BLOCK X CAPITAL CORP.
(formerly Lions Gate Metals Inc.)
MANAGEMENT DISCUSSION AND ANALYSIS
THREE AND SIX MONTHS ENDED JUNE 30, 2019

This Management Discussion and Analysis ("MD&A") of Block X Capital Corp. (formerly Lions Gate Metals Inc.) (the "Company") has been prepared by management and is current as of August 26, 2019. This MD&A should be read in conjunction with our audited annual consolidated financial statements and accompanying notes thereto for the year ended December 31, 2018 and our condensed consolidated interim financial statements for the three and six months ended June 30, 2019 (the "Interim Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in the Interim Financial Statements and this MD&A are expressed in Canadian dollars, unless otherwise indicated. Additional information regarding the Company can be found on SEDAR at www.sedar.com.

Description of Business and Operations

The Company was incorporated pursuant to the Business Corporations Act of British Columbia on March 11, 1981 and its office is at Suite 918 – 1030 West Georgia Street, Vancouver, BC, V6E 2Y3. On June 20, 2014, the Company delisted from the TSX Venture Exchange ("TSX-V") and commenced trading on the Canadian Securities Exchange ("CSE") on June 23, 2014.

The Company was historically a junior mineral exploration-stage company in the business of acquiring, exploring and evaluating natural resource properties, and either developing these properties further or disposing of them when the evaluation is complete. The Company was unsuccessful in developing properties and management commenced a review of alternate business strategies. In November 2017, the Company announced that it has proposed a change of business and transitioned to an investment issuer focused on companies in the blockchain technology industry. The Company's investment objectives are to seek investment opportunities in early-stage to mid-level blockchain and emerging technology companies and to achieve an acceptable rate of return by focusing on opportunities with attractive risk to reward profiles. Investments by the Company will be made in accordance with, and are otherwise subject to, the Company's investment policy, which may be amended from time to time.

Investments

The Company completed the following investments during the six months ended June 30, 2019:

On January 16, 2019 the Company invested $350,000 in Canivate Growing Systems Ltd. ("Canivate") for 1,000,000 units, representing 1.6% of the issued and outstanding shares. Each unit consists of one common share and one common share purchase warrant with an exercise price of $0.50 per share. The warrants are exercisable for three years from the issue date. On March 22, 2019, the Company invested an additional $500,000 in Canivate by the way of convertible debentures, bearing interest at 12% per annum and maturing in 5 years. On May 10, 2019, the Company invested a further $1,000,000 by purchasing 1,000,000 units. Each unit consists of one Series A Preferred Share and one common share purchase warrant exercisable for 60 months from the date of issue to purchase one class A common share at a price of $2.00. In addition to the receipt of an equity interest in the company for cash, there are no additional significant terms or conditions to the investment. Canivate has improved the production of cannabis by leveraging its proprietary propagation, growing environment, and growing methodology IP into three offtake agreements, with leading cannabis operators and brands in California.

On April 4, 2019 the Company invested $250,000 in MineHub Technologies, Inc. ("MineHub") representing a 3.2% interest in MineHub. MineHub is an emerging technology company leveraging technologies, including blockchain, to develop a new generation of cost saving applications. The MineHub platform manages high value assets from mine to end buyer across the mining and metals supply chain. On June 19, 2019, the Company issued a $250,000 loan to MineHub. The loan bears interest at 10% and matures on June 18, 2020. In conjunction with the loan, the Company received 200,000 common shares of MineHub as bonus securities. In addition to the receipt of an equity interest in the company for cash, there are no additional significant terms or conditions to the investment.
The Company completed the following investments during the six months ended December 31, 2018:

On February 9, 2018, the Company purchased via private placement 500,000 common shares of Eli Technologies Corp. ("Eli") (formerly Buildings Block Technology Corp.) at $0.30 per share for $150,000, representing a 1.7% interest. On June 28, 2018, the Company purchased 150,000 common shares at $0.05 per share for $7,500 via a private transaction, representing a 0.5% interest in the company. This investment is recorded at cost. As of June 30, 2019, the Company has not recorded an impairment on this investment. In addition to the receipt of an equity interest in the company for cash, there are no additional significant terms or conditions to the investment.

On April 11, 2018, the Company purchased 625,000 common shares of Abaxx Technologies Inc. at $0.40 per share for $250,000 via private placement. This investment is recorded at cost. As of June 30, 2019, the Company has not recorded an impairment on this investment. In addition to the receipt of an equity interest in the company for cash, there are no additional significant terms or conditions to the investment.

On April 12, 2018, the Company acquired 12.5% of the issued and outstanding shares of Silota Research and Development Inc. ("Silota") for cash consideration of $24. In addition, the Company issued a $300,000 non-interest-bearing convertible note to Silota, due five years from the date of issuance, and convertible into common shares at an 18% discount. Silota's feature product, Covalent, is building tools and infrastructure to bridge decentralized blockchains with centralized databases. Covalent's technology will allow companies to quickly perform complex queries on, and derive analytics from, data stored on blockchains. During the year-ended December 31, 2018, the Company impaired this investment and wrote off the $300,000 convertible note receivable.

On May 9, 2018, the Company purchased 800,000 common shares of FansUnite Entertainment Inc. at $0.25 per common share for $200,000 via private placement, representing a 1.15% ownership interest. This investment is recorded at cost. During the year-ended December 31, 2018, a fair value adjustment of $184,000 was recorded resulting in a fair value $16,000. In addition to the receipt of an equity interest in the company for cash, there are no additional significant terms or conditions to the investment.

On May 16, 2018, the Company purchased 428,571 unit of Fusion Agiletech Partners Inc. at $0.35 per unit for $150,000 via private placement. Each unit consists of one common share and one-half share purchase warrant exercisable at $0.50. This investment is recorded at cost. As at March 31, 2019, the Company recorded a cumulative fair value adjustment of $85,714 resulting in a fair value as at March 31, 2019 of $64,286.

Financings

The Company did not complete any financings during the six months ended June 30, 2019. The Company completed the following financings during the six months ended June 30, 2018:

On April 30, 2018, the Company issued 80,000 common shares for proceeds of $8,000 upon exercise of warrants at an exercise price of $0.10.

In March 2018, the Company issued 2,390,556 common shares for proceeds of $239,056 upon exercise of warrants at an exercise price of $0.10.

On January 5, 2018, the Company completed a non-brokered private placement whereby it issued 1,292,500 common shares at a price of $0.40 per share for proceeds of $517,000. In addition, the Company issued 64,000 finders' shares and 64,000 finders' warrants, exercisable at $0.40 until January 8, 2020. The Company received subscriptions of $334,000 during the year ended December 31, 2017 toward this private placement.

Results and Discussion of Operations

Selected Annual Information

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Loss for the year	$ 3,241,935	$ 884,995	$ 3,677,374
Weighted average number of common shares outstanding	47,709,170	28,264,489	4,426,783
Loss per share	0.07	0.03	0.83
Net working capital	$ 2,752,794	$ 4,949,058	$ 988,848
Total assets	$ 3,332,589	$ 5,142,785	$ 1,309,773
Total long-term liabilities	$ -	$ -	$ -
Net shareholders' equity	$ 3,320,589	$ 5,009,782	$ 1,264,5275

During the most recent year-ended December 31, 2018, the loss for the year increased by $2,356,940 compared to the prior year's loss. This increase was all related to the Company shifting its focus from an exploration company to one that focuses on investment in blockchain and emerging technology. The shift was finalized in the first quarter of 2018.

Results of Operations

Results of Operations for the three months ended June 30, 2019 compared to June 30, 2018:

	2019	**2018**
Finance fees and bank charges	$ 173	$ 113
Consulting fees	1,196	5,000
Filing and transfer agent fees	5,071	9,396
Office, rent and administration	45,566	59,878
Professional fees	14,080	34,928
Marketing	-	214,122
Travel	-	5,511
Share based payments	1,095	279,623
Change in fair value of investment	12,857	-
Finance income	(19,718)	(4,906)
Loss for the period	$ 60,320	$ 603,665

The net loss for the three months ended June 30, 2019 was $60,320 compared to $603,665 for the same period in 2018, representing a decrease of $543,345.

The Company's expenses decreased by $541,390, related to marketing, professional fees, travel and filing and transfer agent fees and share based payments, as a result of its shift in focus from an exploration company to a company focused on investing in emerging technology. The shift was finalized in the first quarter of 2018, but the Company continued to incur expenditures to successfully transition to its new focus.

Further contributing to the decrease in net loss was a $12,857 loss on the change in fair value of investments, partially offset by a $14,812 increase in finance income. The increase in finance income compared to the same period last year was primarily the result of interest earned on the Company's convertible debenture in Canivate.

Results of Operations for the six months ended June 30, 2019 compared to June 30, 2018:

		2019		2018
Finance fees and bank charges	$	195	$	285
Consulting fees		25,125		35,000
Filing and transfer agent fees		11,333		31,454
Office, rent and administration		94,480		93,627
Professional fees		16,249		50,428
Marketing		-		490,978
Travel		-		32,534
Share based payments		6,237		713,445
Change in fair value of investment		32,142		-
Finance income		(29,826)		(5,034)
Loss for the period	$	155,935	$	1,442,717

The net loss for the six months ended June 30, 2019 was $155,935 compared to $1,442,717 for the same period in 2018, representing a decrease of $1,286,782.

The Company's expenses decreased by $1,294,132, related to marketing, professional fees, travel and filing and transfer agent fees and share based payments, as a result of its shift in focus from an exploration company to a company focused on investing in emerging technology. The shift was finalized in the first quarter of 2018, but the Company continued to incur expenditures to successfully transition to its new focus.

Further contributing to the decrease in net loss was a $32,142 loss on the change in fair value of investments, partially offset by a $24,792 increase in finance income. The increase in finance income compared to the same period last year was primarily the result of interest earned on the Company's convertible debenture in Canivate.

Summary of Quarterly Results

	30Jun19	31Mar19	31Dec18	30Sept18	30Jun18	31Mar18	31Dec17	30Sept17
Revenue	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Net Loss	$(60,320)	$(95,615)	$(1,245,251)	$(553,967)	$(603,665)	$(839,052)	$(293,090)	$(70,281)
Total Assets	$3,201,779	$3,252,136	$3,332,589	$4,429,031	$4,810,448	$5,157,609	$5,142,785	$967,095
Total Liabilities	$30,888	$22,020	$12,000	$121,070	$99,883	$131,002	$133,003	$23,946
Working Capital	$287,348	$1,831,606	$2,752,794	$2,928,138	$3,594,161	$4,815,883	$4,949,058	$882,425

The quarter ended December 31, 2018 experienced an increase from previous periods as a result of one-time charges including $250,023 to impair investments, $300,000 to write down a convertible note receivable and $250,429 to change the fair value of investments.

The quarters ended December 31, 2017 to September 30, 2018 included increased expenditures related to the Company's transition from an exploration Company to one focused on emerging technology, including increases in marketing, professional fees, travel and filing and transfer agent fees. The shift was finalized in the first quarter of 2018, but the Company continued to incur expenditures to successfully transition to its new focus. There were also increases in share-based payment expenses in the first three quarters of 2018 related to a stock option grant in January 2018 to compensate key management personnel.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds and therefore has been incurring losses since inception. The Company has financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements and the exercise of stock options. The Company also raised funds historically through the sale of interests in its mineral properties. The Company expects that it will continue to operate at a loss for the foreseeable future and will require additional financing to fund the Company's investment in blockchain and emerging technology projects.

The Company reported working capital of $287,348 at June 30, 2019 compared to working capital of $2,752,794 at December 31, 2018. As at June 30, 2019, the Company had cash and cash equivalents of $290,441 compared to $2,753,143 at December 31, 2018. The decrease in cash from December 31, 2018 to June 30, 2019 was primarily the result of investing activities, including the purchase of investments and investment in convertible debenture receivable and note receivable.

Current assets excluding cash and cash equivalents at June 30, 2019 consisted of interest receivable of $27,795 compared to $11,651 as at December 31, 2018. The increase in interest receivable was primarily the result of the Company's investment in the Canivate convertible debenture receivable.

Current liabilities at June 30, 2019 consisted of accounts payable and accrued liabilities of $30,888 compared to $12,000 at December 31, 2018.

Related Party Transactions

Related party transactions for the three and six months ended June 30, 2019 included share-based payments of $1,095 (2018 - $279,623) and $6,237 (2018 - $713,445), respectively.

During the six months ended June 30, 2019, the Company paid $23,929 (2018 - $Nil) to the interim CEO and CFO of the Company for consulting services.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, and trade payables. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments is approximately equal to their carrying values. As at June 30, 2019, the Company had $290,441 in cash and cash equivalents held in Canadian dollars in accounts with major Canadian banks. The Company does not use derivative instruments or foreign exchange contracts to hedge against gains or losses arising from foreign exchange fluctuations.

Capital Management

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support its corporate administration and working capital for projects such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and adjusts it, considering changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or sell assets to settle liabilities. The Company has no long-term debt and is not subject to externally imposed capital requirements.

The investments in which the Company currently has an interest are in the pre-revenue and/or pre-income stage. It is uncertain that, should these investments should become profitable, that the Company will realize any liquidity through dividends or other distributions to shareholders. The Company's historical sources of capital have consisted of the sale of equity securities, loans, advances from related parties and interest income. In order for the Company to carry out strategy and pay for administrative costs, the Company expects to raise additional amounts externally as needed.

Critical Accounting Estimates

In the application of the Company's accounting policies, which are described in Note 2 to the audited consolidated financial statements for the year ended December 31, 2018, management is required to make judgments, apart from those requiring estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the determination of:

- whether the investments are impaired;
- deferred income tax assets and liabilities; and
- the Company's ability to continue as a going concern.

The preparation of financial statements in accordance with IFRS require the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments.

Changes in accounting policies

These Interim Financial Statements are based on the IFRS issued and effective as of August 26, 2019, the date the Company's financial statements were authorized for issuance by the Company's Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the changes in accounting policies disclosed below:

a) New accounting policy

Effective January 1, 2019, the Company adopted IFRS 16, Leases (effective January 1, 2019) and IFRIC 23, Uncertainty over Income Tax Treatments (effective January 1, 2019). This standard and interpretation had no impact on the Company's financial statements on adoption, refer to Note 2 of the Company's Interim Financial Statements.

b) Future accounting pronouncement

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) are intended to assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. The Company has not elected to apply this amendment early. For further details, refer to Note 2 of the Company's Interim Financial Statements.

Risk Factors

The Company is in the business of evaluating and investing in blockchain and emerging technology projects and companies. Such investments are highly speculative and involves a high degree of risk. There is a probability that the investments made by the Company in will not result in adequate returns and potential write-offs due to both external factors related to the blockchain industry and unique business risk factors related to the individual investments.

Reliance on Key Personnel

The Company's success depends, in large part, upon the continuing contributions of its personnel. The loss of the service of several key people within a short period of time could have a material adverse effect upon the Company's financial condition and operations. The Company's future success is also dependent upon its continuing ability to attract and retain other highly qualified personnel. Competition for such personnel is intense, and the Company's inability to attract and retain additional key employees could have a material and adverse effect on the Company's financial condition and operations.

Dependence on Management Team

The Company currently depends on certain key management team members to identify business and investment opportunities. The management team, which has developed key relationships in the technology industry, is also relied upon to oversee the core marketing, business development, operational and fundraising activities. If one or more of our management team members is unable or unwilling to continue their positions with the Company, the Company we may not be able to replace team members easily. Failure to attract and retain qualified employees or the loss or departure in the short-term of any member of senior management may result in a loss of organizational focus, poor operating execution, or an inability to identify and execute potential strategic initiatives. This could, in turn, materially and adversely affect the Company's business, financial condition and results of operations.

Lack of Availability of Growth Opportunities

The Company's business plan includes growth through identification of suitable investment or acquisition opportunities, pursuing such opportunities, consummating investments or acquisitions, and effectively generating returns on such investments or acquisitions. If the Company is unable to manage its growth effectively, its business, operating results, and financial condition could be adversely affected.

Suitable Investment Candidates

The Company expects a significant and major portion of its future growth to come from high-quality capital investments and acquisitions. There is no assurance that the Company can successfully identify suitable investment candidates. If suitable candidates are identified, however, the Company may not be able to complete an investment or acquisition on terms that are beneficial and acceptable to the Company. In addition, the Company competes with other entities to acquire quality technology investments and acquisitions. Some of its competitors may have greater financial resources than the Company does and may be able to outbid the Company for these investment or acquisition targets. If the Company is unable to complete investments or acquisitions, its growth strategy may be impeded and its earnings or revenue growth may be negatively affected.

If the Company succeeds in making investments or acquiring technology targets or a portion thereof, the investment or acquired companies may not perform to the Company's expectations for various reasons. Should an investment or acquired entity fail to perform to the Company's expectations, the Company's business, prospects, results of operations and financial condition may materially and adversely affected.

Limited Diversification of Investments

As the Company will be focusing on investments in the blockchain and emerging technology sectors and, hence, concentrating its invested funds in limited sectors, the Company is subject to greater risk in one or more of its future investments should these sectors experience a downturn. A decline in the blockchain or emerging technology sectors will likely have a material adverse effect on the Company's business, results from operations, and financial condition. In addition, the Company is more exposed to business cycles than it would be if it owned a high number of investments diversified over various industries with differing business cycles in different geographic areas.

Cryptocurrency Inventory May be Exposed to Cybersecurity Threats and Hacks

As with any other computer code, flaws in the cryptocurrency codes have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have been relatively rare, but have occurred. If hacked, the cryptocurrency assets of an investee company could be adversely affected, which could adversely affect the value of the Company's investment in such an investee company, and thereby adversely affect the Company's shareholders.

Regulatory Changes or Actions May Affect the Company 's Investment in Investee Companies

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies with certain governments deeming them illegal while others have allowed their use and trade. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the companies in which the Company invests to continue to operate.

The effect of any future regulatory change on the Company or any cryptocurrency that an investee company may hold, mine or otherwise have exposure to is impossible to predict, but such change could be substantial and have a material adverse effect on the Company.

Governments may in the future curtail or outlaw the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation.

Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in the shares of the Company's investee companies. Such a restriction could result in such investee companies liquidating their cryptocurrency inventories at unfavorable prices and may adversely affect the Company's investments, and, as a result its shareholders.

The Value of Cryptocurrencies Held by Investee Companies May be Subject to Momentum Pricing Risk

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

Cryptocurrency Exchanges and Other Trading Venues are Relatively New and, in Most Cases, Largely Unregulated and May Therefore be More Exposed to Fraud and Failure

To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices, which could adversely affect the value of the Company’s investment in certain investee companies, and thereby adversely affect the Company’s shareholders.

Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. For example, during the past three years, a number of Bitcoin (BTC) exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed BTC exchanges were not compensated or made whole for the partial or complete losses of their account balances in such BTC exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and “malware” (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action.

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

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

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

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

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

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

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing, or stopping of the development or acceptance of developing protocols may adversely affect certain investee company's operations, which may adversely affect the Company's investment in such companies, and thereby adversely affect the Company's shareholders. The factors affecting the further development of the use of cryptocurrencies by such investee companies, include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Governmental and quasi-governmental regulation of cryptocurrencies and their use, or
- Restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of cryptocurrencies generally.

Acceptance and/or Widespread use of Cryptocurrency is Uncertain

Currently, there is relatively small use of cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect the operations of certain of the Company's investee companies, which could in turn adversely affect the Company's investment strategies, and profitability.

As relatively new products and technologies, cryptocurrencies have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies.

The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact the certain of the Company's investee companies, which could in turn adversely affect the Company's investment strategies, and profitability.

Investee Companies with Cryptocurrency Inventories May be Subject to Loss, Theft or Restriction on Access or Loss or Destruction of a Private Key Required to Access their Digital Wallets

There is a risk that some or all of an investee company's cryptocurrency could be lost or stolen. An investee company's access to such cryptocurrency could also be restricted by cybercrime (such as a denial of service attack) against a service at which such company maintains a hosted online wallet, or keys required to access digital wallets could be lost. Any of these events may adversely affect the Company's investment in certain investee companies, and thereby adversely affect the Company's shareholders.

Incorrect or Fraudulent Coin Transactions May be Irreversible

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect certain investee companies, and thereby adversely affect the Company's shareholders.

Cryptocurrency transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible and an investee company may not be capable of seeking compensation for any such transfer or theft.

If the Awards for Solving Blocks and Transaction Fees are Not Sufficiently High, Cryptocurrency Miners May Not Have an Adequate Incentive to Continue Mining and May Cease Their Mining Operations.

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

In order to incentivize miners to continue to contribute processing power to the network, the network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. This transition could be accomplished either by miners independently electing to record on the blocks they solve only those transactions that include payment of a transaction fee or by the network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. If transaction fees paid for the recording of transactions in the blockchain become too high, the marketplace may be reluctant to accept network as a means of payment and existing users may be motivated to switch between cryptocurrencies or back to fiat currency. Decreased use and demand for coins may adversely affect their value and result in a reduction in the market price of coins, which may adversely affect the Company's investment in certain investee companies, and thereby adversely affect the Company's shareholders.

If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce collective processing power, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of 50 percent of the processing power. Any reduction in confidence in the confirmation process or processing power of the network may adversely impact investee companies that engage in cryptocurrency mining activities and any cryptocurrency inventory they old, which may adversely affect the Company's investment in certain investee companies, and thereby adversely affect the Company's shareholders.

The Price of Coins May Be Affected by the Sale of Coins by Other Vehicles Investing in Coins or Tracking Cryptocurrency Markets

To the extent that other vehicles investing in coins or tracking cryptocurrency markets form and come to represent a significant proportion of the demand for coins, large redemptions of the securities of those vehicles and the subsequent sale of coins by such vehicles could negatively affect cryptocurrency prices and therefore affect the value of any inventory held by investee companies, which may adversely affect the Company's investment in such investee companies, and thereby adversely affect the Company's shareholders.

Currency Fluctuations

The Company may invest in technology companies based in foreign jurisdictions such as the United States, Great Britain, and the European Union. Such investments may be subject to currency and exchange fluctuations and may negatively influence the return on the Company's investments.

Foreign Taxes and Double Taxation

The Company may invest into technology companies based in foreign jurisdictions and may be subject to double taxation on its foreign investments, which will reduce the return on investments and the profitability, if any, of the Company.

Conflicts of Interest

The Company may, in the future, raise further funds through the sale of securities to other companies which may be associated with the directors of officers of the Company, and, as such, the directors and officers of the Company may increase their ownership and/or control positions in the Company without an equal opportunity to participate in such financings being granted to other shareholders. Under certain circumstances, shareholder approval of such action may be required. As certain directors and officers are involved with other companies, there may be potential conflicts of interest limiting the amount of time managing the affairs of the Company.

Inability to Perform Accurate Due Diligence

The Company will be investing in start-up companies and may not have the resources or may be not be able to perform detailed due diligence, which may result in a partial or complete loss of investments.

Lack of Capital

Until revenues exceed expenses, the Company raises the necessary capital through private placements and other financing tools. There can be no assurance that management will be successful in raising the necessary capital required to fund ongoing activities.

Proposed Transactions

The Company is continuously evaluating new opportunities that could include a joint venture, a disposal of investments or sale of the Company. While various negotiations may be ongoing at any given time, these may or may not be successful. The Company considers opportunities where there is expected to be significant value to the shareholders. At this date, the Board of Directors have not approved any transaction, nor presented any potential transaction to the shareholders.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements which may affect the Company's current or future operations or conditions.

Outstanding Share Data

Summary of Outstanding Securities as at August 26, 2019

Authorized:	Unlimited number of common shares without nominal or par value.
Issued and outstanding:	48,225,756
Stock options:	3,265,000 at a weighted average exercise price of $0.31 per share
Warrants:	1,193,000 at a weighted average exercise price of $0.27 per share

Cautionary Note Regarding Forward-Looking Information

This document may contain “forward-looking information” within the meaning of Canadian securities legislation (“forward-looking statements”). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect management’s expectations or beliefs regarding future events and include, but are not limited to, the adequacy of the Company’s financial resources, the timing and amount of potential future investments, risks associated with investment in cryptocurrency related companies, the expectation the Company will operate at a loss for the foreseeable future and that the Company expects to raise additional funds as needed are forward-looking statements and contain forward-looking information. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as “intends” or “anticipates”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would” or “occur”. Forward-looking statements are based on certain material assumptions and analysis made by the Company and the opinions and estimates of management as of the date hereof, including that management’s expectations with respect to the adequacy of the Company’s financial resources, the timing and amount of potential future investments, risks associated with investment in cryptocurrency related companies are correct, that the Company will operate at a loss for the foreseeable future and that the Company will be successful in raising additional funds as needed.

Important factors that may cause actual results to vary, include, without limitation, the risk factors described under the heading Risk Factors in this MD&A, the risk factors contained in the Company’s Filing Statement, other risk factors discussed in greater detail in the Company’s various filings on SEDAR (www.sedar.com), that management’s expectations with respect to the adequacy of the Company’s financial resources, the timing and amount of potential future investments, risks associated with investment in cryptocurrency related companies are incorrect, that the Company will not operate at a loss for the foreseeable future and that the Company will not be successful in raising additional funds as needed. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The Company does not undertake to update any forward-looking statement, forward-looking information or financial out-look that are incorporated by reference herein, except in accordance with applicable securities laws. We seek safe harbor.