CRYPTANITE BLOCKCHAIN TECHNOLOGIES CORP.
(Formerly Westbay Ventures Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

March 31, 2018

1.1 Date

This Management Discussion and Analysis ("MD&A") of Cryptanite Blockchain Technologies Corp. (formerly Westbay Ventures Inc.) (the "Company") has been prepared by management as of May 30, 2018 and should be read in conjunction with the condensed interim consolidation financial statement and related notes thereto for the three months ended March 31, 2018 and the audited financial statements and related notes thereto of the Company for the year ended December 31, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in United States ("US") dollars unless otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made and they involve a number of material risks and uncertainties. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

The Company has based the forward-looking statements largely on the Company's current expectations, estimates, assumptions, and projections about future events and financial and other trends that the Company believes, as of the date of such statements, may affect its business, financial condition and results of operations. Such expectations, estimates, assumptions, and projections, many of which are beyond the Company's control, include, but are not limited to: management's expectations regarding the future business, objectives and operations of the Company; the Company's anticipated cash needs and the need for additional financing; the Company's ability to successfully complete future financings; the acceptance by the marketplace of new technologies and solutions; the Company's expectations regarding its competitive position; the Company's expectations regarding regulatory developments and the impact of the regulatory environment in which the Company operates; the Company's ability to attract and retain qualified management personnel and key employees; and anticipated trends and challenges in the Company's business and the markets in which it operates. Assumptions underlying the Company's working capital requirements are based on management's experience with other public companies. Forward-looking statements pertaining to the Company's need for and ability to raise capital in the future are based on the projected costs of operating a cryptocurrency company and management's experience with raising funds in current market circumstances. Forward-looking statements regarding treatment by governmental authorities assumes no material change in regulations, policies, or the application of the same by such authorities. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements with the risks set forth.

1.2 Overall Performance

Cryptanite Blockchain Technologies Corp. (the "Company" or "Cryptanite", formerly Westbay Ventures Inc.) was incorporated on June 24, 1986 under the laws of British Columbia.

On March 7, 2018, the Company completed a reverse takeover transaction (the "RTO"), which was effected pursuant to a merger agreement between Westbay Ventures Inc. and ChargaCard Inc. ("ChargaCard") , a private corporation existing under the laws of Delaware with its head office in Boulder, Colorado. As part of the transaction, the Company voluntarily delisted its common shares from the TSX Venture Exchange ("TSX-V") effective February

28, 2018, changed its name to Cryptanite Blockchain Technologies Corp. and commenced trading its shares on the Canadian Securities Exchange ("CSE") on March 12, 2018, under the symbol NITE.

Pursuant to the RTO, the Company issued an aggregate of 39,558,733 common shares of the Company in exchange for all of the issued and outstanding shares of ChargaCard and 2,000,000 share purchase warrants to warrant holders of ChargaCard. Upon closing of the transaction, the shareholders of ChargaCard owned 70% of the common shares of the Company and, as a result, the transaction is considered a reverse acquisition of the Company by ChargaCard. The Company changed its year end from May 31st to December 31st in order to align the fiscal year periods to that of ChargaCard.

In conjunction with the RTO, the Company raised capital through an equity financing consisting of 8,189,442 common shares of the Company at a price of CAD$0.45 per share for gross proceeds of CAD$3,685,249.

General Description of the Business

The Company is in the business of offering its clients a full-service blockchain and cryptocurrency payment processing technology with end-to-end payment solutions and software system for recurring billing, client-to-client financing by allowing customers to pay for goods and services in monthly installments.

Products

Cryptanite's platform currently offers six innovative products designed to leverage blockchain technologies:

Cryptanite Mobile App

The Cryptanite mobile app is a mega-app ecosystem featuring apps within an app and allowing users buy, store, invest and spend cryptocurrencies as well as access experts and chat with the Cryptanite blockchain community — all through one simple app. The app is available in the Apple and Google Play stores. The apps within the Cryptanite mega-app include the follow applications:

App.1: Cryptanite Wallet

The Cryptanite Wallet is one of several apps within the Cryptanite mega-app ecosystem. The Wallet makes it easy for users to invest in diversified baskets of top performing cryptocurrencies. Benefits include low transaction fees, cool UX and easy account set up. The Cryptanite Wallet includes a variety of pre-configured baskets for cryptocurrency buyers and investors such as HODL, HOOD and BASE, as well as the option to create customized baskets of up to five cryptocurrencies. The Wallet is designed to provide a secure, easy-to-use and frictionless process to buy, invest and store a diversified collection of more than 20 of the top cryptocurrencies, including bitcoin, ethereum, ripple, stellar and dash.

App.2: Cryptanite Expert Network (CryptaKings)

As part of the Company's strategy to build a cryptocurrency and blockchain ecosystem, the Company has developed a beta version of its expert network called CryptaKings, which ranks the top performing cryptocurrency traders, allows other investors to track their trades and benefit from their expertise. The product will go live in Q2 2018.

App.3: Cryptanite Decentralized Exchange (CryptaBank)

Cryptanite is developing another app within the mega-app ecosystem, a type of decentralized exchange platform that allows users to store and transfer cryptocurrency from one user to another anywhere in the world. The MVP will be ready in Q2 2018.

App.4: Cryptanite Payments (CryptaPay)

Cryptanite has developed a payments app that makes it easy for users to spend their cryptocurrencies at retail locations. The app is currently in beta.

App.5: Cryptanite Mining

Cryptanite mining operations generates cryptocurrencies for the Cryptanite Wallet. The Company is also exploring mobile cloud mining facilities as an additional app within the Cryptanite Mobile App that will allow users to mine cryptocurrencies for their own account by Q4 2018.

App.6: Cryptanite Chat

The Company also has plans to add an instant messaging "chat" feature to the app allowing users to communicate on the platform, share ideas, further enhancing the Cryptanite ecosystem.

This will initially be integrated into the expert network but also expand into other apps within the ecosystem like the Blockchain Garage.

Cryptanite has additional consulting and payment processing solutions:

Intellabridge Blockchain Garage Consulting

Provides startup companies with the technological support to build MVPs in the blockchain sector. The Company is also renovating its office space to be converted into a research and development center for startup companies to collaborate in the blockchain sector.

ChargaCard

ChargaCard is a P2P payment processing platform for the informal credit markets. The platform makes it easy for individuals to pay their bills in installments and for service sector businesses to get paid on time and in full. The platform helps improve the receivables turnover ratio of service sector businesses and obviates the need for collection agents.

Total market capitalization of cryptocurrency shows rapidly growth rate and increases. The Company is currently focusing the developing and launching of its products on USA, Canada and European markets. Company`s products give opportunity to send or receive money fast and easy from any part of the world.

1.3 Selected Annual Information

		August 29, 2017 (Date of incorporation) to December 31, 2017
Total interest income	$	Nil
Net and Comprehensive Loss	$	(86,733)
Loss per share	$	(0.016)
Total assets	$	136,437
Total long term liabilities	$	Nil
Cash dividends declared per share for each class of share	$	Nil

1.4 Results of Operations

Three months ended March 31, 2018

During the three months ended March 31, 2018, the Company incurred a net loss of $3,882,856 or $0.13 per share. The Company completed its RTO on March 7, 2018 and incurred a total of $3,211,128 in listing expenses which was primarily attributed to the Company's net loss.

In addition to the listing expenses, the Company incurred the following costs which significantly attributed to the net loss:

Advertising and marketing - $67,277, the Company engaged consultants to provide marketing services to the Company to increase investor and product awareness.

Consulting fees - $12,389 was paid to a consultant for services on corporate governance and development.

Contractors - $114,827 was paid for services provided by sales representatives, software developers, IT consultants, and financial and legal consultants.

Management fees - $22,500 was paid to the COO of the Company for services provided. See Transactions with Related Parties.

Office and administration – $73,711 includes salaries paid to the CEO and other staff and general operating costs for operating offices in Boulder, Colorado and Kiev, Ukraine and the corporate office located in Vancouver, British Columbia.

Professional fees - $121,689 included $7,908 for audit and payroll services and $113,781 in legal services in connection to the RTO, tax planning, property purchase and other general corporate matters.

Rent and utilities - $11,397 paid for the Vancouver, BC and Kiev, Ukraine offices.

Share based compensation - $200,067 was recognized on 620,000 stock options granted to a consultant of the Company.

Travel - $33,981 was incurred on travel by CEO and other executives to various investor meetings and to the operating office in Kiev.

During the three months ended March 31, 2018, the Company earned $4,207 in revenue for web development and design and other IT services. Cost of sales totaled $2,896, resulting in gross profit of $1,311 or 31%.

The Company also recognized a loss of $4,667 on its cryptocurrencies held in inventory.

Summary of Quarterly Results

The following is a summary of certain unaudited financial information for each of the last three quarters since inception on August 29, 2017:

Quarter ended	Revenues	Gross Profit	Net Loss	Loss per share
March 31, 2018	$ 4,207	$ 1,311	$ (3,882,856)	$ (0.13)
December 31, 2017	-	-	$ (199,702)	$ (0.01)
September 30, 2017	-	-	$ (33,658)	$ (0.00)

March 31, 2018 – Increase in net loss due to listing expenses, share based compensation on stock options granted, and increased operations following the completion of its RTO.

1.6/1.7 Liquidity and Capital Resources

The Company reported working capital of $3,354,767 at March 31, 2018 compared to working capital of $1,677,296 at December 31, 2017, representing an increase in working capital of $1,677,471.

As at March 31, 2018, the Company had net cash on hand of $3,342,508 compared to $1,788,001 as at December 31, 2017, representing an increase of $1,554,507. During the period ended March 31, 2018, the Company used $651,720 of its cash in operating activities.

The Company's investing activities included:

- Acquisition of digital currencies and intangibles of $52,617
- Acquisition of property, plant and equipment of $553,227 and prepaid $29,020 towards the purchase of fixed assets
- Investment of $20,000 in a private entity through a Simple Agreement for Future Equity.

During the period ended March 31, 2018, the Company completed its equity financing in connection to the RTO for net proceeds of $4,642,964, of this amount, $1,711,213 was included in subscription receipts.

Current assets excluding cash as at March 31, 2018 consisted of receivables of $22,877 which comprised of government sales tax credits of $22,093 (December 31, 2017 - $Nil), trades receivable of $207 (December 31, 2017 -$Nil) and due from shareholders of $577 (December 31, 2017 - $295), digital currencies of $20,002 (December 31, 2017 - $Nil), and prepaids of $192,917 (December 31, 2017 - $Nil).

Current liabilities as at March 31, 2018 consisted of trade payables of $223,537 (December 31, 2017 - $111,000).

The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. To date, the Company has generated $4,207 in revenues. The Company has an accumulated deficit of $4,116,216 including a loss for the period ended March 31, 2018 of $3,882,856. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Although the Company has been successful in raising funds in the past, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future. The other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants. See Item 1.15 – Other Requirements – Summary of Outstanding Share Data. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised. The Company has and may continue to have capital requirements in excess of its currently available resources.

The Company can be exposed, in varying degrees, to a variety of financial related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

<u>Credit risk</u>
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts which is held with reputable US and Canadian banks. Therefore, credit risk is assessed as low.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist of refundable Canadian government sales taxes of $22,093, trades receivable of $207 and dues from related parties of $577. $282 due from related parties were collected in full subsequent to March 31, 2018.

<u>Liquidity risk</u>
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash and cash equivalent balances to ensure that it is able to meet its short term and long term obligations as and when they fall due.

As at March 31, 2018, the Company had working capital of $3,354,767 (December 31, 2017 - $1,677,296).

<u>Market risk</u>
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rates and is subject to the movement in interest rates. Management considers the interest rate to be minimal.

(b) Foreign currency risk
The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, and accounts payable and accrued liabilities that are denominated in Canadian Dollars. Management does not hedge its exposure to foreign exchange risk and does not believe the Company's net exposure to foreign currency risk is significant.

As at March 31, 2018, Cryptanite had net financial assets of CAD$3,060,345. A 10% change in the US dollar versus the Canadian dollar would give rise to a gain/loss of approximately $237,360.

(c) Price risk
The Company is not exposed to price risk.

The Company is not subject to any externally imposed capital requirements.

Risk Factors and Uncertainties

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 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 business of Cryptanite, is subject to certain risks and uncertainties inherent in the software industry. Prior to making any investment decision regarding Cryptanite, investors should carefully consider, among other things, the risk factors set forth below.

Conflicts of Interest Risk
Certain of our directors and officers are also directors and operators in 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 our interests. In accordance with the 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. If a conflict of interest arises at a meeting of the Board, any director in a conflict must disclose his interest and abstain from voting on such matter. In determining whether the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time. 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, our directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to us.

Risks Related to the Company's Business

Entry into Digital Asset Development and Exchange Business
The digital currency business is highly competitive, and is populated with many companies, large and small, with the capital and expertise to evaluate, purchase and exploit new innovative opportunities. Even with capital and experience, industry risks are significant. Regulatory compliance is an increasingly complex and costly obstacle

to many new projects, and often times, and even if compliance is obtained, they may be sufficiently restrictive or stifle innovation of start-up opportunities with distributed ledger technology.

Cryptanite may not be able to finance its potential growth as demand on human resources increases. The Company offers no assurance that its entry into this business activity will be successful.

Key Personnel

Cryptanite will have a small senior management group, which is generally sufficient for their present level of activity. The Company's future growth and its ability to develop depend, to a significant extent, on its ability to attract, integrate and retain highly qualified personnel. This may pose a challenge given the limited supply of highly qualified personnel. The Company will rely on a limited number of key employees, consultants and senior management and there is no assurance that the Company will be able to retain such personnel. Moreover, should key personnel perform below expectations or engage in behaviour and actions detrimental to the Cryptanite such as theft, the Company's business is likely to be affected.

Failure of Software to Perform

Although Cryptanite has thoroughly tested its software and has processed thousands of transactions with limited failures, it cannot be sure that its software will continue to operate properly or at all. A failure to operate would severely diminish the credibility of the Resulting Issuer and have a materially negative impact on its business.

Reliance on Third Party Software

The Company currently depends on third-party software products to develop its products. If in the 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 does not rely on software products that it licenses from third-parties. Should the Company in the future rely upon third-party software licenses that may 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 or reductions in product shipments 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.

Technological Risk

The Company's ability to operate and grow depends on the reliable performance of its software and underlying technology. The Company's systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be harmful to the business. Moreover, the Company's systems may also not be adequately prepared to handle any technological changes. If the Company's platform is unavailable when users attempt to access it, or if it does not load as quickly as expected, users may close their accounts. As the user base grows, the Company will need an increasing amount of technical infrastructure, including network capacity and computing power, to continue to satisfy the needs of users and scale. Any impact or interruption from third party Internet or technology providers used to facilitate the business of the Company will have a material adverse impact on the Company. The Company's business is entirely dependent on the continued functioning of the Internet. Any Internet failure would also have a material adverse impact on the Company.

Lack of Centralized Control of Cryptocurrency
Cryptocurrency is a digital commodity based on an open source protocol. Cryptocurrency is not issued by any government, bank or central organization, but instead exist on an online, peer-to-peer computer network, that hosts a public transaction ledger, or Blockchain, where Cryptocurrency transfers are recorded. The open-source structure of the Cryptocurrency network means that core developers of the network are generally not directly compensated for their contributions in maintaining and developing the Cryptocurrency network protocol. A failure to properly monitor and upgrade the Cryptocurrency network could damage the network and purchase and sale of Cryptocurrency. This could have a material adverse impact on the Company.

Changes to the Cryptocurrency Network
The core developers of the Cryptocurrency network or other programmers could propose amendments to the Cryptocurrency network's protocols and software that, if accepted and authorized by the Cryptocurrency network community, could have a material adverse impact on the Company.

Potential Manipulation of Blockchain
The Blockchain is susceptible to a malicious actor or botnet co-opting the processing power of the Cryptocurrency network. This could have a material adverse impact on the Company.

Changes to the Prominence of Cryptocurrency
Cryptocurrency demand is currently driven by its status as the most prominent and secure digital asset. It is possible that a digital asset other than Cryptocurrency could possess more desirable features such that there is a resulting reduction in demand for Cryptocurrency. This could have a material adverse impact on the Company.

Risk Related to Cryptocurrency Exchanges
Due to the unregulated nature and lack of transparency surrounding Exchanges, the marketplace may lose confidence in Exchanges, upon which the Company transacts. In addition, any Exchange failure or inability to purchase Cryptocurrency could also have a material adverse impact on the Company.

Changes to Cryptocurrency Mining
If the award of Cryptocurrency for solving blocks and transaction fees for recording transactions are not sufficiently high as to incentivize miners, miners may cease expending processing power to solve blocks and confirmation of transactions on the Blockchain may be temporarily slowed. This slowdown could result in a malicious actor or botnet altering the Cryptocurrency network. Should miners also not sell Cryptocurrency, there may be a reduction in the price of Cryptocurrency.

Cryptocurrency Theft
There is a risk that some or all of the Cryptocurrency's held by the Company could be lost, stolen or destroyed. If the Company's Cryptocurrency is lost, stolen or destroyed under circumstances rendering a party liable to the Company, the responsible party may not have the financial resources to satisfy the claim.

Security Breaches
Security breaches, computer malware and computer hacking attacks have been a prevalent concern on Exchanges since the launch of Cryptocurrency. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss of corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm the Company's business or result in the loss of the Company's property.

Future Capital Needs and Uncertainty of Additional Financing
The Company anticipates that its cash balance will be sufficient to meet its presently anticipated working capital and capital expenditure requirements. However, the Company may need to raise additional funds in order to support rapid expansion, development of new or enhanced services and products, respond to competitive pressures, acquire complimentary businesses or technologies or take advantage of unanticipated opportunities. The Company may need be required to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be

available on terms attractive to the Company, or at all. Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Company will be reduced, the shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the Company's Shares. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance its business, take advantage of future opportunity or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

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.

Competition

The Company is engaged in an industry that is highly competitive. Because its industry is evolving and characterized by technological change, it is difficult for the Company to predict whether, when and by whom new competing technologies may be introduced or when new competitors may enter the market. The Company faces increased competition from companies with strong positions in certain markets the Company intends to serve and in new markets and regions it may enter. Many of the Company's competitors have significantly greater financial and other resources than the Company currently possesses and may spend significant amounts of resources to gain market share. The Company cannot assure investors that it will be able to compete effectively against current and future competitors. In addition, increased competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Company's business, financial condition or results of operations. Competitors may be able to respond to new or emerging technologies and changes in customer requirements more effectively than the Company can, or devote greater resources to the development, promotion and sale of products than the Company can. Current and potential competitors may establish cooperative relationships among themselves or with third parties, including through mergers or acquisitions, to increase the ability of their products to address the needs of the Company's prospective customers. If these competitors were to acquire significantly increased market share, it could have a material adverse effect on the Company's business, financial condition or results of operations. The Company's competitors may also establish or strengthen co-operative relationships with systems integrators, third-party consulting firms or other parties with whom the Company has relationships, thereby limiting its ability to promote its products.

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 most 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.

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.

Government and Bank Risk
Government and central banks may decide that cryptocurrencies represent a threat to the regulation of the monetary system, both domestically and internationally, and impose regulations and internal policies severely limiting or even outright banning cryptocurrencies and any related businesses. Such an event would have a material adverse impact the Company's business, including likely complete failure.

Use of Open Source Software
The Company's software makes use of and incorporates open source software components. These components are developed by third parties over whom the Company has no control. There are no assurances that those components do not infringe upon the intellectual property rights of others. The Company could be exposed to

infringement claims and liability in connection with the use of those open source software components, and the Company may be forced to replace those components with internally developed software or software obtained from another supplier, which may increase its expenses. The developers of open source software are usually under no obligation to maintain or update that software, and the Company may be forced to maintain or update such software itself or replace such software with internally developed software or software obtained from another supplier, which may increase its expenses. Making such replacements could also delay enhancements to its products. Certain open source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software, including the source code to such modifications, are also made available under the same terms and conditions. As a result, any modifications the Company makes to such software will be available to all downstream users of the software, including its competitors. In addition, certain open source licenses provide that if the Company wishes to combine the licensed software, in whole or in part, with its proprietary software, and distribute copies of the resulting combined work, the Company may only do so if such copies are distributed under the same terms and conditions as the open source software component of the work was licensed to the Company, including the requirement to make the source code to the entire work available to recipients of such copies. The types of combinations of open source software and proprietary code that are covered by the requirement to release the source code to the entire combined work are uncertain and much debated by users of open source software. An incorrect determination as to whether a combination is governed by such provisions will result in non-compliance with the terms of the open source license. Such noncompliance could result in the termination of the Company's license to use, modify and distribute copies of the affected open source software and the Company may be forced to replace such open source software with internally developed software or software obtained from another supplier, which may increase its expenses. In addition to terminating the affected open source license, the licensor of such open source software may seek to have a court order that the proprietary software that was combined with the open source software be made available to others, including its competitors, under the terms and conditions of the applicable open source license.

Lack of Operating History
The Company has only recently started to carry on its business. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. The failure by the Company to meet any of these conditions could have a materially adverse effect on the Company and may force it to reduce, curtail, or discontinue operations. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations. The Company may not successfully address all of the risks and uncertainties or successfully implement its existing and new products and services. If the Company fails to do so, it could materially harm its business and impair the value of its common stock, resulting in a loss to shareholders. Even if the Company accomplishes these objectives, the Company may not generate the anticipated positive cash flows or profits. No assurance can be given that the Company can or will ever be successful in its operations and operate profitably.

Ability to Manage Growth
The Company may experience rapid growth in the scope of its operations. Growth may result in increased responsibilities for the personnel of the Company, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and future growth effectively, the Company will need to continue to implement and improve its operational, financial and management information systems, as well as hire, manage and retain its employees and maintain its corporate culture including technical and customer service standards. There can be no assurances that the Company manages such growth effectively or that its management, personnel or systems will be adequate to support the growth of the Company. Any failure to implement cohesive and efficient operating, financial and management information systems, to add resources on a cost-effective basis or to otherwise properly manage the Company's expansion could have a material adverse effect on its business and results of operations.

Growth and Consolidation in the Industry
Acquisitions or other consolidating transactions could have adverse effects on the Company. The Company could lose strategic relationships if its partners are acquired by or enter into agreements with a competitor, causing the

Company to lose access to distribution, content and other resources. The relationships between the Company and its strategic partners may deteriorate and cause an adverse effect on the business. The Company could lose customers if competitors or user of competing technology consolidate with the Company's current or potential customers. Furthermore, the Company's current competitors could become larger players in the market or new competitors could form from consolidations. Any of the foregoing events could put the Company at a competitive disadvantage, which could cause the Company to lose customers, revenue, and market share. Consolidation in the industry could also force the Company to divert greater resources to meet new or additional competitive threats, which could harm the Company's operating results.

Intellectual Property Risks
The Company`s ability to compete largely depends on the superiority, uniqueness, and value of its intellectual property and technology, including both internally-developed technology and the ability to acquire patent protection and/or trademark protection. To protect its proprietary rights, the Company will rely on a combination of trademark, copyright, and trade secret laws, trademark and patent applications, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, certain risks may reduce the value of the Company's intellectual property. The Company's applications for trademarks and copyrights relating to its business may not be granted, and if granted, may be challenged or invalidated. There is no guarantee that issued trademarks and registered copyrights will provide the Company with any competitive advantages. The Company's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of its technology and may not prevent the development and design by others of products or technology similar to, competitive with, or superior to those the Company develops. There is a risk that another party may obtain a blocking patent and the Company would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products.

Volatility of Cryptocurrency
The Company's business is completely dependent on the market for Cryptocurrency. Cryptocurrency has experienced significant volatility in price due to demand, speculation and regulation, none of which are in the control of the Company. Such external factors may adjust the price of Cryptocurrency, which may have a material impact on the Company's business.

Currency Risk
As the Company expands into new markets, it may hold different currencies in its accounts. Any changes in the exchange rate with Canadian dollars may limit profits for the Company. Further, costs associated with executing foreign exchange transactions into Canadian dollars may change over time. Increased costs related to conversion transactions may adversely impact the Company's profit margins.

Additional Requirements for Capital
Substantial additional financing may be required if Cryptanite is to be successful in developing its business. No assurances can be given that Cryptanite 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 Cryptanite, 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.

Management of Growth
Cryptanite may be subject to growth-related risks including pressure on its internal systems and controls. Cryptanite's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Cryptanite to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, Cryptanite may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for Cryptanite's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, Cryptanite will also need to continue to implement and improve its

operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that Cryptanite will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support Cryptanite's operations or that Cryptanite will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Volatile market price for common shares
The market price for common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of future results of operations by Cryptanite or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- addition or departure of the Company's executive officers and other key personnel;
- release or other transfer restrictions on outstanding common shares;
- sales or perceived sales of additional common shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets;
- conditions in the seniors housing industry and real estate industry generally;
- interest rates;
- the market for similar securities;
- general economic conditions in the financial markets;
- the Company's dividend practice; and
- the Company's financial condition, performance, creditworthiness and prospects.

Financial markets can have significant price and volume fluctuations that can affect the market prices of equity securities of companies and that may be unrelated to the operating performance, underlying asset values or prospects of the companies. Accordingly, the market price of the Company's common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the common shares by those institutions, which could adversely affect the trading price of the common shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility continue, the Company's operations and the trading price of the common shares may be adversely affected.

Financial Markets
Uncertainty in the stock and credit markets may materially adversely affect the Company's ability to access additional financing for the continuation of the Company's operations and other purposes, including obtaining any renewals of existing financing on commercially reasonable terms, which may materially adversely affect the Company's business. Uncertainty over whether the economy will be materially adversely affected by inflation, deflation or stagflation and the systematic impact of increased unemployment, volatile energy costs, geopolitical issues and availability and cost of credit may contribute to increased market volatility and weakened business and consumer confidence. The future state of the financial markets may cause the Company to seek alternative sources of potentially less attractive financing, and may require the Company to adjust its business plan accordingly. This may also make it more difficult or costly for the Company to raise capital, including through the issuance of equity securities. The current conservative nature of the financial markets may have a material

adverse effect on the market value of the Common Shares and the business, results of operations and financial condition of the Company.

Dilution and Future Sales of Common Shares
The Company's articles permit the issuance of an unlimited number of common shares and shareholders will have no pre-emptive rights with such further issuances. The directors of the Company have the discretion to determine the price and the terms of issue of further issuances of common shares, subject to Exchange polices.

Disclosure Controls and Internal Controls Over Financial Reporting
Cryptanite's business could be adversely impacted if there are deficiencies in disclosure controls and procedures or internal controls over financial reporting. The design and effectiveness of Cryptanite's disclosure controls and procedures and internal controls over financial reporting may not prevent all errors, misstatements or misrepresentations. While management continues to review the effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting, it cannot assure that Cryptanite's disclosure controls and procedures or internal control over financial reporting will be effective in accomplishing all control objectives at all times. Deficiencies, particularly material weaknesses, in internal control over financial reporting which may occur in the future could result in misstatements of the Company's results of operations, restatements of Cryptanite's financial statements, a decline in share price, or otherwise materially adversely affect Cryptanite's business, reputation, results of operation, financial condition or liquidity.

Future Sales of Common Shares by Directors and Executive Officers
Subject to compliance with applicable securities laws, officers and directors and their affiliates may sell some or all of their common shares in the future. No prediction can be made as to the effect, if any, such future sales of common shares will have on the market price of the common shares prevailing from time to time. However, the future sale of a substantial number of common shares by the Company's officers and directors and their affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the common shares.

1.8 Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements.

1.9 Related Party Transactions

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

During the period ended March 31, 2018, the remuneration of the key management personnel were as follows:

		March 31, 2018
Chief Executive Officer [1]	$	22,500
Chief Operating Officer [2]		22,500
Total	$	45,000

[1] Management salaries are included within office and administration expenses.
[2] Pursuant to an Operations Management and Product Development Services contract between the Company and its Chief Operating Office of the Company dated December 4, 2017.The contract is for a one year term with an extension to renewal for an additional year at the end of the original term.

Other related party transactions and balances

(a) On March 1, 2018, the Company entered into an administrative agreement with Varshney Capital Corp. ("VCC"), a company controlled by a common director. (Note 13(a))

Pursuant to this agreement for the three months ended March 31, 2018, the Company paid $7,910 for administrative fees to VCC.

(b) As at March 31, 2018, $577 (December 31, 2017 - $207) in cost recoveries was due from companies with a director in common. The amount was included in receivables and $282 was collected subsequent to March 31, 2018.

(c) In connection with the ChargaCard and concurrent private placements, the Company issued 2,000,000 share purchase warrants to VCC at an exercise price of CAD$0.10 per share expiring September 9, 2019. A fair value of $599,528 was recorded as a listing expense on these warrants.

1.10 Fourth Quarter and Subsequent Events

Subsequent to March 31, 2018, the Company:

(a) Changed its auditors to Dale Matheson Carr-Hilton Labonte LLP

(b) Signed a SAFE agreement with a private company to invest in future share rights after reaching a valuation cap of $2,000,000. Total amount of investment payments will be $30,000 in two equal payments of $15,000 within 2 consecutive months starting on or about the execution date.

1.11 Proposed Transactions

None.

1.12 Critical Accounting Estimates

Not applicable to venture issuers.

1.13 Changes in Accounting Policies including Initial Adoption

Our significant accounting policies are set out in Note 2 of the audited financial statements for the year ended December 31, 2017.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, receivables, and trades payables.

The Company has exposures to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are liquidity risk and funding risk.

1.15 Other Requirements

Summary of Outstanding Share Data as at May 30, 2018:

Authorized - Unlimited common shares without par value

Issued – common shares: 56,471,844 (includes 13,236,450 in escrow shares)
Stock Options – 620,000 options
Warrants – 2,184,299 warrants

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"John Eagleton"
John Eagleton
Director & CEO