INTELLABRIDGE TECHNOLOGY CORPORATION
(formerly Cryptanite Blockchain Technologies Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

1.1 Date

This Management Discussion and Analysis ("MD&A") of Intellabridge Technology Corp. (formerly Cryptanite Blockchain Technologies Corp.) (the "Company" or "Intellabridge") has been prepared by management as of July 15, 2020 and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the year ended December 31, 2019 and 2018, 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

Intellabridge Technology Corp. (the "Company" or "Intellabridge", formerly Cryptanite Blockchain Technologies Corp.) 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, for provision of the back-office operations of the Issuer 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. Cryptanite Ltd. was providing the Virtual Financial Assets ("VFA") services in or from within Malta by functioning of the Company's Cryptanite App since its incorporation until October 2019. During the year ended December 31, 2019, management assessed the profitability of its operations of Cryptanite Ltd. with a view of new regulations of the Malta Financial Services Authority ("MFSA"). Based on the assessment, management decided not to reapply for a VFA Services License that was due for a renewal on or before October 31, 2019 according to the new regulations.

General Description of the Business

Intellabridge is a technology-based company developing blockchain solutions for a variety of sectors including financial technology, marketplaces and virtual reality social networks. The Company is also exploring the application of blockchain technologies to other sectors such as a real estate, healthcare and telecommunication.

The Company has proprietary technologies ("ChargaCard Platform", "Cryptanite App" and "BitDropGo" applications and products).

The Company also provides blockchain software development and consulting works ("BitWorks") in a variety of sectors including identity management, electoral systems, and telecommunications sectors. The Company is currently 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.

During the year ended December 31, 2019, the Company generated majority of its revenue from IT consulting and development services.

Products

CharagaCard's platform currently offers three core products and services designed to leverage blockchain technologies:

1. *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.

*2. **Cryptanite Mobile App***

The Cryptanite app is a peer-to-peer cryptocurrency marketplace, making it easy for users to purchase, trade, send and receive cryptocurrencies and tokens. The app is available in the Apple and Google Play stores. The Cryptanite App also includes a variety of pre-configured cryptocurrency bundles such as the "HODL" bundle, and "SIZE" bundle making it easy for users to build a diversified portfolio of cryptocurrencies. 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. The application had limited number of users and transactions. On October 24, 2019, the Company announced to officially terminate the functioning of the app, and decided to leverage the intellectual property and technology for the development of its BitDropGo application.

3. *BitDropGo*

In September 2019, the Company completed the development and launched in the Google Play Market of its new product called "BitDropGo". BitDropGo is an augmented reality advertising platform, powered by a digital asset rewards system. The private beta version went live in July 2019. South Africa and Ukraine are among the first markets where the product will be launched. In August 2019, ChargaCard has engaged a South African-based company as a Sales and Brand Ambassador, which will support the launch, advertise and promote the product in South Africa. The Product will be featured at several high profile blockchain events with a focus on emerging markets, which has been started with the CryptoFest 2019 conference in Cape Town, South Africa on September 07, 2019. The product is B2B with a focus on retail merchant market and as a result of the Covid-19 crisis this project is on hold

4. *Blockchain Consulting & Professional Development Services*

The Company provides small and medium businesses with the technological support to build blockchain mobile and web applications.

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. This consists of a digital solution for First Nation sovereign identity and status card renewal, a government requirement that often remains incomplete due to the nature of the current renewal process. The Company was engaged to develop a solution utilizing blockchain technologies to enable more efficient status card renewal and status verification Additionally, the Company created OneFeather's digital wallet, a solution designed to address a number of issues faced by First Nations communities in Canada. 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 cryptocurrency 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. This engagement was completed in June 2019 earning the Company $500,000 in revenues.

In July 2019, the Company signed a Memorandum of Understanding with One Feather 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. This Company generated $147,500 in revenues for the year ended December 31, 2019 on this contract. The contract was completed at December 31, 2019, with ongoing support services being provided in fiscal 2020.

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

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

1.3 Selected Annual Information

		Year ended December 31, 2019		Year ended December 31, 2018		August 29, 2017 (Date of incorporation) to December 31, 2017)
Total revenue	$	647,805	$	1,106,362	$	Nil
Gross profit	$	198,674	$	17,793	$	Nil
Net loss from continuing operations	$	(734,037)	$	(6,772,537)	$	(233,360)
Net loss for the period	$	(667,992)	$	(6,997,843)	$	(233,360)
Loss per share from continuing operations	$	(0.01)	$	(0.18)	$	(0.36)
Loss per share	$	(0.01)	$	(0.19)	$	(0.36)
Total assets	$	493,741	$	972,301	$	1,795,150
Total long term liabilities	$	Nil	$	Nil	$	Nil
Cash dividends declared per share for each class of share	$	Nil	$	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 comprises approximately 47 percent of the Company's net loss from continuing operations for 2018. Please also see 1.4 results of operations.

1.4 Results of Operations

Year ended December 31, 2019

During the year ended December 31, 2019, the Company recorded a net loss of $667,992 (2018 - $6,997,843), which included a loss of $734,037 (2018 – $6,772,537) from continuing operations and a gain from the discontinued operations of $66,045 (2018 – loss $225,306) that was realized through the sale of crypto-mining equipment.

Continued operations

Revenues and profit

During the year ended December 31, 2019, the Company earned $647,805 in revenues mainly from development and IT services pursuant to its contract with OneFeather. Cost of sales totaled $198,674 resulting in gross profit of $449,131 or 69%.

During the year ended December 31, 2018, the Company earned $1,106,362 in revenues consisting of $1,100,650 from sales of telecommunication data services, $5,387 from contracting development and IT services, and $325 from processing cryptocurrency transactions. Cost of sales totaled $1,088,569 resulting in gross profit of $17,793 or 2%.

General and administrative expenses

The Company's general and administrative expenses for the year ended December 31, 2019 were $1,120,576 compared to $2,390,005 in 2018, a decrease of $1,269,429. The decrease in general and administrative expenses was primarily a result of decreased operational activities in marketing and application development, general costs savings and a reduction in share-based compensation as there were no new options granted during the year.

The Company's decrease in net loss was attributable to the following decreases:

Advertising and marketing fees by $536,310 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;

Application development costs by $112,767. In fiscal 2018, the Company developed its ChargaCard and Cryptanite Mobile applications incurring $273,313 in development costs. In fiscal 2019, the Company completed the development of the Cryptanite Mobile applications and developed a new application, BitDropGo, incurring $160,546 in development costs;

Bank service charges and fees by $21,130 due to decreased wire activity charges;

Consulting fees by $17,634. Consulting fees of $29,000 recorded in the first quarter of 2018 were paid to a related party in connection to the RTO. There were no similar fees incurred during the current reporting quarter. (See section 1.9 Related Parties Transactions);

Management fees and salaries of $287,074 (2018 - $377,752) include head office and overseas management fees. Please also see 1.9 Related Parties Transactions;

Office and administration expenses by $197,389 primarily due to a reduction of salary expenses and contractors fees for the Company's operating offices in Boulder, Colorado, and Kyiv, Ukraine. Administration expenses include $90,444 (2018 - $76,650) paid or accrued 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 by $57,713 primarily due to lower audit fees and less legal services rendered for the Company during the year.

Rent and utilities by $16,343 due to downsizing of the Company's operations office. The Company has offices located in Vancouver, BC, and Kyiv, Ukraine;

The Company's current 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. This agreement was terminated effective March 1, 2020.

On July 15, 2019, Intellabridge entered into a new short-term sublease agreement for office rental space premises located in Kyiv, Ukraine, expiring on September 30, 2019, in exchange for a monthly rent of US $5,000 exclusive of sales taxes. Effective October 1, 2019, the Company reduced its office rental space in Kyiv and renewed is sublease for an additional five-month period expiring February 28, 2020. Under the terms of the new sublease agreement, the Company will be paying a monthly office rent of US $2,500 plus applicable sales taxes.

Share-based compensation of $9,735 (2018 - $211,022) was recognized on the vested portion of the 3000,000 stock options granted during the year of 2018 to the President of the Company (see section 1.9 Related Parties Transactions);

Travel expenses by $52,680 as less travel arrangements were made by the CEO and other executive officers for various investor meetings, and industry conferences.

Other items

During the year ended December 31, 2019, other items included the following:

- interest and other income of $1,756 (2018 - $319);
- a gain on digital currency sales and exchange transactions of $30,094 (2018 – loss $118,484);
- a revaluation loss of $1,772 (2018 – gain $18,937) as a result of marking to market the Company's digital currencies held in inventory;
- a write-off of an obsolete computer equipment of $1,703 (2018 - $Nil) and loss on sale of office furniture and computers of $1,861 (2018 - $Nil);
- impairment of assets held-for-sale of $Nil (2018 - $63,122) on its crypto mining equipment from discontinued operations
- impairment of investments of $82,858 which consisted of $30,000 of True Sync Media and $52,857 on its iHalo application. The impairment was based on management's assessment of profitability and credit risk on the Company's investment (2018 - $661,829 on the Company's investment in a joint venture arrangement with BRC Blockchain Resources Corp. and a Revenue Participation Agreement with Canyon Capital LLC); and
- impairment of security deposit of $Nil (2018 - $365,018) to a provider of telecom data services pursuant to a Data Service Agreement dated August 9, 2018, The Data Service Agreement was terminated in 2019 as management was not able to collect the deposit back by February 21, 2019 as per the terms of the Data Service Agreement and recognized an impairment allowance of $365,018 on the security deposit in the consolidated statement of loss. During the year, the Company recovered $45,609 (2018 - $Nil) on this security deposit.

The Company entered into a convertible loan agreement with One Feather for settlement of $125,000 in IT development and consulting services rendered. The convertible loan bears interest at 8% per annum maturing on November 4, 2019 with conversion rights and was secured by a general security agreement. The loan was convertible upon One Feather completing an initial public offering or becoming listed on a stock exchange by maturity date. The conversion event did not transpire and the loan became due on demand. In June 2020, the Company sold the convertible note to two companies with a former director in common for CAD$100,000. Management's assessment of credit risk resulted in an impairment of $51,857 at December 31, 2019.

The listing fee expense during the year ended December 31, 2018 of $3,211,128, which was approximately 47% of the net loss from continuing operations, was incurred in the first quarter ended March 31, 2018. 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 year ended December 31, 2019, the Company recorded a gain of $66,045 from the discontinued operations to recognize the net proceeds received on the sale of crypto-mining equipment.

The Company conducted crypto-currency mining activities from April to July 2018 and recorded a revenue of $4,456 from the provision of transaction verification services and generation of ZCash tokens as rewards. 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 the equipment for net proceeds of $66,045 and recognized the gain from the sale accordingly.

Three months ended December 31, 2019

During the three months ended December 31, 2019, the Company incurred a net loss of $138,975 or $0.00 per share as compared to $1,989,701 or $0.04 per share during the fourth quarter last year, a decrease in loss of $1,850,726. The significant decrease in net loss was primarily a result of decreases in advertising and marketing, application development, and office and administration expenses.

Continued operations

Revenues and profit

During the three months ended December 31, 2019, the Company generated $147,500 in revenues on the OneFeather Phase II development of the project. Cost of sales was $42,252 resulting in a gross profit of $105,248 or 71%.

During the three months ended December 31, 2018, the Company earned $404,392 in revenue mainly from sales of telecommunication services. Cost of sales totaled $400,839, resulting in gross profit of $3,554 or 1%.

General and administrative expenses

The Company’s general and administrative expenses for the three months ended December 31, 2019 were $151,495 compared to $613,633 during the same period in 2018 representing a decrease of $462,138. The decrease was a result of decreases in advertising and marketing of $139,429, application development costs of $175,633, management fees and salaries of $61,514, office and administration of $96,172, professional fees of $39,936, rent and utilities of $12,341 partly due to a reclassification of rent to right of use assets, partially offset by an increase in amortization of equipment and furniture of $14,366, depreciation of right of use assets from the Company’s office lease of $17,095, consulting fees of $15,070, and foreign exchange of $22,972.

Other expenses

During the quarter ended December 31, 2019, the Company recognized a loss on digital currency sales and exchange transactions of $4,280 due to a reclassification from an earlier period (2018 – loss $118,683) and a revaluation loss of $52 (2018 – gain of $54,552) as a result of marking to market the Company’s digital currencies held in inventory.

The Company also recognized a recovery of security deposit of $15,609 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 December 31, 2019. The Company collected a total of $45,609 of the security deposit in 2019, and the $319,409 of the security deposit remains outstanding. Management of the Company is currently negotiating a new payment plan for the security deposit with the data service provider.

The Company entered into a convertible loan agreement with One Feather for settlement of $125,000 in IT development and consulting services rendered. The convertible loan was sold to two companies with a former director in common in June 2020 and the Company recognized an impairment of $51,857 on the convertible loan at December 31, 2019.

The Company recorded an impairment of $30,000 on its True Sync Media investment and $$52,858 on its iHalo project.

Please refer to the analysis of annual results of operations included in section 1.4 of this MD&A for further details.

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 (loss)	Net Loss from continued operations	Net loss	Loss per share from continued operations
December 31, 2019	$ 147,500	$ 105,248	$ (169,850)	$ (156,239)	$ (0.00)
September 30, 2019	-	-	(247,489)	(247,489)	(0.01)
June 30, 2019	255,000	159,430	(124,164)	(102,023)	(0.00)
March 31, 2019	245,305	184,453	(192,536)	(162,242)	(0.00)
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)	(0.13)

There is an increase in expenses in 2018 as a result of the increase in business activities of the Company.

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 – At year end, the Company recognized impairment losses on the facility that is offered for sale, its investments in the JV Company and Canyon Capital's Halomoji 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.

September 30, 2019 – the Company didn't generate any revenue during this quarter, which resulted in a higher net loss reported during the period. Operating expenses were reduced by $112,154 as compared to Q1 of 2019 and by $47,082 as compared to Q2 of 2019 due to the Company's cost savings initiatives.

December 31, 2019 – The Company generated a gross profit of $105,248 from the OneFeather application development project, which partially offset its general operating expenses of $151,495.

1.6/1.7 Liquidity and Capital Resources

The Company reported working capital of $84,102 at December 31, 2019 compared to working capital of $669,462 at December 31, 2018, representing a decrease in working capital of $585,360.

As at December 31, 2019, the Company had net cash on hand of $20,988 compared to $360,405 as at December 31, 2018, representing a decrease of $339,417.

During the year ended December 31, 2019, the Company collected cash of $551,975 from OneFeather for its development services for its Phase I and II of the project. On October 1, 2019, the Company entered into a convertible loan agreement for $125,000 for settlement of services rendered and recovery of the receivable.

During the year ended December 31, 2019, the Company used $396,242 (2018 - $2,837,574) of its cash in operating activities.

The Company received $50,365 (2018 - $1,440,689) in its investing activities, which included:

- Sale of digital currencies of $123,833 (2018 – Purchase of $195,328);
- Acquisition of office equipment and furniture of $13,345 (2018 - $69,480);
- Acquisition of the property and building in Nederland, Colorado, of $Nil (2018 - $368,331), which are currently advertised for sale;
- Advanced $10,000 (2018 - $Nil) to a private entity in connection to a shareholder agreement whereby the Company will receive 3.35% interest in the private entity.
- Investment of $Nil (2018 - $75,000) in two private entities through Simple Agreement for Future Equity ("SAFE"). The respective SAFE Agreements give the Company the right to invest in shares of the investee companies once a valuation cap of $1,000,000 and $2,000,000, respectively;
- Investment of $Nil (2018 - $575,000) in JV Company, which includes a non-interest bearing loan of $520,000 with no fixed term of repayment. An impairment loss of $575,000 was recognised for this investment as at December 31, 2018; and
- Invested $52,858 (2018 - $86,829) in Canyon Capital's Halomoji project in return of a 10% royalty from future gross revenue earned from the project. An impairment loss of $52,858 (2018 - $86,829) was recognised for this investment.

In the comparative 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 property remains available for sale to-date.

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

	December 31, 2019	December 31, 2018
Government sales tax credits	$ 4,244	$ 10,761
Other receivables	2,237	6,104
Total Receivables	6,481	16,865
Deposit with the digital currency exchange	-	24,105
Prepaid insurance	-	17,653
Other prepaids	14,840	32,672
Total prepaids	14,840	74,430
Loan receivable	74,602	-
Digital currencies at fair market value	270	95,781
Assets held-for-sale (the property in Colorado)	305,209	305,209

Current liabilities as at December 31, 2019 consisted of trade payables of $186,730 (2018 - $175,510), due to related parties of $148,516 (2018 - $7,618) and deferred revenues of $nil (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, 2019 and 2018, 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 with maximum payout cap is set at 10 times of the final total amount of the Holder's investment, which is equal to the amount of the development costs incurred by the Holder.

As at December 31, 2019, the Company incurred an aggregate 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 year ended December 31, 2019 on the iHalo project also have been recorded as an impairment of investment.

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. During the year ended December 31, 2019, 2,184,299 share purchase warrants and 100,000 stock options expired unexercised. The Company has and may continue to have capital requirements in excess of its currently available resources.

Risk Factors and Uncertainties

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 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 mainly trade receivables and refundable government sales taxes. Credit risk related to these receivables is assessed as low.

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. As at December 31, 2019, the Company retained a minimum balance of digital currencies for testing and development purposes.

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

As at December 31, 2019, the Company had working capital of $84,102 (2018 - $669,462).

<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 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.

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

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 year ended December 31, 2019, the remuneration of management fees to key personnel were as follows:

December 31,		2019		2018
Chief Executive Officer[a] (CEO)	$	97,850	$	95,311
Chief Operating Officer[b] (COO)		102,747		90,000
Chief Technology Officer[c] (CTO)		70,000		114,205
President[d]		21,352		78,236
Total	$	296,936	$	377,752

(a) During the year ended December 31, 2019, the Company paid or accrued salary of $97,850 (2018 - $95,311) to the CEO and director of the Company.

During the year ended December 31, 2019, ChargaCard entered into short term loan agreements with the CEO borrowing $8,800 (2018 - $Nil) in cash and $954 (2018 - $Nil) in digital currencies. The loans are non-interest bearing and have one year repayment terms. The cash loans have been repaid as of December 31, 2019.

As at December 31, 2019, $64,574 (2018 - $Nil) was due to the CEO for salaries and digital currency loan.

(b) On December 4, 2017, ChargaCard entered into an Operations Management and Product Development Services contract with the COO and director of the Company for provision of management services in exchange of a monthly fee of $7,500. The contract was for a one year term with an extension for renewal for an additional year at the end of the original term.

On August 21, 2019, the Company's Ukrainian subsidiary Intellabridge LLC entered into a separate consulting contract with the COO for provision of business development and management services for a period until December 31, 2019 for a total consideration including benefits of $12,747.

During the year ended December 31, 2019, the Company paid or accrued aggregate fees of $102,747 (2018 -$90,000) for management services pursuant to the above consulting agreements and paid $7,850 in benefits to the COO.

As at December 31, 2019, $37,750 (2018 - $Nil) in management fees was due to the COO.

(c) During the year ended December 31, 2019, the Company paid or accrued salary of $70,000 (2018 - $114,205) to the Chief Technology Officer of ChargaCard. The CTO Employment Agreement was terminated effective August 1, 2019.

As at December 31, 2019, $20,000 (December 31, 2018 - $Nil) was due to the former CTO for two months salaries.

(d) During the year ended December 31, 2019, the Company paid management fees of $13,977 (2018 - $78,236) and commissions of $7,375 (2018 - $Nil) to Katmando Holdings Inc. ("Katmando"), a company owned by Keith Turner, President of the Company. Management fees were paid to Katmando 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 business development consulting services (see Note 15).

As at December 31, 2019, $1,625 (2018 - $7,037) was due to Katmando.

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

(e) 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 for the year ended December 31, 2019, the Company paid $90,444 (2018 -$76,650) for administrative fees to VCC.

As at December 31, 2019, $40,422 (December 31, 2018 - $Nil) in administrative fees were due to VCC. This amount is included in trade payables.

(f) On September 10, 2019, the Company entered into a promissory note agreement for a short-term loan in the amount of $25,000 (2018 - $Nil) from a former director of the Company, Praveen Varshney. The loan was secured personally by the CEO. The loan bears an annual interest of 12% and was repayable on November 11, 2019. The Company accrued interest of $921 (2018 - $Nil) on the loan.

To December 31, 2019, the Company is in default of the loan. The former director has not demanded repayment, nor exercised rights under the general security agreement. Subsequent to December 31, 2019, the Company repaid the loan in full.

(g) As at December 31, 2019, $309 (2018 - $600) in cost recoveries was due from a company with a director in common. The amount was included in receivables and collected subsequent to the year ended December 31, 2019.

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

(i) During the year ended December 31, 2019, the Company recognized $9,735 (2018 - $10,955) in share-based compensation for the vested portion of the stock options granted to the President of the Company. 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. 100,000 stock options expired unexercised on September 21, 2019.

(j) During the year ended December 31, 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; the warrants expired September 9, 2019. The Company also paid $29,000 to VCC for consulting and advisory services provided in connection with the RTO.

(k) During the year ended December 31, 2018, the Company engaged in a software application development project with Canyon Capital (Note 8), a company with a common director and officer. As at December 31, 2019, the Company incurred software development costs in the aggregate of $139,687 (December 31, 2018 - $86,829) in connection with this project.

1.10 Fourth Quarter and Subsequent Events

Effective October 1, 2019, the Company launched Phase II development for the OneFeather contract which was completed at December 31, 2019. The Company earned total revenues of $647,500 from both phases of the One Feather project.

Subsequent to December 31, 2019, the Company:

(a) Sold a loan receivable to two companies with a former director in common for an aggregate discounted value of CAD$100,000; and

(b) Repaid a loan of $25,000 plus interest to a former director of the Company

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 3 of the audited consolidated financial statements for the year ended December 31, 2019.

As at January 1, 2019, the Company adopted all of the requirements of IFRS 16 using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information, which continues to be reported under *IAS 17, Leases.*

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments at December 31, 2019 are as follows:

	Level 1	Level 2	Level 3
Financial assets			
Cash	$ 20,988	$ –	$ –
Receivables	–	2,237	–
Loan receivable	74,602	–	–
Advance	10,000	–	–
Investments	–	–	45,000
Financial liabilities			
Trade payables	–	186,730	–
Due to related parties	–	148,516	–

Cash deposits have been measured at fair value using Level 1 inputs. The carrying value of receivables, digital currencies, security deposits, trade 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 July 15, 2020:

Authorized - Unlimited common shares without par value

Issued – common shares: 56,471,844 (includes 7,941,870 in escrow shares)
Stock Options – 820,000 options

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