CRYPTANITE BLOCKCHAIN TECHNOLOGIES CORP.

(Formerly Westbay Ventures Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2019

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 August 29, 2019 and should be read in conjunction with the condensed interim consolidated financial statement and related notes thereto for the six months ended June 30, 2019 and the audited consolidated financial statements and related notes thereto of the Company for the years ended December 31, 2018 and 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 technology 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 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.

On August 7, 2018, ChargaCard incorporated a wholly owned subsidiary in Ukraine, Intellabridge LLC ("Intellabridge"), for provision of the back-office operations of the Company in Ukraine.

On October 9, 2018, the Company incorporated a wholly owned subsidiary in Malta, Cryptanite Ltd., to expand its business to the European market.

Management is currently looking to adopt a new name for the Company. On April 23, 2018, Warner Brothers Entertainment Inc. / DC Comics filed a Notice to Objection against the Company to use the trade mark name "Cryptanite". Pursuant to the Settlement Agreement dated June 26, 2019 between the Company and DC Comics, the Company will refrain from using "Cryptanite" in the names of the Issuer's entities, products and internet domains. The Company and its subsidiaries have commenced the preparations for the rebranding.

General Description of the Business

Cryptanite is a technology company building blockchain applications for mobile and web platforms. The Company has proprietary technologies ("BitDrop", "Cryptanite" and "ChargaCard" Applications), and also provides blockchain development and consulting work ("BitWorks") in a variety of sectors including identity management, electoral systems, and telecommunications sectors. The Company is also exploring the application of blockchain technologies to other sectors such as supply chain management in the oil and gas sector, as well as real estate, healthcare and agricultural sectors. Furthermore, the Company has built several proprietary technologies including Cryptanite App and BItDrop App.

BITDROP: Blockchain AR Advertising Application

BitDrop: In May 2019, the Company commenced the development of a new product called "BitDrop". BitDrop is an augmented reality advertising platform powered by a digital asset rewards system. The private beta version of the product went live in July 2019.

BITWORKS: Blockchain Consulting & Professional Development Services

During the six months ended June 30, 2019, the Company generated most of its revenue from IT consulting and development services. In December 2018, the Company entered into an agreement with One Feather Mobile Technologies Ltd ("OneFeather"), a British Columbia-based technology and consulting service provider focused on First Nations communities, to develop a comprehensive suite of blockchain-based software products including Smart Status Cards, vote management systems, member registrar management systems, digital wallets, and financial management and accounting solutions.

During the period ended June 30, 2019, the Company completed Phase I of the agreement on development of a comprehensive suite of blockchain-based software products for OneFeather (https://onefeather.ca) and generated $500,000 in revenue from the project.

On July 23, 2019, the Company signed the Memorandum of Understanding with OneFeather, which outlines the main principles and agreements regarding the completion of the Phase I and the Phase II proposal.

The Company will provide a development solution utilizing blockchain technologies to enable more efficient status card renewal and status verification.

Additionally, Cryptanite will create OneFeather's digital wallet, a solution designed to assist First Nations communities in Canada organize and complete various transactions. Users will be able to register their sovereign identity on the wallet and easily integrate their Smart Status Card. Product features include full support of an inaugural First Nation crypto-currency and token rewards, along with the ability to verify claims and transactions, issue GST rebate entitlements, and even allow for peer-to-peer transfers with other First Nations.

Furthermore, Cryptanite has been contracted to further develop existing financial management and accounting software for OneFeather. This easy-to-use, cloud-based software is being designed specifically for Canadian First Nations. Featuring Smart Status Card and digital wallet integration, the suite will intend to produce an integrated application programming interface (API) compatible with the Canadian Federal Government, allowing for streamlined reporting, auditing, and money transfers.

The Company is in discussions with several other potential clients to provide software technology resources and build applications on a fee-based business model.

Cryptanite App

The Cryptanite app is a peer-to-peer digital asset marketplace where users can purchase, trade, and send and receive digital assets. The app is available in the Apple and Google Play stores. The Cryptanite App also includes a variety of pre-configured crypto-currency bundles such as the "HODL" bundle, and "SIZE" bundle making it easy for users to build a diversified portfolio of digital assets. The App is designed to provide a secure, easy-to-use and frictionless process to buy, exchange and store a diversified collection of several dozen crypto tokens, including Bitcoin, Ethereum, Ripple, Stellar and Dash.At present, the application has a limited number of users and transactions and it has been planned for possible modernization of the business.

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. At present, the application is not active as the company focuses on development and marketing of its core assets.

1.3 Selected Annual Information

		Year ended December 31, 2018		August 29, 2017 (Date of incorporation) to December 31, 2017)
Total revenue	$	1,106,362	$	Nil
Gross profit	$	17,793	$	Nil
Net loss from continued operations	$	(6,772,537)	$	(233,360)
Net loss for the period	$	(6,997,843)	$	(233,360)
Loss per share from continued operations	$	(0.18)	$	(0.36)
Loss per share	$	(0.19)	$	(0.36)
Total assets	$	972,301	$	1,795,150
Total long term liabilities	$	Nil	$	Nil
Cash dividends declared per share for each class of share	$	Nil	$	Nil

The year ended December 31, 2018 was the second year of operations of the Company since its incorporation. The Company completed its RTO on March 7, 2018 and incurred a total of $3,211,128 in listing expenses, which comprised approximately 47 percent of the Company's net loss from continuing operations for 2018.

1.4 Results of Operations

Six months ended June 30, 2019

During the six months ended June 30, 2019, the Company recorded a net loss of $264,265 (2018 - $4,303,497), which included a loss of $316,700 from continued operations (2018 – $4,303,497) and a gain from the discontinued operations of $52,435 (2018 - $Nil) that was realized through the sale of 112 units of crypto-mining equipment.

During the six months ended June 30, 2018, the Company completed its RTO with ChargaCard and incurred a total of $3,210,977 in listing expenses, which primarily attributed to a significantly higher net loss reported by the Company in the comparative semi-annual period.

Continued operations

Revenues and profit

During the six months ended June 30, 2019, the Company earned $500,305 in revenues, of which $500,000 was earned from development and IT services pursuant to its contract with OneFeather, and $305 earned from sales of the Cryptanite application products. Cost of sales totaled $156,422 resulting in gross profit of $343,883 or 68.73%.

During the six months ended June 30, 2018, the Company earned $24,611 of which $4,207 was earned from revenues for web development and design and other IT services and $20,404 earned from sales of the Cryptanite application products. Cost of sales totaled $22,569, resulting in gross profit of $2,042 or 8.3%.

General and administrative expenses

The Company's general and administrative expenses for the six months ended June 30, 2019 were $699,134 compared to $1,073,154 during the same period in 2018, representing a decrease of $374,020. The decrease in general and administrative expenses was primarily a result of decreases in share-based compensation expense, advertising and marketing expenses and consulting fees that were incurred last year in connection with the RTO.

The significant variations in operating expenses in the comparative quarters included the following:

- Advertising and marketing decreased by $115,727 due to a decrease in marketing activities of the Company. In 2018, the Company carried out various marketing programs in North America and Europe to increase investors' awareness of its business activities, launch and branding of the Company's software application products. The marketing programs were significantly reduced this year following the Company's cost saving initiative.

- Amortization increased by $5,775 due to increased book values of office computer equipment and furniture acquired by the Company's operating subsidiaries in 2018.

- Application development costs increased by $50,652 from the development of new applications, which include development costs of $82,261 (2018 - $84,467) for the Cryptanite App and $52,858 (2018 - $Nil) for the iHalo project. During the six months ended June 30, 2018, the Company capitalized development costs of $80,647 as intangible assets. Management assessed that the development expenditures incurred in 2019 do not qualify capitalization criteria and expensed these items in the statements of loss during the current reporting period.

- Consulting fees decreased by $34,126. The consulting fees recorded in the comparative semi-annual period of 2018 were paid in connection to the RTO, of which $29,000 was paid to a related party. (See section 1.9 Related Parties Transactions) There were no similar fees incurred during the current reporting period.

- Management fees and salaries decreased by $15,029 due to reduced consulting fees paid to the President of the Company (See section 1.9 Related Parties Transactions)

- Office and administration decreased by $22,245 due to the reduction of salary expenses and contractors fees for its operating offices in Boulder, Colorado, and Kyiv, Ukraine.

  Administration expenses include $44,994 paid to a related party for administration of the Company's corporate office located in Vancouver, British Columbia. (See section 1.9 Related Parties Transactions).

- Professional fees decreased by $7,699 due to a decrease in legal fees of $59,300 partially offset by an increase in accounting, tax and audit fees of $51,603. The legal fees incurred in the comparative 6 months period of 2018 were related to the completion of the RTO, purchase of a real estate property in Colorado, trademark registrations and other corporate advisory services. The increase in accounting and audit fees during the current reporting period were related to the Company's 2018 year-end audit and preparation of the corporate tax returns for the Company and its subsidiaries.

- Regulatory and transfer agent fees decreased by $1,291 due to a decrease in transfer agent fees of $5,452 partially offset by an increase in regulatory fees of $4,161. The Company incurred higher transfer agent fees in the comparative 6 months period of 2018 as a result of the RTO-related issuances of shares and management of the escrow agreements. The comparative period's regulatory fees were lower as the Company was a private entity prior to the RTO completed on March 7, 2018. For accounting purposes, the Company's consolidated financial statements are considered a continuation of the financial statements of ChargaCard as a result of the RTO.

- Rent and utilities increased by $3,672 as compared to 2018 for its office rental space in Vancouver, BC, and Kyiv, Ukraine.

  The Company's lease commitments are as follows:

  On March 1, 2018, the Company entered into a sublease agreement with a company for a portion of the office premises located in Vancouver, BC for a period of 2 years and 9 months, expiring November 30, 2020, in exchange for CAD$2,050 per month plus applicable taxes.

  On February 26, 2018, ChargaCard entered into a sublease agreement for office rental space premises located in Kyiv, Ukraine in exchange for US$4,560 per month plus applicable taxes. A refundable security deposit of $11,695 (302,983 UAH) was paid on this lease and was included in prepaids as at June 30, 2019. The agreement expired on July 15, 2019 without renewal. The Company received a security deposit refund of $11,195 (290,013 UAH).

  On July 15, 2019, Intellabridge entered into a new short-term sublease agreement for office rental space premises located in Kyiv, Ukraine, expiring August 31, 2019 in exchange for US$5,000 plus applicable taxes for the duration of the lease.

- Share-based compensation decreased by $197,566 as there were no stock options granted during the current reporting period. During the six months ended June 30, 2018, the Company recorded share-based compensation of $202,813 on 620,000 stock options granted to a consultant in connection with the RTO and 300,000 stock options granted to the President of the Company. During the current reporting period, the Company recorded $5,247 for the vested portion of the stock options granted to the President of the Company on April 1, 2018. (See section 1.9 Related Parties Transactions)

- Travel expenses decreased by $24,221 as management had fewer travel plans during the current period.

Other expenses

During the six months ended June 30, 2019, other expenses included the following:

- interest and other income of $241 (2018 - $60);
- recovery of the Data Service Agreement security deposit of $10,000 (2018 - $Nil);
- a gain on digital currency sales and exchange transactions of $31,285 (2018 – $Nil);
- a revaluation loss of $1,969 (2018 – a loss of $21,465) as a result of marking to market the Company's digital currencies held in inventory, and
- a write-off of an obsolete computer equipment of $1,007 (2018 - $Nil).

During the 6 months ended June 30 2018, the Company recorded a listing fee expense of $3,210,977, which was approximately 75% of the net loss reported during the period. The expense is comprised of the fair value of common shares of the Company retained by the former shareholders of the Company and fair value of the finder's fees shares issued in connection with the RTO less the net assets of the Company at March 7, 2018, as well as, other direct expenses of the RTO. There were no similar expenses recorded during the current reporting period.

Discontinued operations

During the six months ended June 30, 2019, the Company recorded a gain of $52,435 from the discontinued operations to recognize the net proceeds received on the sale of 112 units of crypto-mining equipment.

The Company conducted crypto-currency mining activities from April to July 2018 and recorded a revenue of $4,457 from the provision of transaction verification services and generation of ZCash tokens as rewards. Direct costs of the mining activities were $4,706 and included electricity charges and rental costs. After relevant consideration on December 31, 2018, management decided to discontinue its crypto-mining operations and to liquidate the crypto-mining equipment.

The equipment was purchased by ChargaCard during 2018 to mine crypto-currencies using its “Unicorn” proprietary systems architecture. The carrying value of the crypto-mining equipment of $225,056 was included in a loss from discontinued operations for the year ended December 31, 2018. During the current reporting period, the Company sold 112 units of the equipment for net proceeds of $52,435 and recognized the gain from the sale accordingly.

Three months ended June 30, 2019

During the three months ended June 30, 2019, the Company recorded a net loss of $102,023 (2018 - $420,641), which included a loss of $124,164 from continued operations (2018 – $420,641) and gain from the discontinued operations of $22,141 (2018 - $Nil) that was realized through the sale of 64 units of crypto-mining equipment.

Continued operations

Revenues and profit

During the three months ended June 30, 2019, the Company earned $255,000 in revenues from development and IT services pursuant to its contract with OneFeather. Cost of sales during the quarter totaled $95,570 resulting in gross profit of $159,430 or 62.52%.

During the three months ended June 30, 2018, the Company earned revenues of $20,404 from sales of its Cryptanite application products resulting in a gross profit of $731 or 3.58%.

General and administrative expenses

The Company’s general and administrative expenses for the three months ended June 30, 2019 were $317,031 compared to $406,188 during the same period in 2018 representing a decrease of $89,157. The decrease was primarily a result of decreases in advertising and marketing of $28,594, allowance for bad debt of $12,163, bank charges and fees of $4,345, consulting fees of $5,126, management fees of $20,169, office and administration of $26,845, regulatory and transfer agent fees of $6,554, rent and utilities of $6,801, travel expenses of $3,485, partially offset by an increase in application development costs of $5,507 due to partial capitalization of certain development costs in 2018, and an increase in professional fees of $20,523 related to the 2018 year-end audit.

Other expenses

During the quarter ended June 30, 2019, the Company recognized a gain on digital currency sales and exchange transactions of $43,395 (2018 - $1,436) and a revaluation loss of $19,899 (2018 – $16,798) as a result of marking to market the Company’s digital currencies held in inventory.

The Company also recognized a recovery of bad debt of $10,000 for partial collection of the security deposit paid in August 2018 to a telecommunication service provider in connection with the Data Service Agreement that was terminated by the Company in January 2019. The Company’s management was not able to collect the deposit back by February 21, 2019 as per the original terms of the Data Service Agreement and recognized an impairment allowance of $365,018 on the security deposit in the consolidated statement of loss as of December 31, 2018. As a result, the balance of the security deposit is not included in current assets in the statement of the financial position of the Company as at June 30, 2019. The Company collected an additional $10,000 of the security deposit in August 2019, and the $345,018 of the security deposit remained outstanding. Management of the Company is currently negotiating a new 18-month payment plan for the security deposit with the data service provider.

Discontinued operations

During the three months ended June 30, 2019, the Company recorded a gain of $22,141 (2018- $Nil) from the discontinued operations to recognize the net proceeds received on the sale of 64 units of crypto-mining equipment.

1.5. Summary of Quarterly Results

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

Quarter ended	Revenues	Gross Profit	Net Loss from continued operations	Net loss	Loss per share from continued operations
June 30, 2019	$ 255,000	$ 159,430	$ (124,164)	$ (102,023)	$ (0.00)
March 31, 2019	245,305	184,453	(192,536)	(162,242)	(0.01)
December 31, 2018	404,392	6,546	(1,764,395)	(1,989,701)	(0.02)
September 30, 2018	677,359	9,205	(704,645)	(704,645)	(0.02)
June 30, 2018	20,404	731	(420,641)	(420,641)	(0.00)
March 31, 2018	4,207	1,311	(3,882,856)	(3,882,856)	(0.14)
December 31, 2017	-	-	(199,702)	(199,702)	(0.01)
September 30, 2017	-	-	(33,658)	(33,658)	(0.00)

March 31, 2018 –the quarter included listing expenses, share-based compensation on stock options granted, and increased operations following the completion of its RTO resulting in a significant loss.
June 30, 2018 – the Company's operational activities were consistent with Q1 before considering non-recurring items including share-based compensation and listing costs.

September 30, 2018 – the Company expanded its sales products to telecommunication services, increased its advertising and marketing initiatives and utilized additional contracting services to develop the Company's business.

December 31, 2018 – In the fourth quarter, the Company recognized impairment losses on the facility that is offered for sale, its investments in the JV Company and Canyon Capital's iHalo project, impairment allowance on the data service security deposit and losses on discontinued crypto mining operations, which resulted in a significant increase in net loss. General operating expenses were consistent with the previous quarters.

March 31, 2019 – the Company generated a profit of $184,453 from the OneFeather application development project which partially offset its general operating expenses of $382,103.

June 30, 2019 – the Company generated a profit of $159,430 from the OneFeather application development project, which partially offset its general operating expenses of $317,031 incurred during the quarter.

1.6/1.7 Liquidity and Capital Resources

The Company reported working capital of $431,762 at June 30, 2019 compared to working capital $669,462 at December 31, 2018, representing a decrease in working capital of $237,700.

As at June 30, 2019, the Company had net cash on hand of $90,074 compared to $360,405 at December 31, 2018, representing a decrease of $270,331.

During the six months ended June 30, 2019, the Company collected cash of $390,150 from OneFeather for its development services, additional $50,000 was collected in July $2019, and $84,150 remains outstanding.

During the six months ended June 30, 2019, the Company used $374,231 (2018 - $1,487,908) of its cash in operating activities.

The Company generated $86,100 (2018–spent $867,092) from its investing activities, which included:

- Sale of digital currencies of $109,445, net (2018–purchase of digital currencies of $32,334);
- Acquisition of equipment and furniture of $13,345 (2018 - $276,077);
- Investment of $10,000 (2018 - $70,000) in a software development project. ChargaCard entered into a Shareholder's Agreement with a group of three individuals on February 28, 2019, amended on March 21, 2019, for provision of the investment loan and incorporation of a common legal entity, in which the Company will acquire a 3.35% interest of shares. The investment loan is non-interest bearing and is refundable to ChargaCard from profits generated by the product after a one year hold period.

In the comparative 6 month period of 2018, the Company acquired a property and building in Nederland, Colorado for $335,242. This facility was to be used as a data center for its cryptocurrency mining operations. The facility remains vacant and was not used in the Company's operations to date. As of December 31, 2018, management made an assessment of the market value of the facility and recognized an impairment loss of $63,122 against its carrying value. As at December 31, 2018, the remaining carrying value of the property of $305,209, which also includes leasehold improvements, was reclassified to assets held-for-sale following management's decision to offer the facility for sale. The facility is currently advertised for sale with Colorado-based real estate broker firm, RE/MAX Alliance.

During the six months ended June 30, 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 as at December 31, 2017. There were no financing activities conducted during the six months ended June 30, 2019.

The Company's current assets excluding cash consisted of the following:

	June 30, 2019	December 31, 2018
Government sales tax credits	$ 4,413	$ 10,761
Trade receivable (OneFeather)	134,150	-
Due from the sale of crypto-mining equipment	6,554	-
Other receivables	10,758	6,104
Total Receivables	155,875	16,865
Deposit with the digital currency exchange	-	24,105
Prepaid insurance	-	17,653
Other prepaids	30,024	32,672
Total prepaids	30,024	74,430
Digital currencies at fair market value	14,800	95,781
Assets held-for-sale	305,209	305,209

Current liabilities as at June 30, 2019 consisted of trade payables and accrued liabilities of $135,470 (December 31, 2018 - $175,510), due to related parties of $28,750 (December 31, 2018 - $7,618) and deferred revenues of $Nil (December 31, 2018 - $100).

Other investments

(1) On July 10, 2018, the Company and ChargaCard signed an agreement (“JV Agreement”) with BRC Blockchain Resources Corp. (“BRC”), a corporation existing under the laws of the Province of British Columbia, to create a joint venture company, BRC Cryptanite Mining Corp. (“JV Company”), for the purchase, assembly, siting and operation of mobile cryptocurrency mining equipment to be located in the United States.

    Under the terms of the agreement, the Company made a contribution of $55,000, representing a 20% initial capital in the JV Company. The Company also issued a non-interest bearing loan of $520,000 to the JV Company to fund the purchase and assembly of cryptocurrency mining equipment as per the terms of the JV Agreement.

    As at December 31, 2018 and June 30, 2019, JV Company did not generate sufficient income from the crypto-mining operations and has not repaid any amounts of the loan. The Company’s management determined that the investment was impaired and expensed the investment of $575,000 in the consolidated statement of loss for 2018.

(2) On April 2, 2018, the Company signed a Revenue Participation Agreement (“RP Agreement”) with Canyon Capital LLC (“Canyon Capital”), a corporation with directors in common, existing under the laws of the State of New Mexico, USA. Pursuant to the RP Agreement, the Company agreed to provide application development services and, in return, would earn a 10% from the gross revenue from the project. As at June 30, 2019, the Company incurred a total of $139,687 (December 31, 2018 - $86,829) in software development costs in connection with the iHalo project. To date, Canyon Capital did not generate any income sufficient to commence the repayment from the project, and no repayments have been earned by the Company.

    The Company’s management determined the investment was impaired and expensed the investment of $86,829 in the consolidated statement of loss for the year ended December 31, 2018. The development costs of $52,858 incurred by the Company during the six months ended June 30, 2019 on the iHalo project also have been expensed.

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. During the six months ended June 30, 2019, 184,299 share purchase warrants expired unexercised.

Risk Factors and Uncertainties

The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. As at June 30, 2019, the Company has an accumulated deficit of $7,495,468 including a loss for the six months ended June 30, 2019 of $264,265.

The Company’s revenue comprised mainly from development and IT consulting services. The Company’s own application products have not generated significant revenue to date. In the past, the Company incurred losses on transactions with crypto-currencies and its crypto-mining activities. The market for cryptocurrency and blockchain-related businesses has experienced significant volatility over the last 12 months that impacted the Company’s business. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Company has and may continue to have capital requirements in excess of its currently available resources. 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 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:

Credit risk

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 mainly held with reputable US and Canadian banks. Therefore, credit risk on the Company's cash deposits is assessed as relatively low.

The Company's secondary exposure to credit risk is on its receivables, which consists of trade receivables and refundable government sales taxes. The Company uses short term credit terms with its customers to minimize that risk.

The Company was exposed to credit risk on its digital currencies that were held on different crypto exchange platforms. Management chooses reliable and legitimate platforms for its crypto transaction to minimize that risk. The Company sold the majority of its digital currencies subsequent to June 30, 2019 and retained a minimum balance for testing and development.

Liquidity risk

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 continuously monitoring cash requirements to ensure that it is able to meet its short term and long term obligations and operational plans.

Market risk

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 and its subsidiaries operate internationally, and during the year were exposed to foreign exchange risk arising from currency fluctuations, primarily with respect to the USD/ CAD dollar rate.

Management regularly monitors exposure to foreign exchange risks, but does not have a current hedging policy in place.

As at June 30, 2019, the Company had cash of CAD$90,074. A 10% change in the US dollar versus the Canadian dollar would give rise to a gain/loss of approximately $9,007 of its cash.

(c) *Price risk*
The Company is exposed to digital currencies price risk due to the volatility of the industry.

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

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.

The remuneration of management fees to key personnel were as follows:

June 30,		2019		2018
Chief Executive Officer(2)	$	45,000	$	45,000
Chief Operating Officer(1)		45,000		45,000
Chief Technology Officer(3)		60,000		54,205
President(4)		13,977		34,801
Total	$	163,977	$	179,006

(1) Management fees paid to the Chief Operating Officer pursuant to an Operations Management and Product Development Services contract dated December 4, 2017. The contract is for a one year term with an extension for renewal for an additional year at the end of the original term.
(2) Salary of the Chief Executive Officer.
(3) Salary of the Chief Technology Officer of ChargaCard. The CTO employment agreement was terminated effective August 1, 2019.
(4) Management fees paid to Katmando Holdings Inc., a company owned by Keith Turner, President of the Company, pursuant to a consulting agreement dated April 30, 2018, which was terminated effective January 31, 2019, and a new agreement dated February 1, 2019 for provision of commission-based consulting services.

<u>Other related party transactions and balances</u>

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

Pursuant to this agreement during the six months ended June 30, 2019, the Company paid $44,994 (2018 -$31,308) for administrative fees to VCC.

(b) As at June 30, 2019, $421 (December 31, 2018 - $600) in cost recoveries was due from companies with a director in common. The amounts were included in receivables and collected subsequent to the period end.

(c) On February 1, 2019, the Company entered into a new service agreement with Katmando Holdings Inc. to provide professional development services to the Company in exchange for a performance-based commission fee until January 31, 2021.

During the six months ended June 30, 2019, the Company paid $13,977 (2018 -$34,801) for professional development services to Katmando Holdings.

As at June 30, 2019, $Nil (December 31, 2018 - $7,037) was due to Katmando Holdings Inc.

(d) As at June 30, 2019, $7,500 (December 31, 2018 - $Nil) was due to the CEO of the Company and $10,000 (December 31, 2018 - $Nil) was due to the CTO of ChargaCard for accrued deferred salaries.

(e) As at June 30, 2019, $11,250 (December 31, 2018 - $Nil) was due to the COO of the Company for management fees. The amount was partially repaid in July 2019.

(f) As at June 30, 2019, $Nil (December 31, 2018 - $524) was due a director of the Company for reimbursement of business expenses.

(g) During the six months ended June 30, 2019, the Company recognized $5,343 (2018 - $2,830) in share-based compensation for the vested portion of the stock options granted to the President of the Company in 2018. On April 1, 2018, the Company issued three blocks of 100,000 stock options, for a total of 300,000, incentive stock options to the President of the Company for the purchase of up to 300,000 common shares of the Company at an exercise price of CAD $0.60 per share. Each block of stock options are subject to vesting provisions and expires between September 21, 2019 and 2021.

(h) During the six months ended June 30, 2018, in connection with the RTO and concurrent private placements, the Company issued 2,000,000 share purchase warrants to VCC exercisable at a price of CAD $0.10 per share expiring September 9, 2019. ChargaCard also paid $29,000 to VCC for consulting and advisory services provided in connection with the RTO.

(i) ChargaCard engaged in a software application development project with Canyon Capital, a company controlled by the director and COO of the Company. As at June 30, 2019, 2019, the Company incurred software development costs of $139,687 (December 31, 2018 - $86,829) in connection with this project.

1.10 Fourth Quarter

On October 9, 2018, the Company registered and established Cryptanite Ltd, a wholly owned subsidiary in Malta to establish block-chain technologies, decentralized systems and next generation applications.

During the fourth quarter ended December 31, 2018, the Company earned revenues of $424,796 primarily from its telecommunication data services sales resulting in a gross profit of $7,277. The Company terminated its Data Service Agreement with the provider of telecom data services on January 22, 2019.

On December 17, 2018, the Company entered into a research and development services contract with One Feather Mobile Technologies Ltd., pursuant to which the Company agreed to provide development services to its client utilizing block-chain technologies for a 6 month period. As at June 30, 2019, $500,000 was billed under Phase 1 of this contract for the development services.

During the fourth quarter ended December 31, 2018, the Company entered into a Corporate Branding and Marketing Agreement with Serpentcoin Ltd and paid $66,000 with respect to this contract. The agreement was cancelled in December 2018.

1.11 Proposed Transactions

There are no proposed transactions at the date of these MD&A.

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 3 of the audited consolidated financial statements for the year ended December 31, 2018.

IFRS 16 - On January 13, 2016, the IASB issued IFRS 16, Leases, which replaced IAS 17, Leases. IFRS 16 sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact the new standard is expected to have on its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the Company.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments at June 30, 2019 are as follows:

		FVTPL		*Amortized cost*
Financial assets				
Cash	$	90,074	$	–
Receivables		–		134,150
Investments		85,000		–
		175,074		134,150
Financial liabilities				
Accounts payables		–		140,974
Due to related parties		–		17,500
	$	–	$	158,474

The Company has classified its cash and investments as financial assets at FVTPL. Receivables and deposits are classified as loans and receivables, and trade payables and due to related parties are classified as other financial liabilities, all of which are measured at amortized cost.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash deposits have been measured at fair value using Level 1 inputs. The carrying value of receivables, accounts payables and due to related parties approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

1.15 Other Requirements

Summary of Outstanding Share Data as at August 29, 2019:

Authorized - Unlimited common shares without par value
Issued – common shares: 56,471,844 (includes 10,589,160 in escrow shares)
Stock Options – 920,000 options
Warrants – 2,000,000 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