,667 warrants resulting in the issuance of 1,501,222 common shares.

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 11: SHARE CAPITAL (Cont.)

Private placements

In January, February and May 2021, the Company completed four private placements for total gross proceeds of $155,000,000 CAD in exchange for 40,187,121 Common Shares and 36,649,385 warrants to purchase Common Shares:

Closing Date	January 7, 2021	January 14, 2021	February 10, 2021	May 20, 2021
Gross proceeds (CAD)	20,000,000	20,000,000	40,000,000	75,000,000
Common shares issued	8,888,889	5,586,593	11,560,695	14,150,944
Warrants issued*	8,888,889	5,586,593	11,560,695	10,613,208
Warrant strike price	2.75 CAD	3.10 USD	3.01 USD	4.87 USD
Warrant life (years)	3	3.5	3.5	3
Commission paid	8%	8%	8%	8%
Broker warrants issued*	711,111	446,927	924,586	1,132,076
Broker warrant strike price	2.81 CAD	3.53 USD	3.39 USD	5.49 USD
Broker warrant life (years)	3	3.5	3.5	3.0

* All warrants issued are for the purchase of one common share in the Company

In February 2021, 8,888,889 warrants and 615,111 of the 711,111 broker warrants related to the private placement closed on January 7, 2021 were exercised resulting in the issuance of 9,504,000 common shares for proceeds of approximately $20,611 (26,172,000 CAD).

In March 2021, 5,027,933 warrants related to the private placement closed on January 14, 2021 were exercised resulting in the issuance of 5,027,933 common shares for proceeds of approximately $15,587. In addition, 800,000 of the 924,586 broker warrants issued in connection with the private placement on February 10, 2021 were exercised resulting in the issuance of 800,000 common shares for proceeds of $2,712. In total, 15,331,933 warrants have been exercised resulting in the issuance of 15,331,933 common shares for total proceeds of $38,910.

The warrants issued in connection with the private placement closed on January 7, 2021 had a strike price denominated in Canadian dollars, which is different from the Company's functional currency of the U.S. dollar. As a result, fluctuations in the Canadian to U.S. dollar exchange rate could result in the Company receiving a variable amount of cash in its functional currency in exchange for the exercise of warrants and issuance of shares.

The possibility of variation in the settlement price in the Company's functional currency results in the warrants being classified as a liability that is measured at fair value through profit or loss. This accounting treatment does not apply to the broker warrants issued in Canadian dollars as warrants issued in exchange for goods or services are generally accounted for as equity with no remeasurement required.

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 11: SHARE CAPITAL (Cont.)

The Black Scholes model and the inputs below were used in determining the values of the warrants prior to their derecognition which resulted in a non-cash loss on revaluation of warrants of $17,058 included in net financial expenses.

	Initial recognition	Remeasurement on settlement of warrant liability		
Grant date	January 7, 2021	February 16, 2021	February 22, 2021	February 26, 2021
Dividend yield (%)	-	-	-	-
Expected share price volatility (%)	132%	137%	141%	141%
Risk-free interest rate (%)	0.25%	0.25%	0.25%	0.25%
Expected life of stock options (years)	0.5	0.38	0.38	0.38
Share price (CAD)	2.50	4.67	6.55	5.45
Exercise price (CAD)	2.75	2.75	2.75	2.75
Fair value of warrants (USD)	0.65	1.88	3.24	2.44
Quantity of warrants exercised	8,888,889	888,889	5,000,000	3,000,000

Employee Stock Options

During the three and six month period ended June 30, 2021, employees and former employees exercised a combined total of 3,897,368 stock options to acquire 3,897,368 common shares resulting in proceeds of approximately $2,995 being paid to the Company.

An additional 1,771 common shares were issued during the six month period ended June 30, 2021.

NOTE 12: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a. Balances with related parties:

	June 30, 2021	December 31, 2020
Trade payables:		
Directors' remuneration (included in accrued liabilities)	$ 31	$ 31
Lease liabilities:		
Companies controlled by directors	$ 1,571	$ 1,695

Amounts due to related parties, other than lease liabilities, are unsecured, non-interest bearing and payable on demand.

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 12: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont.)

b. Transactions with related parties during the three and six month period ended June 30, 2021:

1. The Company made rent payments totaling approximately $121 and $237 for the three and six month period ended June 30, 2021, respectively, ($109 and $217 for the three and six month periods ended June 30, 2020, respectively) to companies controlled by certain directors. The rent payments were classified as interest included in financial expenses and principal repayment of lease liabilities.

2. The Company entered into consulting agreements with two of the directors. The consulting fees charged by directors totaled approximately $145 and $269 for the three and six month periods ended June 30, 2021, respectively, ($103 and $200 for the three and six month periods ended June 30, 2020, respectively).

The transactions described above were incurred in the normal course of operations. These transactions were included in consolidated statements of loss and comprehensive loss as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
General and administrative expenses	$ 145	103	$ 269	$ 200
Net financial expenses	33	39	66	73
	$ 178	$ 142	$ 335	$ 273

In addition to the transactions listed above, the Company adopted an incentive plan to reward certain directors and members of senior management with a total of 50 Bitcoins, payable in December 2021, contingent on continued employment with the Company, or payable upon termination without cause. An amount of $186 was accrued as of June 30, 2021, in connection with this incentive plan.

NOTE 13: SHARE BASED PAYMENT

The expense recognized in the financial statements for employee services received is shown in the following table:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Equity-settled share-based payment plans	$ 6,342	$ 254	$ 6,762	$ 1,264

The share-based payment transactions entered into between the Company and its employees and service providers during the six month period ended June 30, 2021 are described below. During the six month period ended June 30, 2021, the Board of Directors approved stock option grants of 7,785,000 options to purchase 7,785,000 common shares in accordance with the stock option plan adopted on June 20, 2019. All options issued to employees become exercisable when they vest and can be exercised for a period of 5 years from the date of the grant.

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 13: SHARE BASED PAYMENT (Cont.)

In addition, the Board of Directors approved the grant of 200,000 Restricted Stock Units (RSUs) to certain members of senior management which vest ratably, on an annual basis, over a three-year period. The value of the RSUs on the grant date was $4.05 per unit.

The inputs used to value the option grants using the Black-Scholes model are as follows:

Grant date	March, 2021	June 2, 2021	June 29, 2021
Dividend yield (%)	-	-	-
Expected share price volatility (%)	135%	139%	139%
Risk-free interest rate (%)	0.25%	0.30%	0.47%
Expected life of stock options (years)	3	3	3
Share price (CAD)	6.39	5.45	5.01
Exercise price (CAD)	6.39	5.45	5.01
Fair value of options (USD)	3.80	3.44	3.16
Vesting period (years)	2	1.5	1.5
Quantity of options granted	65,000	364,050	7,355,950

Details of the outstanding stock options as of June 30, 2021, are as follows:

	June 30, 2021	
	Number of Options	Weighted Average Exercise Price
Outstanding, January 1	8,100,221	0.72
Granted	7,785,000	5.04
Exercised	(3,897,368)	(0.94)
Expired	(3,678)	(0.99)
Outstanding, June 30, 2021	11,984,175	4.43
Exercisable, June 30, 2021	4,055,600	3.19

The weighted average contractual life of the stock options as at June 30, 2021 was 4.5 years.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 14: ADDITIONAL DETAILS TO THE STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE PROFIT OR LOSS

a) Additional details to the components of general and administrative expenses are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Salaries and share based payment	7,496	$ 681	$ 8,795	$ 2,626
Professional services	2,028	405	3,013	827
Advertising and promotion	78	2	80	23
Insurance and other	870	150	1,285	419
Travel, motor vehicle and meals	52	49	108	112
Hosting and telecommunications	83	84	145	169
	$ 10,607	$ 1,371	$ 13,426	$ 4,176

b) Additional details to the components of net financial expenses are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Loss on revaluation of warrants	$ -	$ -	$ 19,524	$ -
Loss (gain) on embedded derivative	-	(58)	2,641	(120)
Loss (gain) on currency exchange	216	156	(106)	(145)
Interest on long-term debt	387	1,344	861	2,607
Interest on lease liabilities	510	103	934	225
Warrant issuance costs	-	-	668	-
Other financial expenses	14	-	30	-
	$ 1,127	$ 1,545	$ 24,552	$ 2,567

c) Earnings per share:

For the three and six months ended June 30, 2021, potentially dilutive securities have not been included in the calculation of diluted earnings (loss) per share because their effect is antidilutive. The additional potentially dilutive securities that would have been included in the calculation for diluted earnings per share had their effect not been anti-dilutive, for the three and six months ended June 30, 2021, would have been approximately 17,677,251 and 21,347,997, respectively.

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 15: REPORTABLE SEGMENTS

a. General:

The reporting segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and assess its performance.

Accordingly, for management purposes, the Company is organized into operating segments based on the products and services of its business units and has reportable segments as follows:

Backbone — Backbone operates server farms that support the validation and verification of transactions on the blockchain, earning cryptocurrency for providing these services.

Volta — Volta provides electrician services to both commercial and residential customers in Quebec.

The segment results reported to the CODM include items that are allocated directly to the segments and items that can be allocated on a reasonable basis. Items that were not allocated, mainly corporate expenses, are managed on a group basis.

b. Reportable segments:

	Three months ended June 30, 2021		
	Backbone	**Volta**	**Total**
Revenues*	$ 35,479	$ 1,208	$ 36,687
Cost of sales	12,301	1,031	13,332
Gross profit	23,178	177	23,355
General and administrative expenses	10,435	172	10,607
Gain on disposition of digital assets	(47)	-	(47)
Gain on disposal of property, plant and equipment	(145)	(1)	(146)
Loss on revaluation of digital assets	14,885	-	14,885
Net financial expenses	1,123	4	1,127
Income (loss) before income taxes	$ (3,073)	$ 2	$ (3,071)

* Included in Backbone revenues for the three months ended June 30, 2021, are hosting revenues of $127 (three months ended June 30, 2020 - $nil).

(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 15: REPORTABLE SEGMENTS (Cont)

	Three months ended June 30, 2020		
	Backbone	Volta	Total
Revenues	$ 6,870	502	$ 7,372
Cost of sales	7,189	317	7,506
Gross profit (loss)	(319)	185	(134)
General and administrative expenses	1,283	88	1,371
Loss on disposal of property, plant and equipment	707	-	707
Gain on disposition of digital assets	(23)	-	(23)
Net financial expenses (income)	1,551	(6)	1,545
Income (loss) before income taxes	$ (3,837)	$ 103	$ (3,734)

	Six months ended June 30, 2021		
	Backbone	Volta	Total
Revenues*	$ 63,215	$ 1,904	$ 65,119
Cost of sales	20,744	1,708	22,452
Gross profit	42,471	196	42,667
General and administrative expenses	13,119	307	13,426
Gain on disposition of digital assets	(25)	-	(25)
Gain on disposal of property, plant and equipment	(163)	(2)	(165)
Loss on revaluation of digital assets	14,885	-	14,885
Net financial expenses	24,540	12	24,552
Loss before income taxes	$ (9,885)	$ (121)	$ (10,006)

* Included in Backbone revenues for the six months ended June 30, 2021, are hosting revenues of $673 (six months ended June 30, 2020 - $nil).

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands of U.S. dollars, except for data relating to quantity of PPE, shares, warrants and digital assets)

NOTE 15: REPORTABLE SEGMENTS (Cont)

	Six months ended June 30, 2020		
	Backbone	**Volta**	**Total**
Revenues	$ 15,594	990	$ 16,584
Cost of sales	14,674	749	15,423
Gross profit	920	241	1,161
Gain on disposition of digital assets	(23)	-	(23)
General and administrative expenses	3,865	228	4,093
Loss on disposal of property, plant and equipment	707	-	707
Net financial expenses	2,560	7	2,567
Segment profit (loss)	$ (6,189)	$ 6	$ (6,183)
Unallocated corporate expenses, net			83
Loss before income taxes			$ (6,266)

NOTE 16: ADDITIONAL DETAILS TO THE STATEMENT OF CASH FLOWS

	Six months ended June 30,	
	2021	**2020**
<u>Changes in working capital components:</u>		
Decrease in trade receivables, net	$ 223	$ 193
Decrease (increase) in other current assets	(2,529)	550
Increase in electrical component inventory	(153)	(15)
Decrease (increase) in long-term deposits	(145)	121
Increase (decrease) in trade payables and accrued liabilities	3,111	(487)
Increase in taxes payable	1,790	67
	$ 2,297	$ 429
<u>Significant non-cash transactions:</u>		
Addition of right-of-use assets, property, plant and equipment and related lease liabilities	$ 7,786	$ 36
Purchase of property, plant and equipment financed by short-term credit	$ 1,201	$ 819
Extinguishment of warrant liability and long-term debt through share issuance	$ 24,322	$ -

Certain figures in the comparative period Interim Condensed Consolidated Statements of Cash Flows have been reclassified to meet the current presentation.

NOTE 17: SUBSEQUENT EVENTS

Warrant exercise

In August 2021, 5,404,625 warrants related to the private placement closed on February 7, 2021, were exercised resulting in the issuance of 5,404,625 common shares for proceeds of approximately $16,268.

Exhibit 99.2

Management's Discussion & Analysis

For the three and six months ended June 30, 2021

Q2

2021

Contents

Introduction

The following Management's Discussion and Analysis ("MD&A") for Bitfarms Ltd. (together with its subsidiaries, the "Company" or "Bitfarms"), dated August 16, 2021, should be read in conjunction with the Company's second quarter 2021 unaudited interim period condensed consolidated financial statements and its accompanying notes, and the 2020 audited annual consolidated financial statements and its accompanying notes. In addition, the following MD&A should be read in conjunction with the Company's "Caution Regarding Forward-Looking Statements" section of this MD&A.

The Company's second quarter 2021 unaudited interim period condensed consolidated financial statements and the accompanying notes have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including IAS 34. The Company's second quarter 2021 unaudited interim period condensed consolidated financial statements and this MD&A are reported in US dollars, except where otherwise noted.

The Company utilizes a number of non-IFRS measures in assessing operating performance. Non-IFRS financial performance measures exclude the impact of certain items and are used internally when analyzing operating performance. Please refer to the "Caution Regarding Non-IFRS Financial Performance Measures" section of this MD&A for more information. This MD&A contains various terms related to the Company's business and industry which are defined in the Glossary of Terms section of this MD&A.

Company Overview

The Company operates through two operating corporate subsidiaries and reportable segments: Backbone Hosting Solutions Inc. ("Backbone") and 9159-9290 Quebec Inc. (Volta Electrique, "Volta").

Backbone owns and operates server farms, comprised of computers (referred to as a "Miners") designed for the purpose of validating transactions, primarily on the Bitcoin Blockchain. The Miners operate 24 hours a day and revenue is earned from Block Rewards and transaction fees issued in the form of cryptocurrencies by the Bitcoin network to a Mining Pool from which the Company receives cryptocurrencies in return for contributing its hashrate which the Mining Pool uses to validate transactions (referred to as "Mining"). Backbone accumulates its cryptocurrencies mined or exchanges them for U.S. dollars, as needed, through reputable and established cryptocurrency trading platforms.

Bitfarms operates five server farm facilities in Québec, Canada, with electrical infrastructure capacity of 69 MW for Mining Bitcoin. The Company has contracts securing an aggregate of 160 MW of hydro-electric green energy in Quebec. In addition, Bitfarms owns proprietary software that is used to control, manage, report and secure Mining operations. The software scans and reports the location, computing power and temperature of all Miners at regular intervals to allow the Company to monitor performance and ensure Miners are operating at maximum capacity and up-time.

Volta assists Bitfarms in building and maintaining its server farms and provides electrician services to both commercial and residential customers in Quebec.

Consolidated Results of Operations

(U.S.$ in thousands except where indicated) For the periods ended as indicated	Three months ended June 30 2021	June 30 2020	$ Change	% Change	Six months ended June 30 2021	June 30 2020	$ Change	% Change
Revenues	**36,687**	7,372	29,315	398%	**65,119**	16,584	48,535	293%
Cost of sales	**13,332**	7,506	5,826	78%	**22,452**	15,423	7,029	46%
Gross profit (loss)	**23,355**	(134)	23,489	*nm*	**42,667**	1,161	41,506	*nm*
Gross margin	**64%**	(2%)	-	-	**66%**	7%	-	-
General and administrative expenses	**10,607**	1,371	9,236	674%	**13,426**	4,176	9,250	222%
Gain on disposition of digital assets	**(47)**	(23)	(24)	104%	**(25)**	(23)	(2)	9%
Loss on revaluation of digital assets	**14,885**	-	14,885	100%	**14,885**	-	14,885	100%
Operating income (loss)	**(2,090)**	(1,482)	(608)	41%	**14,381**	(2,992)	17,373	581%
Operating margin	**(6%)**	(20%)	-	-	**22%**	(18%)	-	-
Loss (gain) on disposition of PP&E	**(146)**	707	(853)	(121%)	**(165)**	707	(872)	(123%)
Net financial expenses	1,127	1,545	(418)	(27%)	24,552	2,567	21,985	856%
Net loss before income taxes	**(3,071)**	(3,734)	663	(18%)	**(10,006)**	(6,266)	(3,740)	60%
Income tax expense (recovery)	**604**	(4)	608	*nm*	**1,274**	(112)	1,386	*nm*
Net loss	**(3,675)**	(3,730)	55	(1%)	**(11,280)**	(6,154)	(5,126)	83%
Basic and diluted net loss per share	**(0.02)**	(0.04)	-	-	**(0.08)**	(0.07)	-	-
Revaluation loss on digital assets (net of tax)	**(5,128)**	-	**(5,128)**	**(100%)**	-	-	-	-
Total comprehensive loss	**(8,803)**	(3,730)	(5,073)	136%	**(11,280)**	(6,154)	(5,126)	83%
Gross mining profit (1)	**28,064**	2,506	25,558	*nm*	**50,334**	6,602	43,732	662%
Gross mining margin (1)	**79%**	36%	-	-	**80%**	42%	-	-
EBITDA (1)	**2,746**	416	2,330	560%	**(283)**	2,249	(2,532)	(113%)
EBITDA margin (1)	**7%**	6%	-	-	**0%**	14%	-	-
Adjusted EBITDA (1)	**23,827**	1,435	22,392	*nm*	**43,528**	4,340	39,188	903%
Adjusted EBITDA margin (1)	**65%**	19%	-	-	**67%**	26%	-	-

nm: not meaningful

Second Quarter 2021 Financial Results and Operational Highlights:

- Revenues of $36.7 million; gross profit of $23.4 million (64% gross margin), operating loss of $2.1 million (-6% operating margin), and net loss of $3.7 million;
- Gross mining profit[1] of $28.1 million (79% gross mining margin);
- Adjusted EBITDA of $23.8 million (65% Adjusted EBITDA margin);
- EBITDA of $2.7 million (7% EBITDA margin);
- Mined 759 Bitcoin with an average cost of approximately $9,000 per Bitcoin[2] and held 1,293 Bitcoin valued at approximately $45.3 million as of June 30, 2021;

1 Gross mining profit, Gross mining margin, EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin, are non-IFRS performance measures; please refer to the Non-IFRS Financial Performance Measures section of this MD&A.

2 Represents the direct cost of Bitcoin based on the total electricity costs and hosting costs related to the Mining of Bitcoin, excluding electricity consumed by hosting clients, divided by the total number of Bitcoin mined.

- Received and installed 3,461 Miners during the quarter, including the replacement of certain older generation Miners, resulting in a net increase of approximately 240 PH/s.

- Completed a $75M CAD private placement and used the proceeds mainly to place deposits to secure orders for 7,300 Bitmain Miners and 48,000 MicroBT Miners, with expected deliveries in 2021 and 2022, respectively; and

- Commenced trading on Nasdaq under the symbol "BITF" on June 21, 2021.

Revenues

Revenues were $36.7 million for the three month period ended June 30, 2021 ("Q2 2021") compared to $7.4 million for the same three month period in 2020 ("Q2 2020").

(U.S. $ in thousands except where indicated)	Note	Bitcoin	(USD)	% Change
Revenues during the three-month period ended June 30, 2020 and Volta revenues		815	7,372	-
Impact of increase in average Bitfarms' Bitcoin hashrate in excess of increase in network difficulty during Q2 2021 compared to Q2 2020, adjusted for Bitcoin Halving Event	1	259	2,149	29%
Impact of Bitcoin Halving Event on May 11, 2020 on Bitfarms' quantity of coins mined during Q2 2021	2	(315)	(14,676)	(199%)
Impact of difference in average Bitcoin price in Q2 2021 compared to Q2 2020	3		41,126	558%
Other mining variance and change in Volta and hosting revenues			716	10%
Revenues for three months ended June 30, 2021		759	36,687	398%

<u>Notes</u>

1 Calculated as the difference in theoretical Bitcoin mined in Q2 2021 assuming the Bitcoin Halving Event did not occur, compared to Q2 2020 multiplied by Q2 2020 average Bitcoin price

2 Calculated as the theoretical Bitcoin mined based on Bitfarms' actual hashrate during Q2 2021 assuming the Bitcoin Halving Event did not occur, compared to actual coins mined during the same period multiplied by average Bitcoin price

3 Calculated as the difference in average Bitcoin price in Q2 2021 compared to Q2 2020 multiplied by Bitcoin mined in Q2 2021 plus the reduction in Bitcoin mined as a result of the Bitcoin Halving even

The most significant factors impacting the increase to Bitfarms' revenues in Q2 2021, compared to Q2 2020, are presented in the table above. Revenues increased mostly due to the increase in average Bitcoin price and the increase in Bitfarms' hashrate in excess of network difficulty, partially negated by the Bitcoin Halving Event.

Revenues were $65.1 million for the six month period ended June 30, 2021 ("YTD Q2 2021") compared to $16.6 million for the same six month period in 2020 ("YTD Q2 2020").

(U.S. $ in thousands except where indicated)	Note	Bitcoin	(USD)	% Change
Revenues during the six-month period ended June 30, 2020 and Volta revenues		1,902	16,584	-
Impact of increase in average Bitfarms' Bitcoin hashrate in excess of increase in network difficulty during YTD Q2 2021 compared to YTD Q2 2020, adjusted for Bitcoin Halving Event	1	301	2,491	15%
Impact of Bitcoin Halving Event on May 11, 2020 on Bitfarms' quantity of coins mined during Q2 2021	2	(846)	(38,988)	(235%)
Impact of difference in average Bitcoin price in YTD Q2 2021 compared to YTD Q2 2020	3		83,291	502%
Other mining variance and change in Volta revenues			1,741	10%
Revenues for six months ended June 30, 2021		1,357	65,119	292%

<u>Notes</u>

1 Calculated as the difference in theoretical Bitcoin mined in YTD Q2 2021 assuming the Bitcoin Halving Event did not occur, compared to YTD Q2 2020 multiplied by YTD Q2 2020 average Bitcoin price

2 Calculated as the theoretical Bitcoin mined based on Bitfarms' actual hashrate from May 11, 2020 to June 30, 2021 assuming the Bitcoin Halving Event did not occur, compared to actual coins mined during the same period multiplied by average Bitcoin price

3 Calculated as the difference in average Bitcoin price in YTD Q2 2021 compared to YTD Q2 2020 multiplied by Bitcoins mined and sold in Q2 2021 plus the reduction in Bitcoin mined as a result of the Bitcoin Halving event

The most significant factors impacting the increase to Bitfarms' revenues in YTD Q2 2021, compared to YTD Q2 2020, are presented in the table above. Revenues increased mostly due to the increase in average Bitcoin price and in Bitfarms' hashrate in excess of network difficulty, partially negated by the Bitcoin Halving Event.

Cost of Sales

Bitfarms' cost of sales for Q2 2021 was $13.3 million compared to $7.5 million in Q2 2020. Cost of sales includes energy and infrastructure expenses, depreciation and amortization, electrician salaries, purchases and net change in inventory. The increase in cost of sales was mainly due to the increase in energy and infrastructure expenses and depreciation and amortization expense. Energy and infrastructure increased by $3.1 million, or 71%, partially due to the Company adding new Miners, which increased electrical consumption to an average of 64 MW during the quarter, compared to 48 MW for the same period in 2020. The remaining difference resulted from the Company entering into certain hosting agreements where a third party operated the Company's equipment which added $1.2 million to Cost of Sales in Q2 2021 compared to Q2 2020. Depreciation and amortization expense increased by $2.2 million as the Company added new Miners and electrical infrastructure.

Bitfarms' cost of sales for the six months ended June 30, 2021, was $22.5 million compared to $15.4 million for the same period in 2020. The increase in cost of sales was mainly due to the increase in energy and infrastructure expenses and depreciation and amortization expense. Energy and infrastructure increased by $4.0 million, or 45%, partially due to the Company adding new Miners, which increased electrical consumption to an average of 62 MW during the period, compared to 49 MW for the same period in 2020. The remaining difference resulted from the Company entering into certain hosting agreements where a third party operated the Company's equipment which added $1.4 million to cost of sales in YTD 2021 compared to YTD 2020. Depreciation and amortization expense increased by $2.2 million as the Company added new Miners and electrical infrastructure.

General & Administrative Expenses

Bitfarms' general and administrative expenses were $10.6 million in Q2 2021, compared to $1.4 million in Q2 2020. The increase of $9.2 million, or 674%, in general and administrative expense was mainly due to a non-cash $6.1 million increase in share based payment expense in connection with the Company's grant of 7,720,000 stock options in June 2021. Other factors contributing to the increase in general and administrative expenses in Q2 2021 compared to Q2 2020 were a $2.0 million increase in professional and other fees, mainly in connection with the Company's Nasdaq listing, and a $0.7 million increase in salaries expense as a result of hiring additional employees and implementing incentive plans, as well as no longer qualifying for the Canada Emergency Wage Subsidy (CEWS).

For the six months ended June 30, 2021, Bitfarms' general and administrative and other expenses stood at $13.4 million, compared to $4.2 million for the same period in 2020. The increase of $9.2 million, or 222%, in general and administrative expense was mainly due to a $5.5 million increase in non-cash share based payment expense in connection with the Company's grant of 7,720,000 stock options in June 2021. Other factors contributing to the increase in general and administrative expenses in Q2 2021 compared to Q2 2020 were a $2.6 million increase in professional and other fees, mainly in connection with the Company's Nasdaq listing, and a $0.7 million increase in salaries expense as a result of hiring additional employees and implementing incentive plans, as well as no longer qualifying for the CEWS.

Net financial expenses

Bitfarms' net financial expenses for Q2 2021 were $1.1 million compared to net financial expenses of $1.5 million in Q2 2020. The $0.4 million decrease was primarily related to a decrease of $0.9 million in interest on long-term debt, mainly due to repayment of the Dominion loan in Q1 2021, partially offset by new long-term debt related to equipment financing. The $0.9 million decrease in interest on long-term debt was offset by a $0.4 increase in interest on lease liabilities, mainly related to equipment financed through lease agreements.

Bitfarms' net financial expenses for the six months ended June 30, 2021 were $24.6 million compared to $2.6 million for the six months ended June 30, 2020. The $22.0 million increase in net financial expenses was mainly due to a non-cash $19.5 million loss recorded on revaluation of warrants in Q1 2021. The warrants were issued in connection with the private placement that closed on January 7, 2021 and which had a strike price denominated in Canadian dollars, whereas the Company's functional currency is the U.S. dollar. Fluctuations in the Canadian to U.S. dollar exchange rate could result in the Company receiving a variable amount of cash in its functional currency in exchange for the exercise of the warrants. The possibility of variation in the settlement price in the Company's functional currency requires under IFRS that the warrants be classified as a liability that is measured at fair value through profit or loss. The strong performance of the Company's share price in Q1 2021 resulted in a higher value being attributed to the warrant liability and the common shares issued in settlement of the liability, resulting in the non-cash loss described above. All warrants that were classified at fair value through profit or loss have been exercised as of Q1 2021, as a result this expense is non-recurring. In addition, there was a $2.6 million loss on revaluation of an embedded derivative recorded in Q1 2021 due to the early retirement of the Dominion Capital loan, compared to a $0.1 million gain on revaluation of the same embedded derivative in Q2 2020. The embedded derivative was derecognized in Q1 2021 when the Company retired the loan with Dominion Capital. Interest on long-term debt for YTD Q2 2021 decreased by $1.7 million compared to YTD Q2 2020 as a result of the repayment of the Dominion loan, but was offset by a $0.7 million increase in interest on lease liabilities, mainly related to equipment financed through lease agreements, and a $0.7 million increase in warrant issuance costs in connection with the private placement described above.

Reconciliation of Non-IFRS measures

Reconciliation of Net Income (loss) to EBITDA and Adjusted EBITDA

(U.S.$ in thousands except where indicated)	**Three months ended**				**Six months ended**			
For the periods ended as indicated	**June 30 2021**	**June 30 2020**	**$ Change**	**% Change**	**June 30 2021**	**June 30 2020**	**$ Change**	**% Change**
Net loss before tax	**(3,071)**	(3,734)	663	(18%)	**(10,006)**	(6,266)	(3,740)	60%
Interest expense	**897**	1,400	(503)	(36%)	**1,795**	2,785	(990)	(36%)
Depreciation expense	**4,920**	2,750	2,170	79%	**7,928**	5,730	2,198	38%
EBITDA	**2,746**	416	2,330	560%	**(283)**	2,249	(2,532)	(113%)
Share based payment	**6,342**	254	6,088	*nm*	**6,762**	1,264	5,498	435%
Loss on revaluation of digital assets	**14,885**	-	14,885	100%	**14,885**	-	14,885	100%
Financial expenses (income) and other	**(146)**	765	(911)	(119%)	**22,164**	827	21,337	*nm*
Adjusted EBITDA	**23,827**	1,435	22,392	*nm*	**43,528**	4,340	39,188	903%

Calculation of Gross Mining Profit & Gross Mining Margin

(U.S. $ in thousands except where indicated)	Three months ended				Six months ended			
For the periods ended as indicated	June 30 2021	June 30 2020	$ Change	% Change	June 30 2021	June 30 2020	$ Change	% Change
Revenues	**35,479**	6,870	28,609	416%	**63,215**	15,594	47,621	305%
Cost of sales	**12,301**	7,189	5,112	71%	**20,744**	14,674	6,070	41%
Gross profit (loss)	**23,178**	(319)	23,497	*nm*	**42,471**	920	41,551	*nm*
Depreciation and amortization	**4,886**	2,729	2,157	79%	**7,863**	5,682	2,181	38%
Net change in inventory and other	-	96	(96)	(100%)	-	-	-	-
Gross mining profit	**28,064**	2,506	25,558	*nm*	**50,334**	6,602	43,732	662%
Gross mining margin	**79%**	36%	-	-	**80%**	42%	-	-

"Gross mining profit" is defined as Gross profit excluding depreciation and amortization and net change in inventory and other minor items included in cost of sales for the Backbone segment of the Company. "Gross mining margin" is defined as the percentage obtained when dividing Gross mining profit by Revenues for the Backbone segment of the Company.

Reportable Segments

Backbone

(U.S. $ in thousands except where indicated)	Three months ended				Six months ended			
For the periods ended as indicated	June 30 2021	June 30 2020	$ Change	% Change	June 30 2021	June 30 2020	$ Change	% Change
Revenues	**35,479**	6,870	28,609	416%	**63,215**	15,594	47,621	305%
Cost of sales	**12,301**	7,189	5,112	71%	**20,744**	14,674	6,070	41%
Gross profit (loss)	**23,178**	(319)	23,497	*nm*	**42,471**	920	41,551	*nm*
Gross margin	**65%**	(5%)	-	-	**67%**	6%	-	-
General and administrative expenses	**10,435**	1,283	9,152	713%	**13,119**	3,865	9,254	239%
Gain on disposition of digital assets	**(47)**	(23)	(24)	104%	**(25)**	(23)	(2)	9%
Loss on revaluation of digital assets	**14,885**	-	14,885	100%	**14,885**	-	14,885	100%
Operating income (loss)	**(2,095)**	(1,579)	(516)	33%	**14,492**	(2,922)	17,414	596%
Operating margin	**(6%)**	(23%)	-	-	**23%**	(19%)	-	-
Loss (gain) on disposition of PP&E	**(145)**	707	(852)	(121%)	**(163)**	707	(870)	(123%)
Net financial expenses	**1,123**	1,551	(428)	(28%)	**24,540**	2,560	21,980	859%
Net loss before tax	**(3,073)**	(3,837)	764	(20%)	**(9,885)**	(6,189)	(3,696)	60%
EBITDA (1)	**2,707**	298	2,409	808%	**(232)**	2,271	(2,503)	(110%)
EBITDA margin (1)	**8%**	4%	-	-	**0%**	15%	-	-
Adjusted EBITDA (1)	**23,789**	1,317	22,472	*nm*	**43,581**	4,362	39,219	899%
Adjusted EBITDA margin (1)	**67%**	19%	-	-	**69%**	28%	-	-

(1) EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS performance measures; please refer to the Non-IFRS Financial Performance Measures section of this MD&A.

Reconciliation of Non-IFRS Performance Measures for Backbone

(U.S.$ in thousands except where indicated)	Three months ended				Six months ended			
For the periods ended as indicated	**June 30 2021**	**June 30 2020**	**$ Change**	**% Change**	**June 30 2021**	**June 30 2020**	**$ Change**	**% Change**
Net loss before tax	**(3,073)**	(3,837)	764	(20%)	**(9,885)**	(6,189)	(3,696)	60%
Interest expense	**894**	1,406	(512)	(36%)	**1,790**	2,778	(988)	(36%)
Depreciation expense	**4,886**	2,729	2,157	79%	**7,863**	5,682	2,181	38%
EBITDA	**2,707**	298	2,409	808%	**(232)**	2,271	(2,503)	(110%)
Share based payment	**6,342**	254	6,088	*nm*	**6,762**	1,264	5,498	435%
Loss on revaluation of digital assets	**14,885**	-	14,885	100%	**14,885**	-	14,885	100%
Financial expenses (income) and other	**(145)**	765	(910)	(119%)	**22,166**	827	21,339	*nm*
Adjusted EBITDA	**23,789**	1,317	22,472	*nm*	**43,581**	4,362	39,219	899%

Volta

(U.S. $ in thousands except where indicated)	Three months ended				Six months ended			
For the periods ended as indicated	**June 30 2021**	**June 30 2020**	**$ Change**	**% Change**	**June 30 2021**	**June 30 2020**	**$ Change**	**% Change**
Revenues	**1,208**	502	706	141%	**1,904**	990	914	92%
Cost of sales	**1,031**	317	714	225%	**1,708**	749	959	128%
Gross profit	**177**	185	(8)	(4%)	**196**	241	(45)	(19%)
Gross margin	**15%**	37%	-	-	**10%**	24%	-	-
General and administrative expenses	**172**	88	84	95%	**307**	228	79	35%
Operating income (loss)	**5**	97	(92)	(95%)	**(111)**	13	(124)	(954%)
Operating margin	**0%**	19%	-	-	**(6%)**	1%	-	-
Gain on disposition of assets	**(1)**	-	(1)	(100%)	**(2)**	-	(2)	(100%)
Net financial expenses (income)	**4**	(6)	10	167%	**12**	7	5	71%
Net income (loss) before tax	**2**	103	(101)	(98%)	**(121)**	6	(127)	*nm*
EBITDA (1)	**39**	118	(79)	(67%)	**(51)**	61	(112)	(184%)
EBITDA margin (1)	**3%**	24%	-	-	**(3%)**	6%	-	-
Adjusted EBITDA (1)	**38**	118	(80)	(68%)	**(53)**	61	(114)	(187%)
Adjusted EBITDA margin (1)	**3%**	24%	-	-	**(3%)**	6%	-	-

(1) EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS performance measures; please refer to the Non-IFRS Financial Performance Measures section of this MD&A.

Reconciliation of Non-IFRS Performance Measures for Volta

(U.S.$ in thousands except where indicated)	Three months ended				Six months ended			
For the periods ended as indicated	**June 30 2021**	**June 30 2020**	**$ Change**	**% Change**	**June 30 2021**	**June 30 2020**	**$ Change**	**% Change**
Net income (loss) before tax	**2**	103	(101)	(98%)	**(121)**	6	(127)	*nm*
Interest expense (income)	**3**	(6)	9	150%	**5**	7	(2)	(29%)
Depreciation expense	**34**	21	13	62%	**65**	48	17	35%
EBITDA	**39**	118	(79)	(67%)	**(51)**	61	(112)	(184%)
Financial income and other	**(1)**	-	(1)	(100%)	**(2)**	-	(2)	(100%)
Adjusted EBITDA	**38**	118	(80)	(68%)	**(53)**	61	(114)	(187%)

Selected Quarterly Information

(U.S. $ in thousands except where indicated)	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020*	Q1 2020	Q4 2019	Q3 2019
Revenues	**36,687**	28,432	11,324	6,795	7,372	9,212	10,536	9,739
EBITDA (1)	**2,746**	(3,029)	(500)	(276)	416	1,833	2,299	7,186
Adjusted EBITDA (1)	**23,827**	19,701	3,556	365	1,318	2,780	2,986	4,668
Net income (loss)	**(3,675)**	(7,605)	(5,374)	(4,761)	(3,730)	(2,424)	1,125	4,309
Basic net earnings (loss) per share	**(0.02)**	(0.06)	(0.06)	(0.06)	(0.04)	(0.03)	0.02	0.06

* The Bitcoin Halving Event occurred on May 11, 2020, during Q2 2020.

(1) EBITDA and Adjusted EBITDA are non-IFRS performance measures; please refer to the Non-IFRS Financial Performance Measures section of this MD&A and the Company's corresponding quarterly MD&As available on Sedar, for reconciliations of the Non-IFRS performance measures and related periods presented above.

The Company is generally not subject to seasonality. Factors that may impact Revenues and profitability quarter over quarter include cryptocurrency pricing, network difficulty and the Company's hashrate.

Liquidity and Capital Resources

Cash Flows

(U.S. $ in thousands except where indicated)	Six month ended			
For the periods ended as indicated	**June 30 2021**	**June 30 2020**	**$ Change**	**% Change**
Cash, beginning of the period	**5,947**	2,159	3,788	175%
Cash flows from (used in):				
Operating activities	**(17,296)**	2,448	(19,744)	(807%)
Investing activities	**(102,135)**	(2,614)	(99,521)	*nm*
Financing activities	**149,692**	(604)	150,296	*nm*
Exchange rate differences on currency translation	**8**	(28)	36	129%
Cash, end of the period	**36,216**	1,361	34,855	*nm*

Cash Flows from Operating Activities

Cash flows from operating activities decreased by $19.7 million during the six months ended June 30, 2021, compared to six months ended June 30, 2020. The decrease in net cash flows from operating activities was primarily driven by the initiation of a Bitcoin retention program which led to 1,293 Bitcoin being held in custody at the end of the period rather than being converted into fiat currency. Cash flows from operating activities were also negatively impacted by an unfavorable change in non-cash working capital components of $2.3 million.

Cash Flows used in Investing Activities

Cash flows used in investing activities increased by $99.5 million during the six months ended June 30, 2021, compared to six months ended June 30, 2020. This was primarily due to $73.4 million in advanced payments made on new Mining hardware, mostly related to securing the delivery of 7,300 Bitmain Miners and 48,000 MicroBT Miners for delivery in 2021 and 2022, respectively, and $28.8 million of additions to property, plant and equipment in YTD Q2 2021 for Miners and infrastructure buildout, compared to $2.6 million of net additions in YTD Q2 2020.

Cash Flows from Financing Activities

Cash flows from financing activities increased by $150.3 million during the six months ended June 30, 2021, compared to the six months ended June 30, 2020. This was primarily due to $114.5 million of total net proceeds received from four private placements to U.S. institutional investors, $43.6 million of proceeds from the exercise of warrants and stock options and $9.3 million of proceeds from new long-term debt. These proceeds were partially offset by approximately $15.2 million of payments to retire the Dominion Capital loan and service new debt obligations, and lease liability repayments of approximately $2.4 million. In YTD Q2 2020, $0.2 million was raised from the exercise of warrants and long-term debt and lease repayments were $0.35 and $0.45 million, respectively.

Working Capital

As at June 30, 2021, Bitfarms had a positive working capital of $64.5 million, compared to a working capital deficit of $19.3 million, as at December 31, 2020. The improvement in working capital was primarily due to $158.1 million raised in the four private placements and the exercise of warrants and stock options, and the accumulation of 1,293 Bitcoin with a fair value approximating $45.3 million as of June 30, 2021. The proceeds were applied to the repayment of the Dominion Capital loan and to advanced payments made to suppliers to secure orders of Mining hardware and electrical distribution equipment for infrastructure expansion plans. The remaining are to be used to expand infrastructure capacity, acquire additional Miners, and for working capital purposes.

Capital Resources

Bitfarms' capital management objective is to provide the financial resources that will enable the Company to maximize the return to its shareholders. In order to achieve this objective, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risks to which the Company is exposed. The Company's strategy for achieving this objective is to maintain a flexible capital structure that optimizes the cost of capital at an acceptable level of risk, to preserve its ability to meet financial obligations as they come due, and to ensure there are sufficient financial resourced and capability to pursue to pursue organic and acquisitive growth.

The Company anticipates that its existing financial resources will be sufficient to complete all previously announced acquisitions of mining hardware with deliveries scheduled in 2021 including its mining hardware acquisitions required to reach its target of 3.0 Exahash in the first quarter of 2022. In addition, the Company anticipates that it will be able to complete its previously announced Quebec infrastructure expansion at the Cowansville Facility using its existing financial resources. In order to achieve these business objectives, the Company may liquidate or borrow against the Bitcoin that have been accumulated as of the date hereof as well as Bitcoin generated from ongoing operations, which may or may not be possible on commercially attractive terms. The Company presently anticipates that additional financing will be required to complete the required remaining payments on its order of 48,000 Miners scheduled for delivery in 2022 and to complete construction of the South American expansion, both of which are necessary for the Company to meet its broader objective of generating 8.0 Exahash of computing power by the end of 2022.

Bitfarms may manage its capital structure by issuing equity, obtaining loan financing, adjusting capital spending, or disposing of assets.

Bitcoin Retention Program

In early January 2021, the Company implemented a Bitcoin retention program pursuant to which the Company has added approximately 1,840 Bitcoin to its balance sheet, valued at approximately $87.9 million as of August 13, 2021.

Expansions

The Company has described its expansion plans below under the sections "Cowansville Expansion" and "Sherbrooke Expansion". The estimated costs and timelines to achieve these expansion plans may change based on, among other things, the prevailing price of Bitcoin, network difficulty, supply of cryptocurrency mining equipment, supply of electrical and other supporting infrastructure equipment, construction materials, currency exchange rates, the impact of COVID-19 on the supply chains described above and the Company's ability to fund the underlying initiatives.

Cowansville Expansion

The Company began construction of Phase 2 at its Mining facility in Cowansville, Quebec, in 2021, estimated to cost between $3.0 million and $3.5 million. This will expand the site from 4 MW to its full 16.7MW capacity and accommodate up to 4,700 new generation miners. The buildout also includes a new repair lab and operations command center and is expected to be completed in Q3 2021. The Company anticipates using the additional capacity at Cowansville to accommodate Mining hardware orders with expected deliveries in Q3 2021.

Sherbrooke Expansion

Bitfarms completed Phases 1 and 2 of the Sherbrooke Expansion in 2019. To complete the remaining four phases of the Sherbrooke Expansion, Bitfarms will incur infrastructure buildout costs including exhaust structure, Mining structure and building modifications, as well as sourcing of Mining hardware and electrical components.

The capital cost for the construction of the infrastructure for Phases 3 through 6 is currently estimated at approximately $15 million. The Company has commenced preliminary steps to complete Stages 3 through 6, including placing orders and deposits on longer lead-time infrastructure, such as transformers and exhaust components required for the remaining 68MW of contractually secured energy with Hydro-Sherbrooke. In addition, the Mining hardware required to fill the new infrastructure expansion is estimated to cost from $80 million to $90 million, based on recent hardware pricing. The Company anticipates that these costs will mainly be allocated to the Company's Leger facility. The Company also anticipates that it may need to identify and develop a third facility in Sherbrooke to fully utilize the 68 MW.

In response to complaints concerning noise at the Sherwood property and indications from Sherbrooke municipal officials that they were reviewing applicable regulations, the Company met with community residents and city officials on several occasions during 2020 and 2021. The Company constructed a sound barrier wall at a cost of approximately $0.3 million in 2020 and invested $0.5 million to install quieter exhaust structures and fans as well as other sound mitigating measures in 2021. The Company, in conjunction with the municipality of Sherbrooke, is currently evaluating the effectiveness of these measures and the necessity of implementing additional measures to attenuate the proper sound levels.

Share Capital

As of the date of this MD&A, the Company has 167,987,977 common shares, 3,555,600 vested employee stock options, 7,928,575 unvested employee stock options and 20,232,060 warrants outstanding and 200,000 restricted stock units. There are no preferred shares outstanding.

Off-Balance Sheet Arrangements

At June 30, 2021, the Company does not have any off-balance sheet arrangements.

Financial Instruments & Risks

The Company's financial assets include cash, trade receivables, and other assets. The Company's financial liabilities include trade payables and accrued liabilities, lease liabilities and long-term debt.

The Company's financial instruments expose it primarily to credit, liquidity, foreign currency, concentration and custody of digital assets risks. Refer to the Financial Instruments & Risk section of the Company's MD&A for the year ended December 31, 2020, for a description of these risks and how they are managed, as well as Note 18, Financial Instruments, to the Company's consolidated financial statements for the year ended December 31, 2020, and Note 4, Digital Assets, to the Company's consolidated financial statements for the period ended June 30, 2021, for a description of how fair values are determined.

During the six months ended June 30 ,2021, there were no material changes to the risks related to financial instruments and no changes in the financial instrument classifications, compared to year-end 2020, other than the derecognition of the Dominion Capital loan and those described below. Furthermore, the methodology used to determine the fair value of financial instruments has not changed during the six months ended June 30, 2021.

Custody of digital assets

Backbone's digital assets, currently Bitcoin, are mined to multi-signature wallets that Backbone controls. Backbone transfers Bitcoin from its multi-signature wallets to external third-party custodians on a regular basis, specifically Gemini Trust Company, LLC ("Gemini Custody") and Coinbase Custody Trust Company, LLC ("Coinbase Custody", and together with Gemini Custody, the "Custodians"). Both Gemini Custody and Coinbase Custody are U.S. based fiduciary and qualified custodians under New York Banking Law and are licensed by the State of New York to custody digital assets. Currently, both Custodians do not use sub-custodians and only provide custodial services to Backbone. Gemini Custody is a New York State-chartered limited purpose trust company that is authorized under Article III § 96 of the New York Banking Law to provide certain custodial services, and it is a "Qualified Custodian" as defined by the New York Codes, Rules and Regulations Title 23, Part 200.2(n). Coinbase Custody is a fiduciary of § 100 of the New York Banking Law and is licensed to custody its clients' digital assets in trust on their behalf. Coinbase Custody is a qualified custodian for purposes of § 206 (4) -2(d)(6) of the Advisers Act.

In early January 2021, the Company implemented a Bitcoin retention program, pursuant to which the Company has added approximately 1,840 Bitcoin valued at $87.9 million on August 13, 2021 to its balance sheet as of the date hereof. As of the date of this MD&A, 100% of the Company's Bitcoin are held in custody.

Gemini Custody maintains an insurance policy of $200 million for its cold storage. In May 2021, Gemini Custody announced in excess of $30 billion in cryptocurrencies under custody. As a result, if Gemini Custody were to experience a loss of cryptocurrency assets in excess of $200 million, it is likely that a portion of the Company's cryptocurrency under custody would not be covered by this insurance policy. Coinbase Custody maintains an insurance policy of $320 million for hot, warm and cold storage and recently announced in excess of $180 billion in assets on their platform, of which more than 50% are under custody. As a result, if Coinbase Custody were to experience a loss of cryptocurrency assets in excess of $320 million, it is likely that a portion of the Company's cryptocurrency under custody would not be covered by this insurance policy. The Company is unaware of any security breaches involving Gemini Custody or Coinbase Custody which have resulted in crypto assets being lost or stolen. Regardless of efforts made by the Company to securely store and safeguard assets, there can be no assurance that the Company's cryptocurrency assets will not be defalcated through hacking or other forms of theft.

Counterparty Risk

Counterparty risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations, including those associated with long-term deposits and equipment prepayments. The Company is exposed to counterparty risk primarily through its significant deposits it places with suppliers of cryptocurrency Mining hardware to secure orders and delivery dates. The risk of a supplier failing to meet its contractual obligations may result in late deliveries or long-term deposits and equipment prepayments that are not realized. The Company attempts to mitigate this risk by procuring Mining hardware from established manufacturers with whom it maintains strong relationships.

Commitments and Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay its financial obligations when they become due. The Company's policy is to monitor its cash balances and planned cash flows generated from operations to ensure, as far as possible, that it maintains sufficient liquidity to meet its projected financial obligations. The Company has entered into agreements with Mining hardware manufacturers that require significant deposits in advance of receiving the revenue generating equipment. The Company may manage its capital structure by issuing equity, obtaining loan financing, adjusting capital spending, or disposing of assets in order to maintain liquidity to meet its contractual obligations with Mining hardware manufacturers.

The Company placed deposits on mining hardware and electrical components in the amount of $73.4 million. These deposits are mainly for orders placed on 7,300 Antminer and 48,000 Whatsminer miners with expected delivery in late 2021 and 2022, respectively, as well as 1,500 Whatsminer miners delivered in July 2021. The table below outlines the Company's remaining payment obligations in connection with the purchase agreements described above, presented in thousands of U.S. dollars:

	June 30, 2021
Three months ended September 30, 2021	24,500
Three months ended December 31, 2021	30,500
Three months ended March 31, 2022	41,400
Three months ended June 30, 2022	41,400
Three months ended September 30, 2022	26,400
Three months ended December 31, 2022	12,600
	$ 176,800

The Company will require additional sources of financing to meet the payment obligations included in the table above. If the Company were unable to obtain such financing, or the Bitcoin price and network difficulty were adversely impacted, then the Company may have difficulty meeting its payment obligations. If the Company were unable to meet its payment obligations, the counterparty to the contracts may result in the loss of any equipment prepayments and deposits paid by the Company under the purchase agreement, remedial legal measures against the Company which may include seeking damages and forced continuance of the contractual arrangement. Under these circumstances, the Company's growth plans and ongoing operations could be adversely impacted.

In addition to the commitments described above, in May 2021 the Company entered into three loan agreements to acquire a total of 1,000 Whatsminer miners with expected delivery from September through October 2021. The loan terms are 18 months, beginning in September through October 2021, at an effective interest rate of 18.6% with total monthly repayments averaging $0.3 million. The loans will be secured by the 1,000 Whatsminer miners described above.

Lease liabilities includes financial obligations with contractual maturities, inclusive of interest, presented in thousands of U.S. dollars as of June 30, 2021, are as follows:

	June 30, 2021
2021	2,272
2022	4,547
2023	1,620
2024	903
2025 and thereafter	2,993
	$ 12,335

Long-term debt, inclusive of interest, presented in thousands of U.S. dollars as of June 30, 2021, are as follows:

		June 30, 2021
2021		5,399
2022		7,488
2023 and thereafter		84
	$	12,971

Risk Factors

The Company is subject to a number of risks and uncertainties and is affected by several factors which could have a material adverse effect on the Company's business, financial condition, operating results, and/or future prospects. These risks should be considered when evaluating an investment in the Company and may, among other things, cause a decline in the price of the Corporation's shares.

The risks and uncertainties which Management considers as the most material to the Corporation's business are described in the section entitled, Other Risks, of the Company's MD&A for the year-ended December 31, 2020 dated March 24, 2021. Other than the disclosure above, these risks and uncertainties have not materially changed and are hereby incorporated by reference.

Related Party Transactions

During the three and six month period ended June 30, 2021, the Company had the following transactions with related parties:

1. Bitfarms made rent payments totaling approximately $0.1 million and $0.2 million for the three and six month periods ended June 30, 2021, respectively, (three and six months ended June 30, 2020 - $0.1 million and $0.2 million, respectively) to companies controlled by certain directors.

2. Bitfarms entered into consulting agreements with two of the directors. The consulting fees charged by directors totaled approximately $0.1 million and $0.2 million for the three and six month periods ended June 30, 2021, respectively (three and six months ended June 30, 2020 - $0.1 million and $0.2 million, respectively).

The transactions listed above were incurred in the normal course of operations.

Recent and Subsequent Events

Warrant exercise

In August 2021, 5,404,625 warrants related to the private placement closed on February 7, 2021, were exercised resulting in the issuance of 5,404,625 common shares for proceeds of approximately $16.3 million.

Significant Accounting Policies

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board and are based on the same accounting policies as those used in the preparation of the Corporation's audited consolidated financial statements for the year ended December 31, 2020.

Please refer Note 2, Significant accounting policies, and Note 3, Change in accounting policy, to the Company's 2020 audited consolidated financial statements for more information about the significant accounting principles. Also refer to Note 4, significant accounting judgements and estimates, of the Company's 2020 audited consolidated financial statements for more information about significant accounting judgments and estimates used to prepare the unaudited interim condensed consolidated financial statements.

Caution Regarding Forward-Looking Statements

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

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

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

- Bitcoin Halving event;
- COVID 19 pandemic;
- Counterparty risk;
- the availability of financing opportunities and risks associated with economic conditions, including Bitcoin price and Bitcoin network difficulty;
- the speculative and competitive nature of the technology sector;
- dependency in continued growth in blockchain and cryptocurrency usage;
- limited operating history and share price fluctuations;

- cybersecurity threats and hacking;
- controlling shareholder risk;
- risk related to technological obsolescence and difficulty in obtaining hardware;
- economic dependence on regulated terms of service and electricity rates
- permits and licenses;
- server failures;
- global financial conditions;
- tax consequences;
- environmental regulations and liability;
- erroneous transactions and human error;
- facility developments;
- non-availability of insurance;
- loss of key employees;
- lawsuits and other legal proceedings and challenges;
- conflict of interests with directors and management;
- political and regulatory risk; and
- other factors beyond the Company's control.

The above is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian Securities Authorities, including the Company's annual MD&A dated March 24, 2021. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Caution Regarding Non-IFRS Financial Performance Measures

This MD&A makes reference to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. The Company uses non-IFRS measures including "EBITDA," "EBITDA margin," "Adjusted EBITDA," "Adjusted EBITDA margin," "Gross mining profit," and "Gross mining margin" as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective.

EBITDA and EBITDA margin are common measures used to assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. Adjusted EBITDA and Adjusted EBITDA margin are measures used to assess profitability before the impact of all of the items in calculating EBITDA in addition to certain other non-cash expenses. Gross mining profit and Gross mining margin are measures used to assess profitability after power costs in cryptocurrency production, the largest variable expense in Mining. Management uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets.

"EBITDA" is defined as net income (loss) before: (i) interest expense; (ii) income tax expense; and (iii) depreciation and amortization. "EBITDA margin" is defined as the percentage obtained when dividing EBITDA by Revenues. "Adjusted EBITDA" is defined as EBITDA adjusted to exclude: (i) share-based compensation; (ii) non-cash finance expenses; (iii) asset impairment charges; (iv) revaluation gains or losses on digital assets and (v) other non-cash expenses. "Adjusted EBITDA margin" is defined as the percentage obtained when dividing Adjusted EBITDA by Revenues. "Gross mining profit" is defined as Revenues minus energy and infrastructure expenses for the Backbone segment of the Company. "Gross mining margin" is defined as the percentage obtained when dividing Gross mining profit by Revenues for the Backbone segment of the Company.

These measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Reconciliations from IFRS measures to non-IFRS measures are included throughout this MD&A.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

Glossary of Terms

ASIC: ASIC stands for Application Specific Integrated Circuit and refers primarily to specific computer devices designed to solve the SHA-256 algorithm, as well as other machines used in the Mining of Litecoin which use the Scrypt algorithm.

Bitcoin: Bitcoin is a decentralized digital currency that is not controlled by any centralized authority (e.g. a government, financial institution or regulatory organization) that can be sent from user to user on the Bitcoin network without the need for intermediaries to clear transactions. Transactions are verified through the process of Mining and recorded in a public ledger known as the Blockchain. Bitcoin is created when the Bitcoin network issues Block Rewards through the Mining process.

Block Reward: A Bitcoin block reward refers to the new bitcoin that are awarded by the Blockchain network to eligible cryptocurrency miners for each block they successfully mine. The current block reward is 6.25 Bitcoin per block.

Blockchain: A Blockchain is a cloud-based public ledger that exists on computers that participate on the network globally. The Blockchain grows as new sets of data, or 'blocks', are added to it through Mining. Each block contains a timestamp and a link to the previous block, such that the series of blocks form a continuous chain. Given that each block has a separate hash and each hash requires information from the previous block, altering information an established block would require recalculating all the hashes on the Blockchain which would require an enormous and impracticable amount of computing power. As a result, once a block is added to the Blockchain it is very difficult to edit and impossible to delete.

Hash: A hash is a function that converts or maps an input of letters and numbers into an encrypted output of a fixed length, which outputs are often referred to as hashes. A hash is created using an algorithm. The algorithm used in the validation of Bitcoin transactions is the SHA-256 algorithm.

Hashrate: Hashrate refers to the number of hash operations performed per second and is a measure of computing power in Mining cryptocurrency.

Megawatt: A megawatt is 1,000 kilowatts of electricity and, in the industry of cryptocurrency Mining, is typically a reference to the number of megawatts of electricity per hour that is available for use.

Miners: ASICs used by the Company to perform Mining.

Mining: Mining refers to the process of using specialized computer hardware, and in the case of the Company, ASICs, to perform mathematical calculations to confirm transactions and increase security for the Bitcoin Blockchain. As a reward for their services, Bitcoin Miners collect transaction fees for the transactions they confirm, along with newly created Bitcoin as Block Rewards.

Mining Pool: A Mining pool is a group of cryptocurrency miners who pool their computational resources, or Hashrate, in order to increase the probability of finding a block on the Bitcoin Blockchain. Mining pools administer regular payouts to mitigate the risk of Miners operating for a prolonged period of time without finding a block.

Network Difficulty: Network difficulty is a unitless measure of how difficult it is to find a hash below a given target. The Bitcoin network protocol automatically adjusts Network Difficulty by changing the target every 2,016 blocks hashed based on the time it took for the total computing power used in Bitcoin Mining to solve the previous 2,016 blocks such that the average time to solve each block is ten minutes.

Network Hashrate: Network Hashrate refers to the total global Hashrate (and related computing power) used in Mining for a given cryptocurrency.

Petahash: One quadrillion (1,000,000,000,000,000) hashes per second or one thousand Terahash

SHA-256: SHA stands for Secure Hash Algorithm. The SHA-256 algorithm was designed by the US National Security Agency and is the cryptographic hash function used within the Bitcoin network to validate transactions on the Bitcoin Blockchain

Terahash: One trillion (1,000,000,000,000) hashes per second.

Form 52-109F2 – IPO/RTO
Certification of Interim Filings Following an
Initial Public Offering, Reverse Takeover or Becoming a Non-Venture Issuer

I, Emiliano Joel Grodzki, Chief Executive Officer of Bitfarms Ltd., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Bitfarms Ltd. (the “issuer”) for the interim period ended June 30, 2021.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: August 16, 2021

(signed) “*Emiliano Joel Grodzki*”

Emiliano Joel Grodzki
Chief Executive Officer

NOTE TO READER

In contrast to the usual certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (NI 52-109), namely, Form 52-109F2, this Form 52-109F2 – IPO/RTO does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of an issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 in the first financial period following:

- completion of the issuer’s initial public offering in the circumstances described in s. 5.3 of NI 52-109;
- completion of a reverse takeover in the circumstances described in s. 5.4 of NI 52-109; or
- the issuer becoming a non-venture issuer in the circumstances described in s. 5.5 of NI 52-109;

may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Form 52-109F2 – IPO/RTO
Certification of Interim Filings Following an
Initial Public Offering, Reverse Takeover or Becoming a Non-Venture Issuer

I, Jeffrey Lucas, Chief Financial Officer of Bitfarms Ltd., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Bitfarms Ltd. (the "issuer") for the interim period ended June 30, 2021.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: August 16, 2021

(signed) "*Jeffrey Lucas*"
Jeffrey Lucas
Chief Financial Officer

NOTE TO READER

In contrast to the usual certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), namely, Form 52-109F2, this Form 52-109F2 – IPO/RTO does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of an issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 in the first financial period following:

- completion of the issuer's initial public offering in the circumstances described in s. 5.3 of NI 52-109;
- completion of a reverse takeover in the circumstances described in s. 5.4 of NI 52-109; or
- the issuer becoming a non-venture issuer in the circumstances described in s. 5.5 of NI 52-109;

may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.