Graph Blockchain Inc.

Management's Discussion and Analysis

For the years ended April 30, 2023 and 2022
(Expressed in Canadian dollars)

The following management, discussion and analysis, prepared as of August 25, 2023, provides information that management believes is relevant to an assessment and understanding of the results of operations and financial condition of Graph Blockchain Inc. ("Graph" or the "Company"). The Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of the Company for the years ended April 30, 2023 and 2022. Unless otherwise noted, all financial information in the MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

This MD&A contains or incorporates forward-looking statements within the meaning of Canadian Securities legislation (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, revenue, earnings, changes in cost and expenses, capital expenditures and other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In addition, any statements that refer to expectations, projections, or other characterizations of future events or circumstances are forward looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates, and projections regarding future events.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.

The forward-looking statements contained in this MD&A are made as at the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, the Company, does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

Selected Financial Information

	Years ended April 30,		
	2023	**2022**	**2021**
	$	**$**	**$**
Current assets	**549,658**	4,529,890	9,342,242
Total assets	**1,687,069**	11,329,847	11,751,841
Total current liabilities	**130,835**	894,543	742,404
Total non-current liabilities	**-**	900,500	40,000
Total liabilities	**130,835**	1,795,043	782,404
Revenue	**992**	44,742	433,215
Net loss	**(8,396,781)**	(24,044,845)	(15,329,673)
Net loss per share	**(0.145)**	(0.481)	(0.809)

During the year ended April 30, 2023, current assets decreased from $4,529,890 to $549,658 mainly due to cash used in operating activities. Non-current liabilities decreased from $900,500 to $Nil mainly related to the terms of the contingent liability not being met from the New World Inc. acquisition. The decrease to net loss of $8,396,781 is discussed below in the "Summary of Financial Results" section.

Non-GAAP Measures

Management believes that EBITDA and Adjusted EBITDA are effective measures for analyzing the performance of the Company. The term "EBITDA" refers to earnings before deducting interest, taxes, depreciation and amortization. The Company calculates Adjusted EBITDA as net loss before deducting interest and accretion, taxes, depreciation and amortization, listing expense, other reverse take-over fees, acquisition related costs, share-based compensation and consideration paid in excess of net assets acquired. "EBITDA" and "Adjusted EBITDA" are both non-GAAP measures under IFRS and does not have a standardized meaning under IFRS, and therefore the measure as calculated by the Company may not be comparable to similarly-titled measures reported by other companies. The Company believes that Adjusted EBITDA is useful additional information to management, the Board and investors as it provides an indication of the operational results generated by its business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and amortization and it excludes items that could affect the comparability of our operational results and could potentially alter the trends analysis in business performance. Excluding these items does not necessarily imply they are non-recurring, infrequent or unusual. Adjusted EBITDA is also used by some investors and analysts for the purpose of valuing a company. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to operating earnings or net earnings determined in accordance with IFRS as an indicator of the Company's financial performance or as a measure of the Company's liquidity and cash flows. Adjusted EBITDA does not take into account the impact of working capital changes, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed in the consolidated statement of cash flows.

The following table reconciles income from operations to EBITDA and Adjusted EBITDA for the years ended April 30, 2023 and 2022:

	Year ended April 31, 2023 $	Year ended April 30, 2022 $
Net loss	**(8,396,781)**	(24,044,845)
Depreciation and amortization	**125,050**	208,142
Interest expense/(income)	**62,331**	(8,016)
EBITDA	**(8,209,400)**	(23,844,719)
Share-based marketing fees	**-**	80,000
Share-based compensation	**18,225**	781,156
Consideration paid in excess of net assets acquired- Beyond the Moon Inc.	**-**	17,087,564
Impairment on goodwill and intangibles	**5,755,427**	-
Unrealized gain on other long-term liability	**(900,000)**	-
Unrealized loss on short-term investments	**174,000**	-
Adjusted EBITDA	**(3,161,748)**	(5,895,999)
Weighted average number of common shares	**58,071,488**	49,977,584
Adjusted EBITDA per share	**(0.054)**	(0.118)

Please refer to the Summary of Operations section in this MD&A for further details and other financial information.

Business Overview

Graph Blockchain Inc. is a technology company that provides shareholders with exposure to various areas of Decentralized Finance (DeFi) through several wholly owned subsidiaries, Babbage Mining Corp., Beyond The Moon Inc., New World Inc., Optimum Coin Analyser Inc. and Niftable Inc.

Babbage Mining Corp. focuses on altcoins, alternative cryptocurrencies to Bitcoin. Graph was one of the first publicly tradable altcoin Proof of Stake ("POS") miners, which generates income while providing exposure to several top digital assets by market capitalization. By mining altcoins through Proof of Stake, Babbage can provide to its investor's exposure to the emerging market of cryptocurrencies with the significant technological disruption and potential gains that altcoins represent. In addition, Beyond the Moon Inc. manages the process of entering crypto launchpads by helping to facilitate the access to early-stage crypto tokens which provide the first public investment round, called an Initial DEX Offering ("IDO") and New World Inc. is an augmented reality art-focused Non-Fungible Token ("NFT") company that allows creators, musicians and celebrities to have access to an NFT distribution canvas to create and sell digital art. Coin Optimizer Inc., provides software as a service to help cryptocurrency traders better read signals and analysis to generate superior trading returns. The Company's latest acquisition Niftable Inc.'s core business is to connect charities and their artists to the NFT world.

The Company is a publicly traded corporation, incorporated in the province of British Columbia, and its head office is located at 2300 Yonge St., Suite 2802, Toronto, Ontario, M4P 1E4 Canada. The Company's common shares are listed on the Canadian Securities Exchange under the trading symbol "GBLC". The Company was incorporated under the laws of the Province of British Columbia on October 6, 1982. On November 6, 2018, the Company completed its acquisition of BluStem Ltd. (formerly Graph Blockchain Limited) ("BluStem") through a reverse takeover, and changed the Company's name to Graph Blockchain Inc.

Summary of Financial Results

Revenue

For the year ended April 30, 2023, revenue from operation was $992 mainly related to sale of NFT, comparing to $44,742 for the year ended April 30, 2022.

Expenses

For the year ended April 30, 2023, the Company incurred $3,094,455 (2022 - $5,524,180) of operating expenses. Significant items are noted:

- Salaries, benefits and management fees of $977,503 (2022 – $403,663) increased mainly as a result of increased number of employees and management personnel due to a series of acquired entities.
- Office and general of $343,589 (2022 - $422,735) increased mainly due to corporate overhead costs as a direct result of increase in operating activities.
- Other operating expenses in the amount of $1,629,471 (2022 - $4,412,249) decreased as prior year had various marketing campaigns and consulting professional fees mainly related to the acquisitions.
- Share-based compensation $18,225 (2022 - $781,156) related to the vesting of stock options to certain management, directors, employees and consultants of the Company granted during the prior year.

For the year ended April 30, 2023, the Company recognized an impairment on goodwill and intangibles of $5,270,235 as a result of the Company's decision to place New World's operation on hold.

For the three months ended April 30, 2023, the Company incurred $432,330 (2022 - $2,207,610) in operating expenses includes other operating expenses of $217,418 (2022 - $1,491,336) and salaries, benefits and management fees of $150,199 (2022 - $247,626) mainly related to various marketing campaigns and consulting/professional fees.

Summary of Quarterly Results

The following is a summary of the Company's quarterly results, beginning with the three months ended July 31, 2022 ("Q1 - 22").

	Q4 – 23 $	Q3 – 23 $	Q2 – 23 $	Q1 – 23 $	Q4 – 22 $	Q3 – 22 $	Q2 – 22 $	Q1 – 22 $
Total revenue (loss)	(129)	-	1,121	-	(293,677)	338,419	-	-
Net loss	(870,933)	(5,268,475)	(957,239)	(1,300,134)	(14,877,863)	(1,837,192)	(1,553,281)	(5,776,509)
Net loss per share	(0.014)	(0.091)	(0.017)	(0.023)	(0.271)	(0.040)	(0.030)	(0.140)
EBITDA	(768,556)	(5,268,690)	(901,517)	(1,270,637)	(14,732,582)	(1,789,388)	(1,546,371)	(5,776,378)
Adjusted EBITDA	(175,139)	(814,455)	(901,517)	(1,270,637)	(1,467,772)	(1,789,388)	(1,546,371)	(1,092,468)
Adjusted EBITDA per share	(0.002)	(0.014)	(0.016)	(0.022)	(0.018)	(0.040)	(0.030)	(0.030)

During the quarter ended April 30, 2021, the increase in net loss to $13,463,555 was mainly a result of share-based compensation of $6,732,216 related to the granting of stock options to certain management, directors, employees and advisors of the Company and exercising of 660,000 warrants at a price of $1.00 per share. In addition, the Company recognized consideration paid in excess of net assets acquired of $5,863,115 related to the acquisition of 100% of Babbage Mining Corp. pursuant to the terms of a share exchange agreement.

During the quarter ended July 31, 2021, the increase in net loss to $5,776,509 was mainly a result of conducting marketing campaign and investor relation activities. In addition, the Company recognized consideration paid in excess of net equity acquired related to the acquisition of Beyond the Moon Inc. pursuant to the terms of a share exchange agreement.

During the quarter ended January 31, 2022, the Company recorded revenues in the amount of $338,419 from the sale of NFT and art work.

During the quarter ended April 30, 2022, the Company reclassed sales related to art work to other income resulted a negative balance in revenue account.

During the quarter ended April 30, 2022, the increase in net loss to $14,877,863 is mainly due to Company recognized consideration paid in excess of net equity acquired related to the acquisition of Beyond the Moon Inc., Optimum Coin Analyser Inc. and Niftable Inc.

During the quarter ended January 31, 2023, the increase in net loss to $5,268,475 was mainly due to $5,270,235 impairment of goodwill and intangibles, offset by $900,000 unrealized gain on other long-term liability. This is due to Company decided to put New World's operation on hold and laid off majority of its employees. As a result, the Company conducted an impairment assessment of its goodwill and intangible assets related to New World's artist relationship and technology. Based on the assessment, the Company determined that the carrying value of the goodwill and intangibles were fully impaired, therefore, recognized a total impairment loss of $5,270,235. Additionally, the Company reversed $900,000 other long-term liability representing contingent consideration in shares related to New World acquisition as the terms of the payment were not met.

Liquidity, Capital Resources, and Cash Flow

The Company has financed its operations to date through the issuance of common shares and warrants. The Company continues to seek capital through various means including the issuance of equity. The consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

For the year ended April 30, 2023, net cash used in operating activities was $3,097,604 (2022 – $5,663,579), net cash used in investing activities was $304,063 (2022 – cash inflow of $660,532) and net cash used in financing activities was $45,000 (2022 – $146,400).

The consolidated financial statements were prepared on a going concern basis under the historical cost basis of accounting. As at April 30, 2023, the Company has an accumulated deficit of $58,272,143 (2022 - $49,875,362). For the year ended April 30, 2023, the Company recognized a net loss of $8,396,781 (2022 - $24,044,845) and had net cash outflows from operating activities of $3,097,604 (2022 - $5,663,579).

Related Party Transactions

a) Short-term investments and unrealized loss on short-term investments

Short-term investments represent shares subscription from Justera Health Ltd. (formerly ScreenPro Security Inc.) ("Justera"), a company with certain officers and directors in common with the Company.

b) Loan receivable

As of April 30, 2023, a trade receivable balance of $405,570 (2022 - $Nil) that was due from Justera, a company with certain officers and directors in common with the Company, was converted into a loan that is to be repaid over 81 months for an equal payment of $5,000 per month. During the year, the Company received $45,000 and $360,570 remains outstanding, of which $60,000 was classified as a current portion. The Company recorded an interest expense of $102,400 to present value the long-term loan receivable.

c) Accounts payable and accrued liabilities

As of April 30, 2023, an amount of $6,000 (2022 - $150,159) included in accounts payable and accrued liabilities is due to certain officers and directors of the Company.

d) Intangible assets

As of April 30, 2023, the Company paid a deposit of $250,000 to Nexalogy Environics Inc. related to software development, a company controlled by certain officers and directors in common.

e) Other income

During the year ended April 30, 2023, the Company recognized $108,000 (2022 - $Nil) related to consulting fees charged to companies with certain officers and directors in common with the Company.

f) Compensation of key management personnel

Key management includes members of the Board and executive officers of the Company. Compensation awarded to key management is listed below:

	Year ended April 30, 2023 $	Year ended April 30, 2022 $
Accounting fees included in other operating expenses	**-**	180,000
Consulting fees included in other operating expenses	**251,000**	1,185,133
Professional fees included in other operating expenses	**-**	18,000
Share-based compensation	**12,826**	692,768
Salaries and benefits	**318,860**	269,116
	582,686	2,345,017

Contingency

On March 2, 2021, a Notice of Civil Claim ("Claim") was filed against the Company in the Supreme Court of British Columbia related to specific performance of an agreement between the Company and a strategic advisor. According to the agreement, the Company has obligation to grant the advisor share options to purchase common shares in the Company which will equal 2.5% of the total fully diluted shares. The Company also entered into a service agreement with the advisor to make monthly payment of $15,000 in stock at a deemed price of $0.50 per share for a period of 12 months. Pursuant to the Claim, the strategic advisor is requesting the Company to pay $23,400, issue 360,000 common shares of the Company and issue stock options equal to 2.5% of the total fully diluted common shares outstanding of the Company. The Company has filed its Response to Civil Claim in the Action and Reply in the Action on April 23, 2021 and May 5, 2021, respectively. In September 2022, the Company signed a settlement agreement with the advisor and paid $80,000 as final settlement.

Off-Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements.

Outstanding Share Information

The Company is authorized to issue an unlimited number of common shares with no par value. As at the date this MD&A is prepared, the Company had 67,770,118 common shares issued and outstanding, 19,986,799 warrants issued and 7,600,000 restricted stock units issued.

Risk Factors

The Company is exposed to a number of risks and uncertainties that are common to other companies engaged in the same or similar businesses. Material risks that could significantly affect the financial condition, operating results or business of the Company are listed below:

Limited Operating History of Graph

Graph has a limited operating history. Graph and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the blockchain and business intelligence markets. There is no certainty that the Graph will operate profitably.

No Profits to Date

Graph has not made profits since its incorporation and it may not be profitable for the foreseeable future. Its future profitability will, in particular, depend upon its success in developing its database solution and to the extent to which it is able to generate significant revenues. Because of the limited operating history and the uncertainties regarding the performance of the cryptocurrency investments made by the Company, management does not believe that the operating results to date should be regarded as indicators for the Company's future performance.

Negative Operating Cash Flow

Graph has negative cash flow from operating activities. It is anticipated that the Company will continue to have negative cash flow in the short term. Continued losses may have the following consequences:

(a) increasing the Company's vulnerability to general adverse economic and industry conditions;

(b) limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and

(c) limiting the Company's flexibility in planning for, or reacting to, changes in its business and industry.

Cryptocurrency Industry Risks

The further development and acceptance of the cryptocurrency industry is subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of cryptocurrency may adversely affect an investment in the Company. Cryptocurrency may be used, among other things, to buy and sell goods and services which is a new and rapidly evolving industry subject to a high degree of uncertainty. The factors that affect the further development of the cryptocurrency industry include: (i) continued worldwide growth in the adoption and use of cryptocurrency; (ii) government and quasi-government regulation of cryptocurrency and their use, or restrictions on or regulation of access to and operation of cryptocurrency systems; (iii) changes in customer demographics and public tastes and preferences; (iv) the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; (v) the wide-spread adoption of cryptocurrency to hedge against economic instability and inflation; and (vi) general economic conditions and the regulatory environment relating to cryptocurrency. A decline in the popularity or acceptance of cryptocurrency would harm the business and affairs of the Company.

Volatilities in Cryptocurrency Prices

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

(a) Global cryptocurrency demand depending on the acceptance of cryptocurrency by retail merchants and commercial businesses, the perception that the use and holding of cryptocurrency is safe and secure as well as the lack of regulatory restrictions;

(b) Interest rates;

(c) Currency exchange rates, including exchange rates between cryptocurrency and fiat currency;

(d) Fiat currency withdrawal and deposit policies on cryptocurrency exchanges and liquidity on such cryptocurrency exchanges;

(e) Interruption of services or failures of major cryptocurrency exchanges;

(f) Large investment and trading activities in cryptocurrency;

(g) Monetary policies of governments, trade restrictions, currency de- and revaluations;

(h) Regulatory measures restricting the use of cryptocurrency as a form of payment or the purchase of cryptocurrency;

(i) Global or regional political, economic or financial events and situations, including increased threat of terrorist activities; and/or

(j) Self-fulfilling expectations of changes in the cryptocurrency market.

Stability of Cryptocurrencies Exchanges

The price of cryptocurrency is established by public exchanges that have, by nature of their business, a limited operating history. Even the largest cryptocurrency exchanges have been subject to operational interruptions or even collapse. The interruption and the collapse of cryptocurrency exchanges may limit the liquidity of cryptocurrencies resulting in volatile prices and a reduction in confidence in the cryptocurrency network and the cryptocurrency exchange market. The deposit or withdrawal of fiat currency into or from the cryptocurrency exchanges may also affect the price of cryptocurrency. Operational limits regarding the settlement with fiat currencies may also reduce the demand to use cryptocurrency exchanges which would adversely affect an investment made by the Company. Cryptocurrency exchanges are relatively new and largely unregulated, and may, therefore, be more exposed to fraud and failure than other, more established currency and commodity exchanges. While smaller cryptocurrency exchanges are lacking infrastructure and capitalization the larger cryptocurrency exchanges are more likely to become targets of hackers and malware. Also, arbitraging activities between cryptocurrency exchanges may destabilize some of the smaller cryptocurrency exchanges. A lack of stability in the cryptocurrency exchange market may reduce the confidence in the cryptocurrency network affecting adversely an investment in the Company.

Changes in the Cryptocurrencies Network Protocol

The cryptocurrency network is based on a protocol governing the peer-to-peer interactions between computers that are connected to each other within the cryptocurrency network. The governing code regulating such math-based protocol is informally managed by a development team. This development team, though, might propose and implement amendments to the cryptocurrency network's source code through software upgrades altering the original protocol, including fundamental ideas such as the irreversibility of transactions and limitations on the validation of blockchain software distributed ledgers. Such changes of the original protocol and software may adversely affect an investment made by the Company.

Acceptance of Virtual Currencies

Although the Company believes that the usage of cryptocurrencies will be focused on the technology to transmit and clear fiat currencies their usage as virtual currency will be an important factor as well. Hence, in the event that companies or individuals will be increasingly reluctant to accept virtual currencies, such limited usage of cryptocurrencies could adversely affect an investment made by the Company.

Misuse of Cryptocurrencies

Ever since the existence of cryptocurrencies, and especially bitcoins, there has been attempts to use them for speculation purposes and manipulations by hackers to use cryptocurrencies for malicious purposes. Although law makers increasingly regulate the use and applications of cryptocurrencies and software is being developed to curtail hacker activities as well as misuses by speculators no assurances can be given that those measures will be sufficiently deter those illegal activities in the future. In particular, misuses could occur if a malicious actor or botnet (i.e. a series of computer controlled by a networked software coordinating the actions of the computers) obtains a majority of the processing power controlling the cryptocurrency validating activities and altering the blockchain which cryptocurrency transactions rely upon. Moreover, if the award for solving transaction blocks declines and transaction fees are not sufficiently high, the incentive to continue validating blockchain transactions would decrease and could lead to a stoppage of validation activities. The collective processing power of the blockchain network would be reduced, which would adversely affect the confirmation process for transactions by decreasing the speed of the adaption and adjustment in the difficulty for transaction block solutions. Such slower adjustments would make the blockchain network more vulnerable to malicious actors or botnets obtaining control of the blockchain network processing power.

Global Financial Developments

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be hard to predict or to defend against. Financial developments seemingly unrelated to the Company or to its industry may adversely affect the Company over the course of time. For example, material increases in any applicable interest rate benchmarks may increase the debt payment costs for any credit facilities. Credit contraction in financial markets may hurt its ability to access credit in the event that the Company identifies an acquisition opportunity or require significant access to credit for other reasons. A reduction in credit, combined with reduced economic activity, may adversely affect business. Any of these events may have a material adverse effect on the Company business, operating results, and financial condition.

Regulatory Risks

Changes in or more aggressive enforcement of laws and regulations, including with respect to blockchain, could adversely impact the Company's business. Failure or delays in obtaining necessary approvals could have a materially adverse effect on the Company's financial condition and results of operations. Furthermore, changes in government, regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. Regulatory agencies could shut down or restrict the use of platforms using blockchain based technologies. This could lead to a loss of any investment made in the Company and may trigger regulatory action by the Ontario Securities Commission or other securities regulators.

Disruption of its Information Technology Systems

The Company relies on information technology in virtually all aspects of its business. A significant disruption or failure of its information technology systems could result in service interruptions, security violations, regulatory compliance failures, and inability to protect information and assets against intruders, and other operational difficulties. Attacks perpetrated against its information systems could result in loss of assets and critical information and exposes it to remediation costs and reputational damage. A significant disruption or cyber intrusion could lead to misappropriation of assets or data corruption and could adversely affect its results of operations, financial condition and liquidity. Additionally, if the Company is unable to acquire or implement new technology, it may suffer a competitive disadvantage, which could also have an adverse effect on its results of operations, financial condition and liquidity. Cyber-attacks could further adversely affect the Company's ability to operate information technology and business systems, or compromise confidential customer and employee information.

Risk of Theft and Hacking

Hackers or other groups or organizations may attempt to interfere with the graph solution or the availability of it in any number of ways, including without limitation denial of service attacks, Sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks.

Failure to Grow at the Rate Anticipated

Graph is a start-up company with a limited history of sales and no record of profitability. If the Company is unable to achieve adequate revenue growth, its ability to become profitable may be adversely affected and the Company may not have adequate resources to execute its business strategy.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate and manage its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Litigation

The Company may become involved in litigation that may materially adversely affect it. From time to time in the ordinary course of the Company’s business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition.

More specifically, the Company may face claims relating to information that is retrieved from or transmitted over the Internet or through the solution and claims related to the Company’s products. In particular, the nature of the Company’s business exposes it to claims related to intellectual property rights, rights of privacy, and personal injury torts.

Conflicts of interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. Conflicts, if any, will be subject to the procedures and remedies as provided under the British Columbia Business Corporations Act (“BCBCA”). To the best of the Company’s knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest between the Company and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Currency Risk

While the Company is headquartered in Canada and typically raises funds in Canadian dollars, certain of its operations may be conducted in Asia, the United States and Europe. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company.

No Dividend History

No dividends have been paid by the Company to date. The Company anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Company's financial condition and current and anticipated cash needs.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results and acquisition or disposition of properties, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Shareholders' Interest may be Diluted in the Future

The Company will require additional funds for its planned activities. If the Company raises additional funding by issuing equity securities, which is highly likely, such financing could substantially dilute the interests of the Company's shareholders. Sales of substantial amounts of shares, or the availability of securities for sale, could adversely affect the prevailing market prices for the Company's shares. A decline in the market prices of the Company's shares could impair the ability of the Company to raise additional capital through the sale of new common shares should the Company desire to do so.

Other Information

Additional information regarding the Company is available www.graphblockchain.com and on SEDAR at www.sedar.com