Management Discussion and Analysis
For the year ended February 28, 2022
Hello Pal International Inc.
Report Dated June 19, 2023

INTRODUCTION

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the year ended February 28, 2022 prepared as of June 19, 2023, should be read in conjunction with the audited consolidated financial statements for the year ended February 28, 2022 and the related notes thereto of Hello Pal International Inc. (the "Company"). The MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of the Company.

The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRIC's") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

RESTATEMENT OF 2021 FINANCIAL INFORMATION

The Company has filed amended and restated financial statements and related MD&A for the financial year ended February 28, 2021 on www.sedar.com. Accordingly, all financial information for the year ended February 28, 2021 referenced in this MD&A are restated, and this MD&A does not rely on any financial information contained in the previously filed financial statements for the year ended February 28, 2021.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements and information about the Company which reflect management's expectations regarding the Company's future growth, results of operations, operational and financial performance and business prospects and opportunities. In addition, the Company may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information. All statements and information, other than statements or information of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements and information, including, but not limited to statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materiality from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities. Although the forward-looking statements and information contained in this MD&A reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements and information. A number of risks and factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements and information. Such risks and factors include, but are not limited to, the following:

- the limited history of the Company;
- the Company may continue to operate at a net loss;
- an investment in the Company is speculative;
- the Company will continue to be a going concern.
- the Company may fail to innovate;
- failure to protect intellectual property;
- potential intellectually property infringement;
- the Company's reliance on third party software;
- regulatory risks;
- disruptions of information technology systems;
- the Company's cryptocurrencies may be exposed to cybersecurity threats and hacks;
- the volatility of cryptocurrency prices and momentum pricing risks;
- cryptocurrency exchanges may be exposed to fraud and failure;
- the Company may not be able to secure mining equipment and the equipment used by the Company may become obsolete;
- increasing difficulty of mining blocks that can drastically increase the cost to mine;
- the Company may not be able to maintain banking services;
- geopolitical events impacting the supply and demand for cryptocurrencies is uncertain;
- the Company's failure to properly evaluate the further development and acceptance of blockchain technologies and cryptocurrencies;
- the Company may require additional financing in order to continue the development and growth of its business;
- user misconduct and misuse of the Company's platform;
- the limited number of products produced by the Company;
- the Company's platform risks obsolescence;
- the Company faces increasing levels of competition;
- the Company's software could have bugs and defects;
- the Company's software may be subject to cyber security breaches;
- The Company's operations could suffer as a result of a failure of its information technology system;
- the Company does not plan to pay dividends in the near future;
- the directors and officers may engage in business that is in conflict with the Company;
- the Common Shares of the Company are speculative and may experience high volatility on the Canadian Securities Exchange ("CSE");
- global economic conditions may adversely affect the Company's business;
- foreign exchange rates; and
- market percent of smaller companies.

For further details, see the "Risk Factors" section of this MD&A.

Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements or information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Further, any forward-looking statements and information contained herein are made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statement or information. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A and the documents incorporated by reference herein. All forward-looking statements and information disclosed in this MD&A are qualified by this cautionary statement.

GENERAL

The Company was continued into British Columbia on February 4, 1986 under the *Companies Act* (British Columbia) and changed its name to Hello Pal International Inc. on May 9, 2016.

The Company is the provider of a rapidly growing international live-streaming, language learning and social-crypto platform (the "Hello Pal Platform"). The Hello Pal Platform is a proprietary suite of mobile applications that focus on live streaming, international social interaction and language learning. Hello Pal's overriding mission is to bring the world closer together through social interaction, language learning and travel.

Hello Pal's core business is an international livestreaming service that operates through the flagship Hello Pal app. The livestreaming service allows Hello Pal app users to broadcast themselves to other users in real time and receive virtual gifts and coins, which can be redeemed for cash. Livestreaming is primarily used by users in China, Middle East and Southeast Asia.

The Hello Pal app has approximately 7 million registered users from over 200 countries and regions, and 20,000 daily active users. In addition to livestreaming, users on the Hello Pal app are also able to find and chat with other people (ie. "pals") that directly meet the search criteria, such as, gender, language and nationality. Users can then chat using text or audio messaging with other users, using inbuilt language tools such as translation services.

The Company is also engaged in the mining of cryptocurrency in the United States and Australia. A total of 400 L7 mining rigs are owned through the Company's 51% ownership of Crypto Pal Technology Ltd. ("CPal") and by its wholly owned subsidiary Hello Pal Asia Limited. Of the 400 miners, 300 miners are located in the United States, and 100 miners are located in Australia. In terms of ownership of the 400 miners, 300 are owned by CPal and 100 are owned by Hello Pal Asia Limited, with each entity having miners in both the United States and Australia.

The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "HP" and quoted on the OTCQB Venture Marketplace under the symbol "HLLPF".

DESCRIPTION OF BUSINESS

The Company develops, markets and operates the Hello Pal Platform that also includes the Live Streaming Service. The Hello Pal Platform enables users to find and easily interact with users from all over the world through a variety of means, such as chat messaging, livestreaming, and audio/video calling.

<u>Key Features of the Hello Pal Platform</u>

The Hello Pal Platform includes the following key features:

Livestreaming Service. Users are able to broadcast themselves live to other users all over the world using Hello Pal's livestreaming service. Realtime communication can also happen during a livestream using text messaging or joint audio sessions from selected users. All livestreaming sessions are monitored live and 24/7 by the Company's inhouse staff to ensure the content does not violate the Company's standards.

Gifts, Payments and Earnings. Users are able to give other users virtual gifts, such as during livestreaming from a viewer to the livestreamer host, through a user's Moments postings, or simply through a user's profile. Gifts are purchased using the Hello Pal Platform's virtual currency ("coins"), which are obtained primarily when a user makes top-up payments via the various payment platforms such as through Apple's Appstore, Google's Playstore, or payment systems such as Alipay and Wechat Pay. Credits (known as 'Charm') are earned by users whenever gifts have been received, which may then be redeemed for cash by those users, thereby enabling users to have earnings through their participation on the Hello Pal Platform.

Matching and Chat. The Hello Pal Platform includes extensive filtering and matching abilities so that users can find other users, people or parties (ie. "pals") that directly suit and meet the user's defined criteria, such as language spoken, gender and nationality. Users can then chat using text or audio messaging with other users, using the inbuilt language tools such as translation services.

Phrasebooks. The Hello Pal Platform has phrasebooks in 8 languages each with over 2,000 phrases. A user can choose a phrase, listen to the recorded audio of the phrase and repeat the phrase. After, the user is able to send their recording of the phrase they learned to another user.

OPERATIONS UPDATE

As of early 2023, the Company's Hello Pal Platform has exceeded 7 million registered users, has realized an ongoing increase in the average number of daily new users, and is continuing to experience user growth by building a highly diversified global user base.

The Company's livestreaming services continue to make a positive financial contribution to the Company. Due to a downturn in the global economy which has also impacted the livestreaming industry worldwide, revenues have experienced a decline from the Company's previous highs. Nevertheless, the extensive Hello Pal ecosystem that includes livestreaming, Hello Pal moments, user matching and 1 on 1 video chats has led to a continual stream of users. The Company has positive results from its global expansion with total livestreaming hours being over 87,000 per month. On average, over 63 million individual gifts are given to livestream hosts per day with almost half of those now coming from geographies other than China.

The Company completed the transition of its cryptocurrency mining operations from China to the United States and Australia. The Company's mining rigs are currently mining Litecoin and Dogecoin while operating at an average of 75% capacity and averaging an efficiency of 100.25%.

ACQUISITION OF CPAL

On May 25, 2021, the Company entered into a definitive purchase agreement (the "Agreement") with a company controlled by Shanghai Yitang Data Technology Co. Ltd. ("Yitang"), under which the Company acquired an initial 51% interest in CPal, with an option to increase such interest to 100% (the "Transaction"). Yitang is a related party of the Company by virtue of a common shareholder. At the time of acquisition, CPal owned a total of 12,550 mining rigs (12,500 Bitmain Antminer L3+ and 50 Bitmain Antminer Z15) dedicated to mining Dogecoin (DOGE), Litecoin (LTC), Bitcoin and Ethereum (ETH) (the "Mining Assets").

The Company has also entered into a guaranteed services agreement (the "Guaranteed Services Agreement") with Yitang to ensure that its Mining Assets are hosted across multiple locations so as to ensure diversification of risk. Pursuant to the Guaranteed Services Agreement, Yitang will guarantee the hosting of the Mining Assets as well as power supply and will provide management and hosting services.

The consideration for the Transaction is $1,500,000 payable in cash and 1,800,000 units of the Company valued at $2,250,000. Each unit has a deemed value of $1.25 and consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share at an exercise price of $2.00 for a period of two years from the date of issue. The Company has allocated $2,250,000 to the shares and $36,000 to the warrants.

For a period of two years following the completion of the Transaction, the Company will have the option to acquire a further 49% interest in CPal (for a total interest of 100%) for an additional payment, as to half in cash and half in common shares, where the valuation of the Mining Assets is dependent on their net profit over a 12-month period immediately preceding the date on which this option is exercised, multiplied by a formulated multiplier.

The Transaction did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase of Mining Assets with the Company acquiring 51% of CPal on May 25, 2021. The consideration for the acquisition of CPal has been allocated at fair value of the assets acquired and liabilities assumed, based on management's best estimate and taking into account all available information at the time of acquisition. The following table summarizes the fair value of the total consideration paid and the aggregate fair value of identified assets acquired and liabilities assumed:

Purchase price	**$**
Cash	1,500,000
1,800,000 units of the Company at $1.25 per unit	2,250,000
Transaction costs	256,499
Fair value of non-controlling interest	3,602,941
	7,609,440

Net assets acquired	**$**
Cryptocurrency	177,096
Mining assets	7,432,344
	7,609,440

As at February 28, 2022, CPal has sold all of the L3+ mining rigs (12,500 units) acquired from the Transaction, proceeds of which were used to purchase 355 new mining rigs and resulting in a gain on disposal of $750,460.

VORTEX AGREEMENT

On January 29, 2019, the Company entered into a cooperation agreement (the "Cooperation Agreement") with Vortex Live Inc. ("Vortex") and the principals of Vortex (the "Vortex Team") whereby Vortex would develop and implement live-streaming video functionality into the Hello Pal Platform ("Live Streaming Service"). The principals of Vortex bring to the Company a combined experience in the live streaming industry of over 30 years, and provide the Company with not only the core technological know-how and experience in developing live-streaming apps, but also the crucial management and operational skillset required to generate revenue on an ongoing basis. Vortex has also funded part of the development of Live Streaming Service by paying the Company $826,030.

In return for developing the Live Streaming Service, the Company will issue up to 54,000,000 shares to the Vortex Team based on the following milestones:

1. 20,000,000 shares upon the launch of the Live Streaming Service by March 31, 2019, and the Company achieving monthly revenue of RMB 1,000,000 (approximately CAD$200,000) by May 31, 2019 – This milestone has been achieved and the Company issued 16,182,000 shares pursuant to this milestone on November 16, 2020.

2. 9,000,000 shares upon the Company achieving monthly revenue of RMB 5,000,000 (approximately CAD$1,000,000) and accumulated revenue of RMB 23,000,000 (approximately CAD$5,000,000) by December 31, 2019 – This milestone has been achieved and the Company issued 7,758,000 shares pursuant to this milestone on November 16, 2020.

3. 13,500,000 shares upon the Company achieving monthly revenue of RMB 10,000,000 (approximately CAD$2,000,000), accumulated revenue of RMB 70,000,000 (approximately CAD$14,000,000) over preceding 12 months, net positive cash flow and net profit of RMB 1,000,000 (approximately CAD$200,000) by December 31, 2020 – This milestone has been achieved and the fair value of 13,500,000 shares estimated to be $2,025,000 pursuant to this milestone is recorded as shares to be issued as at February 28, 2021. The 13,500,000 shares have not been issued as at February 28, 2022.

4. 11,500,000 shares upon the Company achieving monthly revenue of RMB 20,000,000 (approximately CAD$4,000,000), accumulated revenue of RMB 180,000,000 (approximately CAD$28,000,000) over preceding 12 months and net profit of RMB 10,000,000 (approximately CAD$2,000,000) by December 31, 2021 – This milestone has not been achieved as at February 28, 2022.

The above is collectively referred to as the “Vortex Transaction”.

SELECTED ANNUAL INFORMATION

The Company’s three most recent fiscal period ends were on February 28, 2022, February 28, 2021 and February 29, 2020 respectively. The Company has filed amended and restated financial statements for the year ended February 28, 2021. The financial information for the year ended February 28, 2021 has been restated in the audited financial statements for the years ended February 28, 2022 and 2021. The following is a summary of certain selected audited financial information for the last three completed fiscal years. All amounts are in Canadian dollars and in accordance with International Financial Reporting Standards.

	2022	**2021 (Restated)**	**2020**
	$	**$**	**$**
Total Revenues	39,455,411	21,309,381	1,028,005
Net Loss	(6,639,309)	(4,910,205)	(3,697,574)
Net Loss Per Share (basic and diluted) (1)	(0.04)	(0.04)	(0.05)
Total Assets	17,697,107	6,850,019	1,921,604
Total Non-current Financial Liabilities	89,485	151,946	772,166
Distributions or Cash Dividends Per Share	Nil	Nil	Nil

(1) The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants, if any.

During the year ended February 28, 2022, the Company significantly increased its revenues from its Live Streaming Service as it expanded its operations and grew its user base, by recording revenues of $36,471,718 which were offset by direct costs, excluding depreciation and amortization, of $34,271,148, resulting in $2,200,570. The Company also recognized revenue from cryptocurrency mining of $2,983,693 which were offset by the direct costs, excluding depreciation and amortization, resulting in $1,924,122 from its mining assets as a result of the acquisition of CPal.

During the year ended February 28, 2021, the Company significantly increased its revenues from its Live Streaming Service as it expanded its operations and grew its user base, by recording revenues of $21,290,903 which were offset by direct costs of $18,967,719, excluding depreciation and amortization, resulting in $2,323,184.

During the year ended February 29, 2020, the Company started generating revenues from its Live Streaming Service and recorded revenues of $1,028,005 which were offset by direct costs of $1,119,689, excluding depreciation and amortization, resulting in $91,684.

The increase in total assets during the year ended February 28, 2022 is primarily a result of the purchase of the mining rigs. The increase in net loss is mainly due to the higher depreciation and amortization, significant increase in marketing and current income tax on private sale for Live Streaming Service during the fiscal year.

The increase in total assets during the year ended February 28, 2021 is primarily a result of the accrued revenue receivable, which went up as the Company significantly increased its revenues from Live Streaming Service, and the increase in cash from the private placements completed during the 2021 fiscal year. The increase in net loss is mainly due to the current income tax on private sale for Live Streaming Service during the fiscal year.

The decrease in total assets during the year ended February 29, 2020 is primarily a result of the Company incurring development costs totaling $1,670,043 offset by an impairment of $206,361 and depreciation of $1,797,125.

RESULTS OF OPERATIONS

The Company recorded a net loss of $6,639,309 ($0.04 per share) for the year ended February 28, 2022 as compared to a net loss of $4,910,205 ($0.04 per share) for the year ended February 28, 2021.

During the year ended February 28, 2022, the Company recorded revenues from its Live Streaming Service of $36,471,718 while incurring direct costs of $34,271,148, excluding depreciation and amortization, generating a difference of $2,200,570 and a margin of 6.0%. The revenues increased 71% from the 2021 revenues of $21,290,903. During the year ended February 28, 2022, the Company significantly increased its revenues from its Live Streaming Service as it expanded its operations and grew its user base. The Company's performance is affected by the rapidly growing live streaming trend especially during the pandemic, as it allowed people to shop online and gain interactive and immersive experiences amid lockdowns. However, with in-person activities being resumed and travel restrictions being lifted, the impact to the livestreaming industry is uncertain at this stage. The Company also recognized revenue from cryptocurrency mining of $2,983,693 while incurring direct costs of $1,059,571, excluding depreciation and amortization, resulting in $1,924,122 from its mining assets as a result of the acquisition of CPal.

Variances of note in administrative expenses are:

Bitcoin revaluation gain of $7,198 (2021 – loss of $90,505) was incurred as a result of the 2 bitcoins payable to a shareholder which shall be repaid in the form of bitcoins or cash equivalent to the value of bitcoin on the day of repayment.

Depreciation and amortization of $1,706,863 (2021 - $590,215) relates to the depreciation of property and equipment and amortization of software application and the Mining Assets. Depreciation and amortization expense increased, due to higher amortization taken on the software application as a result of the significant additions during the year ended February 28, 2021 and also due to the amortization on the Mining Assets as a result of the acquisition of CPal.

Marketing of $2,506,373 (2021 - $707,794) increased due to an effort to promote and market the Live Streaming Service.

Legal of $95,280 (2021 - $42,628) increased as the Company has expanded its operations and therefore required more legal services.

Office and miscellaneous of $764,820 (2021 - $739,618) increased as the Company has expanded its operations to accommodate the growth in the Live Streaming Service.

Transfer agent and filing fees of $70,643 (2021 - $39,675) increased as a result of the costs incurred for the Annual General Meeting.

Salaries and benefits of $1,056,133 (2021 – $722,413) increased during the year ended February 28, 2022 compared with 2021, due to higher costs in relation to the Live Streaming Service.

Share-based payments of $2,214,029 (2021 – $2,361,932) was incurred as a result of the fair value of the 5,800,000 stock options granted during the year ended February 28, 2022.

Shareholder communications of $398,597 (2021 - $37,288) increased as a result of the costs incurred for increased investor relations activities and advisory services.

QUARTERLY FINANCIAL REVIEW

The following table sets forth selected financial information from the Company's unaudited quarterly financial statements for each of the eight most recently completed quarters. No cash dividends were declared in any of the reported periods.

	THREE MONTHS ENDED			
	Feb 28, 2022 $	**Nov 30, 2021 $**	**Aug 31, 2021 $**	**May 31, 2021 $**
Revenue	21,858,598	4,390,538	6,234,175	6,972,100
Direct costs	19,437,811	3,725,732	5,988,891	6,178,285
Total assets	17,697,107	17,734,499	17,981,042	19,107,461
Working capital (deficiency)	(1,065,049)	2,646,006	5,265,071	7,068,568
Net (loss) income	(4,298,248)	(257,695)	(2,243,493)	160,127
Net loss per share(1)	(0.03)	(0.00)	(0.01)	0.00

	THREE MONTHS ENDED			
	Feb 28, 2021 $	**Nov 30, 2020 $**	**Aug 31, 2020 $**	**May 31, 2020 $**
Revenues	12,550,692	4,449,799	3,058,879	1,231,533
Direct costs	10,925,894	3,936,828	2,884,468	1,220,529
Total assets	6,850,019	2,971,197	2,638,068	2,182,460
Working capital (deficiency)	620,342	(478,433)	(583,876)	(2,211,875)
Net loss	(3,318,065)	(828,595)	(352,545)	(411,000)
Net loss per share(1)	(0.02)	(0.01)	(0.00)	(0.01)

(1)The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants if any.

The Company's quarterly results have and will vary in relation to the underlying activities towards the execution of the Company's strategy. The Company has been generating revenues from its Live Streaming Service and incurring direct costs since May 2019, resulting in a gradual increase in revenues and costs during the subsequent quarters.

- Revenues and direct costs increased for the quarter ended August 31, 2020 as compared to May 31, 2020 due to Live Streaming Services and the working capital increased due to the completion of a private placement financing and debt settlement.

- Revenues and direct costs increased for the quarter ended November 30, 2020 as compared to August 31, 2020 due to Live Streaming Services. The Company realized a larger net loss due to increased salaries and bonuses paid during the quarter.

- Revenues and direct costs significantly increased for the quarter ended February 28, 2021 as compared to November 30, 2020 due to Live Streaming Services and the inclusion of revenue generated overseas from a restatement of financial information. Assets increased due to the completion of a private placement financing. The Company also realized an increase in the net loss which was primarily due to $1,452,500 in share-based payments for accounting for a portion of the shares contingently issuable upon achievement of the Vortex milestones.

- Revenues and direct costs decreased for the quarter ended May 30, 2021 as compared to February 28, 2021 due to the recognition of certain revenues from a restatement of financial information for the 2021 year end. Assets increased due to the completion of a private placement financing and acquisition of CPal. The Company also realized net income due to its Live Streaming services and mining from cryptocurrencies.

- Revenues and direct costs increased for the quarter ended August 31, 2021 as compared to May 31, 2021 due to Live Streaming Services. Assets and working capital decreased due to the Company's increased expenditures in marketing and promotional activities.

- Revenues and direct costs decreased for the quarter ended November 30, 2021 as compared to August 31, 2021 due to lower revenue generated from Live Streaming Services.

- Revenues and direct costs significant increased for the quarter ended February 28, 2022 as compared to November 30, 2021 due to the inclusion of revenue generated overseas that was not included in previous quarters.

FOURTH QUARTER

The Company recorded a net loss of $4,298,248 ($0.03 per share) for the quarter ended February 28, 2022 which was higher than the net loss of $3,318,065 ($0.02 per share) for the quarter ended February 28, 2021. This was primarily a result of $496,665 in gross profit during the quarter ended February 28, 2022 compared to $1,624,798 for the same quarter in 2021, offset by $618,278 in share-based payments for the 2,800,000 stock options granted during the quarter ended February 28, 2022 compared to $1,452,500 for the same quarter in 2021.

FINANCING ACTIVITIES

During the year ended February 29, 2020, the Company received a total of $44,291 from Kean Li Wong, Interim CEO, and a company controlled by Kean Li Wong, which was non-interest bearing, due on demand, unsecured and had no maturity date. $7,678 of the loan was repaid in cash and the remaining balance of $36,613 was settled with shares at a price of $0.06 per share during the year ended February 28, 2021. During the year ended February 28, 2021, the Company received another $20,605 from Kean Li Wong, which was then settled with shares at a price of $0.06 per share for $74,861, resulting in a receivable of $54,256 due from Kean Li Wong. During the year ended February 28, 2021, the Company received $6,806 from Kean Li Wong to pay down the receivable. During the year ended February 28, 2022, the Company advanced $6,060 to Kean Li Wong and the balance outstanding as at February 28, 2022 is $53,510 due from Kean Li Wong (2021 – $47,450).

On November 5, 2018, the Company entered into a loan agreement for $50,000, which was to mature on November 1, 2020 and had an interest rate of 6% per annum. The lender became a director of the Company on September 1, 2019, so the loan was reclassified from loan payable to due to related parties as at February 29, 2020. The principal plus accrued interest balance of $54,710 was settled in full with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021.

During the year ended February 28, 2019, the Company received a non-interest bearing loan of $1,000 from a director of the Company. The loan was due on demand, unsecured and had no maturity date. The loan was settled with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021. As at February 28, 2022, a balance of $nil (2021 - $45,000) was owing to this director who is also an officer of the Company representing the consulting fees accrued to him.

During the year ended February 28, 2019, the Company received advances totalling $228,572 from a shareholder of the Company. The proceeds were received in three different tranches of $6,000, HKD 740,000 and RMB 500,000. On June 1, 2019, the Company entered into a loan agreement with respect to these advances. The loan matured on June 1, 2020, was past due and had an interest rate of 6% per annum. During the years ended February 28, 2021 and February 29, 2020, the Company received additional advances of $166,708 and $548,696 respectively from the same shareholder, which are non-interest bearing, unsecured and due on demand. $343,640 of the loan was settled with shares at a price of $0.06 per share during the year ended February 28, 2021 and $468,036 of the loan was repaid in cash during the year ended February 28, 2022. The balance outstanding of $82,143 plus accrued interest of $28,637 as at February 28, 2022 is $110,780 (2021 – $578,816).

During the year ended February 28, 2019, the Company received $50,000 of proceeds from a shareholder of the Company in advance of a share issuance. $15,200 of the advance was settled with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 and the remaining balance of $34,800 was repaid in full during the year ended February 28, 2022. The balance outstanding as at February 28, 2022 is $nil (2021 – $34,800).

During the year ended February 29, 2020, the Company received additional non-interest bearing loans of $72,304 from two directors of the Company. The loans are due on demand, unsecured and have no maturity date. $57,630 of the loans was repaid in cash and $15,648 of the loans were settled with shares at a price of $0.06 per share during the year ended February 28, 2021. The balance outstanding as at February 28, 2022 is $728 (2021 – $710).

During the year ended February 29, 2020, the Company received a non-interest bearing loan of $140,000. The loan was due on demand, unsecured and had no maturity date. The loan of $140,000 was settled in full with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021.

On June 23, 2017, the Company entered into a promissory note agreement with a company owned by a shareholder for proceeds of $100,000, maturing on June 23, 2019. The promissory note was unsecured, bore an interest rate of 4% per annum calculated on the principal balance and on overdue interest, and was payable on the maturity date. The principal and interest balance of $111,756 was settled in full with shares at a price of $0.06 per share during the year ended February 28, 2021.

On February 9, 2021, the Company received an additional non-interest bearing loan of $10,000. The loan was due on demand, unsecured and had no maturity date. The loan was repaid during the year ended February 28, 2022 and the balance of the loan outstanding as at February 28, 2022 is $nil (2021 – $10,000).

On June 25, 2020, the Company closed the first tranche of a private placement and debt settlement by issuing a total of 35,299,999 common shares at a price of $0.06 per share, consisting of 3,326,433 shares issued for cash of $199,586 and 31,973,566 shares issued for debt of $1,918,410.

On July 20, 2020, the Company closed the second and final tranche of a private placement and debt settlement by issuing a total of 6,666,666 common shares at a price of $0.06 per share for total proceeds of $400,000.

On November 16, 2020, the Company issued 23,940,000 common shares pursuant to the Vortex agreement as a result of meeting the milestone targets. The fair value of the common shares issued is determined to be $3,591,000 based on a price of $0.15 per share.

On December 1, 2020, the Company has completed a non-brokered private placement of 8,333,332 units at a price of $0.12 per unit for gross proceeds of $1,000,000 ($300,000 of which was deemed to be uncollectible as at February 28, 2022 and is presented as a reduction of contributed surplus as at February 28, 2022). Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.25 per share for a period of 2 years from the date of issue.

On February 23, 2021, the Company has completed a non-brokered private placement of 5,000,000 units at a price of $0.40 per unit for gross proceeds of $2,000,000 ($1,202,598 of which was received on March 1, 2021 and was included in the receivable balance as at February 28, 2021). Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.60 per share for a period of 2 years from the date of issue.

On February 26, 2021, the Company issued 535,714 shares in connection of conversion of $75,000 in convertible notes at a price of $0.14 per share.

During the year ended February 28, 2021, the Company issued 693,500 common shares pursuant to exercise of stock options for total gross proceeds of $92,195. A value of $103,040 was transferred from contributed surplus to share capital as a result.

During the year ended February 28, 2021, the Company issued 334,782 common shares pursuant to exercise of warrants for total gross proceeds of $38,500.

On March 8, 2021, the Company issued 442,364 units in connection with conversion of $61,932 of the principal of convertible notes at a price of $0.14 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share at an exercise price of $0.14 for a period of five years from the date of issue.

On May 12, 2021, the Company closed a brokered private placement (the "Offering") of subscription receipts (the "Subscription Receipts") with Canaccord Genuity Corp. (the "Agent"). Pursuant to the Offering, the Company sold 5,800,000 Subscription Receipts, at a price of $1.25 per Subscription Receipt (the "Offering Price"), for aggregate gross proceeds of $7,250,000.

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") among the Company, the Agent and Computershare Trust Company of Canada. Pursuant to the Subscription Receipt Agreement, the gross proceeds from the Offering (less 50% of the Agent's cash commission and all of the Agent's estimated expenses) (the "Escrowed Funds") were placed in escrow pending satisfaction of certain escrow release conditions (the "Escrow Release Conditions"), which included all conditions precedent to the completion of the Transaction with Yitang. On May 25, 2021, upon satisfaction of the Escrow Release Conditions, the Escrowed Funds, together with the interest earned thereon, have been released to the Company and each Subscription Receipt was exercised into one unit of the Company. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will be exercisable to acquire one common share of the Company at a price of $2.00 for a period of two years after the satisfaction of the Escrow Release Conditions.

As consideration for the services provided by the Agent in connection with the Offering, the Agent received (i) a cash commission of $396,603, (ii) a fiscal advisory fee of $110,897, and (iii) a cash fee equal to $200,000, which was paid one-half in cash and one-half in common shares at the

Offering Price (80,000 common shares). As additional consideration, the Agent has been issued 406,000 warrants (the "Broker Warrants"). Each Broker Warrant will be exercisable to acquire one common share at a price of $1.25 for a period of two years after the satisfaction of the Escrow Release Conditions. The Company also incurred share issue costs of $431,164 consisted of legal fees and filing fees.

On May 25, 2021, the Company issued 1,800,000 units of the Company pursuant to the acquisition of CPal. The fair value of the 1,800,000 units was determined to be $2,250,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share at an exercise price of $2.00 for a period of two years from the date of issue.

On September 13, 2021, the Company issued 200,000 shares pursuant to the terms of the letter agreement to retain a firm that provides general advisory and investment banking services. The fair value of shares issued was determined to be $134,000.

During the year ended February 28, 2022, the Company issued 366,150 common shares pursuant to exercise of stock options for total gross proceeds of $36,615. A value of $31,534 was transferred from contributed surplus to share capital as a result.

During the year ended February 28, 2022, the Company issued 4,176,025 common shares pursuant to exercise of warrants for total gross proceeds of $994,644.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating working capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements imposed by a regulator.

As at February 28, 2022, the Company held cash of $2,194,137 and had a working capital deficiency of $1,065,049. During the year ended February 28, 2022, net cash used in operating activities was $1,083,310. Net cash provided by financing activities consisted of repayments to related parties of $772,484, proceeds from issuance of shares of $6,311,336, proceeds from exercise of stock options of $36,615, proceeds from exercise of warrants of $994,644, repayment of loan payable of $10,000 and lease payments of $46,066. The Company also purchased property and equipment of $26,220, incurred $353,693 of software development costs, $1,500,000 for the acquisition of CPal and $1,901,551 of purchase mining assets as part of investing activities, and advanced $300,000 for investment in an associate. The Company needs to complete additional financings in order to maintain its current activity levels and to fund ongoing operations. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the future.

The Company's consolidated financial statements have been prepared on the going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at February 28, 2022, the Company had not yet achieved profitable operations and had an accumulated deficit of $27,581,599 since inception.

Historically the Company has financed its operations primarily through equity issuances and occasionally through loans from shareholders. In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business and continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. As a result there is significant doubt about the Company's ability to continue as a going concern. In assessing whether the going concern assumption was appropriate, management took into account all relevant information available about the future, which was at least, but not limited to the twelve months following February 28, 2022.

The Company has started generating revenues from its Live Streaming Service during the quarter ended May 31, 2019, but in order to generate higher revenues, management believes that the Company needs to reach a higher threshold level of users for its apps.

The Company is also exploring financing alternatives in order to provide additional capital.

These plans are expected to generate sufficient liquidity to finance operations within the next fiscal year until the Company can generate higher revenues to cover its operating and overhead costs. The Company believes that based on the financial strength of its existing shareholder base and previous success in raising capital, any shortfall in its operating plan will be met through one or more of the above strategies.

CAPITAL EXPENDITURES

The Company incurred software development costs of $353,693 (2021 - $198,210), purchases of property and equipment of $26,220 (2021 – $142,548) , $1,500,000 for the acquisition of Cpal and $1,901,551 purchase of mining assets during the year ended February 28, 2022. The Company does not currently have any capital expenditure commitments.

RELATED PARTY TRANSACTIONS

The Company's related parties consist of the Company's directors, officers and companies associated with them. The Company incurred charges to directors and officers, or to companies associated with these individuals during the years ended February 28, 2022 and 2021:

	2022 **$**	**2021** **$**
Management fees (1)	112,752	141,638
Salaries and benefits (2)	122,954	66,243
Share-based payment	567,051	563,810
	802,757	771,691

(1) The charges include management fees paid to Kean Li Wong, Interim CEO, and Gunther Roehlig, director and CFO.

(2) The charges include salaries and benefits paid to Zhou Gang and Chai Jun, directors of the Company.

Accounts payable and accrued liabilities at February 28, 2022 includes $nil due to related parties (2021 – $1,474 due to a director who is also the CFO of the Company). Receivables at February 28, 2021 included $66,640 from a corporation controlled by the interim CEO of the Company, of which $50,960 has been repaid during the year ended February 28, 2022 and the remaining $15,680 has been allocated to due from related parties as at February 28, 2022.

Key management of the Company includes the President, Interim CEO, the current CFO and the Directors. During the year ended February 28, 2022, compensation paid to key management consisted of management fees of $97,752 (2021 - $81,638) paid to the Interim CEO, management fees of $15,000 (2021 – $60,000) paid to a director and CFO, salaries and benefits of $122,954 (2021 – $66,243) paid to two directors of the Company, and the share based compensation of $567,051 (2021 - $563,810) to the key management.

During the year ended February 29, 2020, the Company received a total of $44,291 from Kean Li Wong, Interim CEO, and a company controlled by Kean Li Wong, which was non-interest bearing, due on demand, unsecured and had no maturity date. $7,678 of the loan was repaid in cash and the remaining balance of $36,613 was settled with shares at a price of $0.06 per share during the year ended February 28, 2021. During the year ended February 28, 2021, the Company received another $20,605 from Kean Li Wong, which was then settled with shares at a price of $0.06 per share for $74,861, resulting in a receivable of $54,256 due from Kean Li Wong. During the year ended February 28, 2021, the Company received $6,806 from Kean Li Wong to pay down the receivable. During the year ended February 28, 2022, the Company advanced $6,060 to Kean Li Wong and the balance outstanding as at February 28, 2022 is $53,510 due from Kean Li Wong (2021 – $47,450).

On November 5, 2018, the Company entered into a loan agreement for $50,000, which was to mature on November 1, 2020 and had an interest rate of 6% per annum. The lender became a director of the Company on September 1, 2019, so the loan was reclassified from loan payable to due to related parties as at February 29, 2020. The principal plus accrued interest balance of $54,710 was settled in full with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021.

During the year ended February 28, 2019, the Company received a non-interest bearing loan of $1,000 from a director of the Company. The loan was due on demand, unsecured and had no maturity date. The loan was settled with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021. As at February 28, 2022, a balance of $nil (2021 - $45,000) was owing to this director who is also an officer of the Company representing the consulting fees accrued to him.

During the year ended February 28, 2019, the Company received advances totalling $228,572 from a shareholder of the Company. The proceeds were received in three different tranches of $6,000, HKD 740,000 and RMB 500,000. On June 1, 2019, the Company entered into a loan agreement with respect to these advances. The loan matured on June 1, 2020, was past due and had an interest rate of 6% per annum. During the years ended February 28, 2021 and February 29, 2020, the Company received additional advances of $166,708 and $548,696 respectively from the same shareholder, which are non-interest bearing, unsecured and due on demand. $343,640 of the loan was settled with shares at a price of $0.06 per share during the year ended February 28, 2021 and $468,036 of the loan was repaid in cash during the year ended February 28, 2022. The balance outstanding of $82,143 plus accrued interest of $28,637 as at February 28, 2022 is $110,780 (2021 – $578,816).

During the year ended February 28, 2019, the Company received $50,000 of proceeds from a shareholder of the Company in advance of a share issuance. $15,200 of the advance was settled with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 and the remaining balance of $34,800 was repaid in full during the year ended February 28, 2022. The balance outstanding as at February 28, 2022 is $nil (2021 – $34,800).

During the year ended February 28, 2019, the Company also received 2 bitcoins from a shareholder which were awarded to the users as a marketing expense. The fair value of the bitcoin liability as at February 28, 2022 is $110,000 (2021 – $114,401), with change in fair value from initial recognition recognized in statements of loss and comprehensive loss. The outstanding balance shall be repaid in the form of bitcoins or cash equivalent to the value of bitcoin on the day of repayment. The balance is due on demand and is non-interest bearing.

During the year ended February 29, 2020, the Company received additional non-interest bearing loans of $72,304 from two directors of the Company. The loans are due on demand, unsecured and have no maturity date. $57,630 of the loans was repaid in cash and $15,648 of the loans were settled with shares at a price of $0.06 per share during the year ended February 28, 2021. The balance outstanding as at February 28, 2022 is $728 (2021 – $710).

On June 23, 2017, the Company entered into a promissory note agreement with a company owned by a shareholder for proceeds of $100,000, maturing on June 23, 2019. The promissory note was unsecured, bore an interest rate of 4% per annum calculated on the principal balance and on overdue interest, and was payable on the maturity date. The principal and interest balance of $111,756 was settled in full with shares at a price of $0.06 per share during the year ended February 28, 2021.

On September 15, 2021, the Company has signed a Cooperation Agreement with LPA where the Company will be licensed, on a non-exclusive worldwide basis, to freely use LPA's innovative "Infinity Language" language learning system throughout the Company's product and service offerings, and in particular, in its Language Pal app. LPA is a related party of the Company, as it is owned and controlled by the CEO of the Company. Pursuant to the agreement, the Company has also acquired a 15% equity interest in LPA for $300,000. During the year ended February 28, 2022, the Company advanced $221,134 to LPA.

On May 25, 2021, the Company entered into a definitive purchase agreement with a company controlled by Shanghai Yitang Data Technology Co. Ltd. ("Yitang"), under which the Company acquired an initial 51% interest in Crypto Pal, with an option to increase such interest to 100% (the "Transaction"). The consideration for the Transaction Is $1,500,000 payable in cash and 1,800,000 units of the Company valued at $2,250,000. For a period of two years following the completion of the Transaction, the Company will have the option to acquire the remaining 49% interest in Crypto Pal (for a total interest of 100%) for an additional payment, as to half in cash and half in common shares, where the valuation of the Mining Assets is dependent on their net profit over a 12-month period immediately preceding the date on which this option is exercised, multiplied by a formulated multiplier.

The mining assets, which generate cryptocurrency mining revenue, are managed by Yitang, which is a related party of the Company by virtue of a common shareholder. The net assets acquired from the Transaction was $7,432,344 as at the acquisition date. The Company subsequently sold 12,500 of the L3+ mining rigs acquired from the Transaction for a consideration of $7,991,202, which was used to purchase new L7 mining rigs from Yimao Technology (HK) Limited. ("Yimao"), which is a related party of the Company by virtue of a common shareholder. The total cost of the new L7 mining rigs was $11,592,948, of which $9,691,398 settled was by USDT.

The Company has also entered into the Guaranteed Services Agreement with Yitang to ensure that its Mining Assets are hosted across multiple locations so as to ensure diversification of risk. During the years ended February 28, 2022 and 2021, all cryptocurrency mining revenue earned and costs of revenue incurred were through the management service provided by Yitang under the Guaranteed Service Agreement.

Other than as reflected above, there were no other transactions with key management, or compensation paid or payable for their services.

OFF-BALANCE SHEET ARRANGEMENTS
The Company has not entered into any off-balance sheet arrangements.

SUBSEQUENT EVENT
On July 13, 2022, the Company cancelled an aggregate of 3,000,000 stock options ("Cancelled Options") with an exercise price of $0.75. The Cancelled Options were previously held by certain directors and consultants of the Company.

CAPITALIZATION

a) Authorized
Unlimited common shares without par value

b) Issued and outstanding at June 19, 2023:
166,653,623 common shares

c) Outstanding warrants and options:

Type of security	Number	Exercise Price	Expiry date
Share purchase warrants	652,053	$ 0.14	February 26, 2026
Stock options	6,591,500	$ 0.10	October 16, 2025
Stock options	3,661,850	$ 0.10	November 9, 2025
Stock options	2,800,000	$ 0.25	February 4, 2027

OUTLOOK
During the 2019 fiscal year the Company introduced an incentives-based rewards platform which the Company expects to cause users to be more incentivized to help each other across all of the Company's apps, as well as pave the way for gradual monetization of its user base.

With the launch of the Livestreaming Service through the release of version 6.0 of the Hello Pal Platform, the Company has transformed the Hello Pal Platform into a livestreaming platform where users are now able to broadcast themselves live to other users, receive virtual gifts from viewers, and even redeem the gifts for cash. The Company will monitor user behavior patterns and gauge feedback as it prepares for the second phase full launch which will expand the Live Streaming Service worldwide, as well as add further features to enhance the livestreaming experience. The launch of the livestreaming service also marks the Company's first step in creating a steady revenue stream, with further efforts to monetize the userbase to come.

DISCLOSURE CONTROLS AND PROCEDURES
Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods

specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year ended February 28, 2022 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

RISKS FACTORS

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this document, before making any decision to invest in the Company. The directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the directors may also have an adverse effect on the Company's business.

The Company Operates at a Net Loss

Although the Company earns revenues, the Company's operates, on a consolidated basis, at a net loss. The Company's business operations will be largely dependent upon its ability to increase sales in order to cover its ongoing operating expenses. There is no assurance that the Company will increase its sales resulting in it to operate at a profit.

Liquidity and Future Financing Risk

Although the Company has sufficient financial resources to carry out its business objectives, the Company may require additional financing to carry out additional growth and expansion. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to the Company's management. If additional financing is raised by issuing shares of the Company, control may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan.

Going-Concern Risk

The financial statements of the Company have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the achievement of on-going profitable operations. There can be no assurances that the Company will be successful in continuing to achieve profitability.

Speculative Nature of Investment Risk

An investment in the Company's common shares carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has limited cash reserves. The Company's revenue from operations may not mitigate the risks associated with the Company's planned activities.

Limited History

The Company’s limited operating history makes it difficult to evaluate its business and prospects and may increase the risks associated with your investment. Although the Company believes the Hello Pal Platform will generate revenues and experience revenue growth, it may not be able to reach the expected rate of growth. The Company has encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly developing and changing industries, including challenges related to recruiting, integrating and retaining qualified employees; making effective use of its limited resources; achieving market acceptance of its existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining clients and advertisers and mobile advertising customers; and developing new solutions. There is no assurance that the Company will be successful in generating revenues and/or experiencing revenue growth.

Failure to Innovate

The Company’s success depends upon its ability to design, develop, test, market, license and support new software products and enhancements of current products on a timely basis in response to both competitive threats and marketplace demands. In addition, software products and enhancements must remain compatible with the other software products and systems used by its customers. Often, the Company must integrate software licensed or acquired from third parties with its proprietary software to create or improve its products. If the Company is unable to successfully integrate third party software to develop new software products and enhancements to existing products, or to complete products currently under development, its operating results will materially suffer. In addition, if the integrated or new products or enhancements do not achieve acceptance by the marketplace, the Company’s operating results will materially suffer. Also, if new industry standards emerge that the Company does not anticipate or adapt to, its software products could be rendered obsolete and, as a result, its business and operating results, as well as its ability to compete in the marketplace, would be materially harmed.

Failure to Protect its Intellectual Property

Failure to protect the Company’s intellectual property could harm its ability to compete effectively. The Company is highly dependent on its ability to protect its proprietary technology. The Company intends to rely on a combination of copyright, trademark and trade secret laws, as well as non-disclosure agreements and other contractual provisions to establish and maintain its proprietary rights. The Company intends to protect its rights vigorously. However, there can be no assurance that these measures will, in all cases, be successful. Enforcement of the Company’s intellectual property rights may be difficult, particularly in some nations outside of North America in which the Company may seek to market its products. While U.S. and Canadian copyright laws, international conventions and international treaties may provide meaningful protection against unauthorized duplication of software, the laws of some foreign jurisdictions may not protect proprietary rights to the same extent as the laws of Canada or of the United States. The absence of internationally harmonized intellectual property laws makes it more difficult to ensure consistent protection of the Company’s proprietary rights. Software piracy has been, and is expected to be, a persistent problem for the software industry, and piracy of the Company’s products represents a loss of revenue to the Company. Despite the precautions the Company may take, unauthorized third parties, including its competitors, may be able to: (i) copy certain portions of its products; or (ii) reverse engineer or obtain and use information that the Company regards as proprietary. Also, the Company’s competitors could independently develop technologies that are perceived to be substantially equivalent or superior to the Company’s technologies. The Company’s competitive position may be materially adversely affected by its possible inability to effectively protect its intellectual property.

Intellectual Property Infringement

Other companies may claim that the Company has infringed their intellectual property, which could materially increase costs and materially harm the Company’s ability to generate future revenue and profits. Claims of infringement are becoming increasingly common as the software industry develops and as related legal protections, including patents are applied to software products. Although the Company does not believe that its products infringe on the rights of third parties, third parties may assert infringement claims against the Company in the future. Although some of the Company’s technology is proprietary in nature, the Company does include significant amounts of third party software in its products. In these cases, this software is licensed from the entity holding the intellectual property rights. Although the Company believes that it has secured proper licenses for all third-party software that is integrated into its products, third parties may assert infringement claims against the Company in the future. Any such assertion may result in litigation or may require the Company to obtain a license for the intellectual property rights of third parties. Such licenses may not be available, or they may not be available on reasonable terms. In addition, such litigation could be disruptive to the Company’s ability to generate revenue or enter into new market opportunities and may result in significantly increased costs as a result of the Company’s efforts to defend against those claims or its attempt to license the patents or rework its products to ensure they comply with judicial decisions. Any of the foregoing could have a significant adverse impact on the Company’s business and operating results as well as its ability to generate future revenue and profits. The loss of licenses to use third-party software or the lack of support or enhancement of such software could materially adversely affect the Company’s business. The Company could also be forced to do one or more of the following: (i) stop selling, incorporating or using its products that use the challenged intellectual property; (ii) obtain from the owner of the infringed intellectual property right a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all; (iii) redesign those products that use allegedly infringing technology which may be costly or time-consuming; or (iv) refund license fees and other amounts received, and make payments of additional amounts in damages or settlement payments, for allegedly infringing technology or products.

Reliance on Third Party Software

The Company currently depends upon third-party software products to develop its products. If in future such reliance existed and the software products were not available, the Company might experience delays or increased costs in the development of its products. The Company currently relies on software products that it licenses from third-parties. Should the software licenses not continue to be available to the Company, and the related software may not continue to be appropriately supported, maintained, or enhanced by the licensors, the loss by the Company of the license to use, or the inability by licensors to support, maintain, and enhance any of such software, could result in increased costs or in delays in the operation of its platform until equivalent software is developed or licensed and integrated with internally developed software. Such increased costs or delays or reductions in product shipments could materially adversely affect its business. The loss of the Company's rights to use software licensed to it by third parties could increase its operating expenses by forcing the Company to seek alternative technology and materially adversely affect its ability to compete. In addition, the Company's web-based software applications depend on the stability, functionality and scalability of the underlying infrastructure software including application servers, databases, java platform software and operating systems produced by IBM, Microsoft and others. If weaknesses in such infrastructure software exist, the Company may not be able to correct or compensate for such weaknesses. If the Company is unable to address weaknesses resulting from problems in the infrastructure software such that its products do not meet customer needs or expectations, its reputation, and consequently, its business may be significantly harmed.

Regulatory Risks

The activities of the Company will be subject to regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Disruption of its Information Technology Systems

The Company relies on information technology in virtually all aspects of our business. A significant disruption or failure of our information technology systems could result in service interruptions, safety failures, security violations, regulatory compliance failures, and inability to protect information and assets against intruders, and other operational difficulties. Attacks perpetrated against its information systems could result in loss of assets and critical information and exposes us to remediation costs and reputational damage. Although the Company has taken steps intended to mitigate these risks, including business continuity planning, disaster recovery planning and business impact analysis, a significant disruption or cyber intrusion could lead to misappropriation of assets or data corruption and could adversely affect its results of operations, financial condition and liquidity. Additionally, if the Company is unable to acquire or implement new technology, it may suffer a competitive disadvantage, which could also have an adverse effect on its results of operations, financial condition and liquidity.

Cyber-attacks could further adversely affect the Company's ability to operate facilities, information technology and business systems, or compromise confidential customer and employee information. Political, economic, social or financial market instability or damage to or interference with the Company's operations, assets, customers, partners or suppliers may result in business interruptions, lost revenue, higher commodity prices, disruption in supplies chains, lower energy consumption, unstable markets, increased security costs, repair costs or other costs, any of which may materially affect the Company's consolidated financial results. Furthermore, instability in the financial markets as a result of terrorism, sustained or significant cyber-attacks, or war could also materially adversely affect the Company's ability to raise capital.

Cryptocurrency Inventory May be Exposed to Cybersecurity Threats and Hacks

As with any other computer code, flaws in the cryptocurrency codes have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have been relatively rare, but have occurred.

Currently the Company does not carry insurance against cyber-theft or hacking attacks. The Company has no immediate plans to obtain such a policy. If the Company continues its business without insurance and a hacker accesses the Company's sensitive information or steals the Company's cryptocurrencies, the business of the Company may fail.

Volatilities in Cryptocurrency Prices

The markets for cryptocurrencies have experienced much larger fluctuations than other security markets. There can be no assurances that cryptocurrency prices will not be subject to erratic swings in the future, which could be related not only to improper payment activities involving cryptocurrency but also regulations by law makers in various countries. Furthermore, cryptocurrencies have not been widely adopted as a means of payments for goods and services by the majority of retail and commercial outlets. On the other hand, a significant portion of the demands for cryptocurrency is generated by investors and speculators focusing on generating profits by buying and holding cryptocurrency which might create limitations on the availability of cryptocurrencies to pay for goods and services resulting in increased volatility of cryptocurrency which could adversely impact an investment in the Company.

The Value of Cryptocurrencies May be Subject to Momentum Pricing Risk

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of the Company.

Cryptocurrency Exchanges May be More Exposed to Fraud and Failure
To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices, which could adversely affect the value of any cryptocurrencies mined by the Company.

Scarce Mining Equipment Supply and Obsolescence

To remain competitive, the Company will continue to invest in hardware and equipment needed for maintaining the Company's mining activities. Should competitors introduce new services/software embodying new technologies, the Company recognizes its hardware and equipment and its underlying technology may become obsolete and require substantial capital to replace such equipment. The increase in interest and demand for cryptocurrencies has led to a shortage of mining hardware as the equipment is usable at a consumer or industrial level.

Equipment will require replacement from time to time. Shortages of graphics processing units may lead to unnecessary downtime as the Company searches for replacement equipment.

Diminishing Block Rewards For Cryptocurrency Miners

As the number of coins awarded for solving a block in the Blockchain decreases, the incentive for miners to continue to contribute processing power to the network will transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the Blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for the relevant coins and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of the relevant cryptocurrency that could adversely impact the Company's profitability.

Banks May Not Provide Banking Services, or May Cut Off Banking Services, to Businesses that Provide Cryptocurrency-Related Services or That Accept Cryptocurrencies as Payment

A number of companies that provide cryptocurrency-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing cryptocurrency-related services. This could decrease the market prices of cryptocurrencies thereby adversely affect the Company's shareholders.

The Impact of Geopolitical Events on the Supply and Demand for Cryptocurrencies is Uncertain

Crises may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of any future holdings of cryptocurrencies, and thereby adversely affect the Company's shareholders.

As an alternative to fiat currencies that are backed by central governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect the Company's investments and profitability.

The Further Development and Acceptance of the Cryptographic and Algorithmic Protocols Governing the Issuance of and Transactions in Cryptocurrencies is Subject to a Variety of Factors That Are Difficult to Evaluate

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing, or stopping of the development or acceptance of developing protocols may adversely affect the value of certain cryptocurrencies and thereby adversely affect the Company's shareholders.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful with development of its business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, or may not be able to develop its business at all. Content posted on Hello Pal Platform may be found objectionable by PRC regulatory authorities. The PRC government has adopted regulations governing internet and wireless access and the distribution of information over the internet and wireless telecommunications networks. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet or wireless networks content that, among other things, violates the principle of the PRC constitution, laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, fraudulent or defamatory. Furthermore, internet content providers are also prohibited from displaying content that may be deemed by relevant government authorities as instigating ethnical hatred and harming ethnical unity, harming the national religious policy, "socially destabilizing" or leaking "state secrets" of the PRC. Failure to comply with these requirements may result in the revocation of licenses to provide internet content or other licenses, the closure of the concerned platforms and reputational harm. The operator may also be held liable for any censored information displayed on or linked to their platform.

The Company may also be subject to potential liability for any unlawful actions by its users on the Hello Pal Platform. It may be difficult to determine the type of content or actions that may result in liability to the Company and, if the Company is found to be liable, it may be prevented from operating our business in China. Even if the Company manages to identify and remove offensive content, it may still be held liable.

User misconduct and misuse of our platform

The Hello Pal Platform allows mobile users to freely contact and communicate with people nearby, and our live video service allows users to host and view live shows. Because the Company does not have full control over how and what users will use the platform to communicate, the platform may be misused by individuals or groups of individuals to engage in immoral, disrespectful, fraudulent or illegal activities.

The Company has implemented control procedures to detect and block illegal or inappropriate content and illegal or fraudulent activities conducted through the misuse of the platform, but such procedures may not prevent all such content from being broadcasted or posted or activities from being carried out. Moreover, as the Company has limited control over real-time and offline behaviors of the Company's users, to the extent such behaviors are associated with the platform, the ability to protect our brand image and reputation may be limited. Our business and the public perception of our brand may be materially and adversely affected by misuse of our platform. In addition, if any of the Hello Pal Platform's users suffers or alleges to have suffered physical, financial or emotional harm following contact initiated on our platform, the Company may face civil lawsuits or other liabilities initiated by the affected user, or governmental or regulatory actions against it.

Limited Number of Products

The Company is reliant on the development, marketing and use of the Hello Pal Platform. If it does not achieve sufficient market acceptance, it will be difficult for the Company to achieve consistent profitability.

Obsolescence

Maintaining a competitive position requires constant growth, development and strategic marketing and planning. If the Company is unable to maintain a technological advantage, the Company's ability to grow its business will be adversely affected and its products may become obsolete compared with other technologies.

Competitive Factors

The industries the Company serves and compete in are highly competitive and competition is expected to continue in the future. Many of our competitors have longer operating histories and greater financial, technical and marketing resources, and such competitors could materially and adversely affect the Company's business, financial performance and financial condition.

Defective Software

The Company's software may contain undetected errors, defects or bugs. Although the Company has not suffered significant harm from any errors, defects or bugs to date, the Company may discover significant errors, defects or bugs in the future that it may not be able to correct or correct in a timely manner. It is possible that errors, defects or bugs will be found in the Company's software products and related services with the possible results of delays in, or loss of market acceptance of, the Company's products and services, diversion of its resources, injury to its reputation, increased service and warranty expenses and payment of damages.

Cyber Security

The Company will strive to meet industry information security standards relevant to its business. The Company will regularly perform vulnerability assessments, remediate vulnerabilities, review log/access, perform system maintenance, manage network perimeter protection and implement and manage disaster recovery testing.

A cyber-attack that breaches the Company's external perimeter may lead to a material disruption of its core business systems and/or lead to the loss or corruption of confidential business information that could result in an adverse business impact, as well as, possible damage to the Company's brand. This could also lead to a public disclosure or theft of private intellectual property and a possible loss of customer confidence.

If the Company's core business operations were to be breached, this could affect the confidentiality, integrity and availability of the Company's systems and data. While the Company continues to For the nine months ended perform security due diligence, there is always the possibility of a significant breach effecting the confidentiality, integrity and availability of its systems and/or data.

Failure of Information Technology System

The Company's operations could suffer as a result of a failure of its information technology system. The Company's business will be dependent upon an information technology infrastructure to effectively manage and operate several key business functions, including order processing, customer service, installation and payments. These systems and operations are vulnerable to damage and interruption from fires, earthquakes, telecommunications failures, and other events. They are also subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any such errors or inadequacies in the software that may be encountered could adversely affect operations, and such errors may be expensive or difficult to correct in a timely manner.

Absence of Cash Dividends

To date, the Company has not paid any cash dividends on its Common Shares and it does not anticipate the payment of any dividends on its Common Shares in the foreseeable future.

Change in Law, Regulations and Guidelines

The Company's businesses are subject to particular laws, regulations, and guidelines. Although the Company intends to comply with all laws and regulations, there is no guarantee that the governing laws and regulations will not change which will be outside of the Company's control.

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Conflicts of Interest Risk

Certain of the Company's directors and officers are also involved as advisors for other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with the British Columbia *Business Corporations Act* ("BCBCA"), directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Market Risk for Securities

The market price for the Company's shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's shares. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Global Economic Conditions

Current global economic conditions could have a negative effect on the Company's business and results of operations. Market disruptions have included extreme volatility in securities prices, as well as severely diminished liquidity and credit availability. The economic crisis may adversely affect the Company in a variety of ways. Access to lines of credit or the capital markets may be severely restricted, which may preclude the Company from raising funds required for operations and to fund continued development. It may be more difficult for the Company to complete strategic transactions with third parties. The financial and credit market turmoil could also negatively impact suppliers, customers and banks with whom the Company does business. Such developments could decrease the Company's ability to source, produce and distribute its products or obtain financing and could expose it to risk that one of its suppliers, customers or banks will be unable to meet their obligations under agreements with them.

Foreign Exchange Rates

The Company may conduct business with customers, distributors, suppliers, or other service providers in currencies other than Canadian Dollars and RMB. Therefore, the Company's business could be adversely affected by fluctuations in domestic or foreign currencies.

Smaller Companies

Market perception of smaller companies may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Common Shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares, results of operations, changes in earnings estimates or changes in general market, economic and political conditions.

OTHER INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.