

**BLOCKCHAIN HOLDINGS LTD.
(formerly KHOT INFRASTRUCTURE HOLDINGS, LTD.)**

**CSE FORM 2A
LISTING STATEMENT**

September 20, 2018

FORM 2A

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GLOSSARY

“**Affiliate**” means a corporation that is affiliated with another corporation if (a) one of them is a subsidiary of the other, (b) both of them are subsidiaries of the same corporation, or (c) each of them is controlled by the same person. A corporation is “controlled” by a person if (a) shares of the corporation are held, other than by way of security only, by the person, or are beneficially owned, other than by way of security only, by (i) the person, or (ii) a corporation controlled by the person, and (b) the votes carried by the shares are sufficient, if exercised, to elect or appoint a majority of the directors of the corporation.

“**Annual MD&A**” means the Issuer’s MD&A for the year ended December 31, 2017;

“**AML**” means anti-money laundering;

“**AMZ**” means the Issuer’s Mongolian subsidiary, Ashid Munkhiin Zam LLC;

“**API**” means an application program interface, which is a set of routines, protocols, and tools for building software applications that specifies how software components should interact and are used when programming graphical user interface (GUI) components;

“**API Calls**” represent specific operations that client applications can invoke at runtime to perform tasks, for example, query data in the organization or add, update, and delete data;

“**Associate**” has the meaning ascribed to such term in the *Securities Act* (Ontario), as amended, including the regulations promulgated thereunder;

“**ASIC Miner**” means a piece of equipment containing an ASIC chip, configured to mine for bitcoins. They can come in the form of boards that plug into a backplane, devices with a USB connector, or standalone devices including all of the necessary software, that connect to a network via a wireless link or ethernet cable;

“**Auditors**” has the meaning ascribed to it in section 21.1 of this Listing Statement;

“**BVI Act**” means the BVI Business Companies Act, 2004;

“**Board**” means the board of directors of the Issuer;

“**Business Combination**” has the meaning ascribed to such term in Multinational Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

“**CFE**” means Certified Fraud Examiner;

“**Company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Computershare**” means Computershare Trust Company of Canada;

“**Cryptocurrency**” means a digital currency, which, unlike fiat currency, relies on mathematics alone to ensure that a transaction is secure and is produced by solving mathematical problems based on cryptography;

“**CSE**” means the Canadian Securities Exchange;

“**CSE Listing**” means the listing of the Shares on the CSE;

“**Fintech**” means the financial technologies used and applied in the financial services sector, chiefly used by financial institutions on the back end of their businesses;

“**Governmental Authority**” means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign, or (b) regulatory authority, including any securities commission, or stock exchange, including the CSE;

“**Hash**” refers to a mathematical process essential to cryptocurrency mining that takes a variable amount of data and produces a shorter, fixed-length encrypted output and which has two important characteristics: (i) it is mathematically difficult to work out what the original input was by looking at the output; and (ii) changing even the smallest part of the input will produce an entirely different output;

“**Issuer**” means Blockchain Holdings Ltd., formerly known as **Khot Infrastructure Holdings, Ltd.**;

“**Listing Date**” means the date of the CSE Listing;

“**Listing Statement**” means this listing statement;

“**MD&A**” means management’s discussion and analysis;

“**MI 61-101**” means Multinational Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*

“**person**” means a Company or individual;

“**Plan**” has the meaning ascribed to it in section 8 of this Listing Statement;

“**Related Party Transaction**” has the meaning ascribed to such term in Multinational Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**Shares**” means the shares of the Issuer;

“**TOR**” means an anonymous routing protocol, used by people wanting to hide their identity online, and consisting of a collection of transactions on the bitcoin network, gathered into a block that can then be hashed and added to the blockchain;

“**Transaction**” means the 10:1 share consolidation, name change, and change of business proposed by the Issuer, as described in the information circular of the Issuer dated March 9, 2018, and approved by the shareholders of the Issuer at the annual general and special meeting of shareholders held on April 9, 2018.

NOTICE TO READER

No person is authorized to give any information or to make any representation not contained in this Listing Statement and, if given or made, such information or representation should not be relied upon as having been authorized. This Listing Statement does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Unless otherwise noted, all information in this Listing Statement is provided as of September 20, 2018.

NEITHER THE CANADIAN SECURITIES EXCHANGE NOR ANY SECURITIES REGULATORY AUTHORITY HAS IN ANY WAY PASSED UPON THE MERITS OF THE TRANSACTIONS DESCRIBED IN THIS LISTING STATEMENT.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Listing Statement constitute forward-looking information and forward-looking statements (collectively, “**forward-looking statements**”) pursuant to the applicable securities laws. All statements, other than statements of historical fact, contained in this Listing Statement are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed acquisitions, budgets, projected costs and plans and objectives of the Issuer. The use of any of the words “anticipate”, “intend”, “continue”, “estimate”, “expect”, “may”, “will”, “plan”, “project”, “should”, “believe” and similar expressions are intended to identify forward looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Examples of such statements include: (A) expectations regarding the Issuer’s ability to raise capital; (B) the intention to grow the business and operations of the Issuer; and (C) the use of available funds of the Issuer. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Listing Statement. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the economy generally; obtaining requisite licenses or governmental approvals to conduct business; the revenues from the Issuer’s proposed business in information technology relating to blockchain technology, if any revenues are obtained; consumer interest in the products of the Issuer; competition; and anticipated and unanticipated costs. These forward-looking statements should not be relied upon as representing the Issuer’s views as of any date subsequent to the date of this Listing Statement. Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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. The factors identified above are not intended to represent a complete list of the factors that could affect the Issuer. Additional factors are noted under “Risk Factors” in this Listing Statement. The forward-looking statements contained in this Listing Statement are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Listing Statement are made as of the date of this Listing Statement and the Issuer does not undertake an obligation to publicly update such forward looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

GENERAL MATTERS

Any market data or industry forecasts used in this Listing Statement, unless otherwise specified, were obtained from publicly available sources. Although the Issuer believes these sources to be generally reliable, the accuracy and completeness of such information are not guaranteed and have not been independently verified.

Statistical information included in this Listing Statement and other data relating to the industry in which the Issuer intends to operate is derived from recognized industry reports published by industry analysts, industry associations and independent consulting and data compilation organizations.

2. CORPORATE STRUCTURE

2.1 Corporate Name

The full corporate name of the issuer is Blockchain Holdings Ltd., formerly known as Khot Infrastructure Holdings, Ltd. The head office and registered office of the Issuer are located at Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands 1110.

2.2 Jurisdiction of Incorporation

The Issuer was incorporated on July 5, 1996 under the *Business Corporations Act*, R.S.O. 1990, c. B-16 (the “**OBCA**”), under the name “Wedge Energy International Inc.”. On February 10, 2006, Wedge Energy Inc. was incorporated in Alberta as a wholly owned subsidiary of Wedge Energy International Inc.

On January 31, 2007, Alyattes Enterprises Inc. (“**AEI**”) completed a “three-cornered” amalgamation with 1272639 Alberta Ltd. (a wholly owned subsidiary of AEI) and Wedge Energy Inc. (“**WEI**”) pursuant to the *Business Corporations Act* (Alberta). WEI and the AEI subsidiary were amalgamated, continuing under the name Wedge Energy Inc., and AEI issued common shares to the former shareholders of WEI. On February 1, 2007, AEI changed its name to Wedge Energy International Inc.

On December 22, 2010, Undur Tolgoi Minerals Inc. was incorporated under the Business Corporations Act of British Columbia as a private company. On October 21, 2011, the Issuer continued its jurisdiction into British Columbia from Ontario and on November 14, 2011, the Issuer and Undur Tolgoi Minerals Inc. were amalgamated as one company under the name “Undur Tolgi Minerals Inc.” (UTM).

On December 18, 2013, Undur Tolgoi Minerals Inc. completed the continuance of its jurisdiction from the laws of the Province of British Columbia to the laws of the British Virgin Islands. Effective on January 7, 2014, the Issuer changed its name from Undur Tolgoi Minerals Inc. to Khot Infrastructure Holdings, Ltd. to have its name reflect the Issuer’s new focus on cash generating, non-resource infrastructure projects within Mongolia.

On April 25, 2018, the Issuer changed its name from Khot Infrastructure Holdings, Ltd. to Blockchain Holdings Ltd. The Issuer has reserved the symbol “BCX” with the CSE.

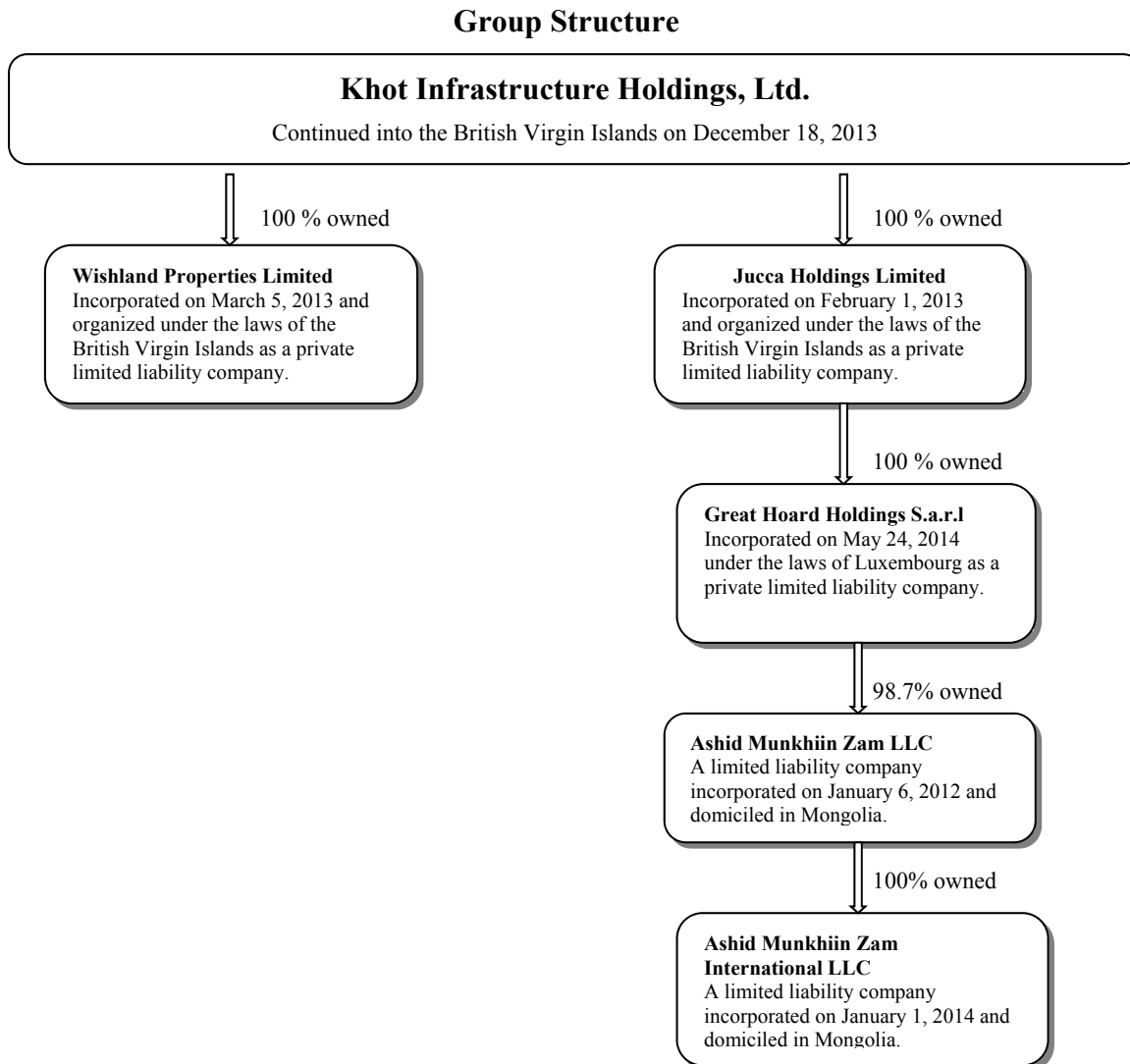
Effective May 11, 2018, the Issuer completed the previously-announced consolidation of its Shares on the basis of one post-consolidated Share for every ten pre-consolidated Shares.

2.3 Intercorporate Relationships

The Issuer has a 100% interest in Jucca Holdings Limited (“Jucca”) and Wishland Properties Limited. In turn, Jucca has a 100% interest in Great Hoard Holdings S. à r. l. (“GHH”), which in turn has a 98.7% interest in Ashid Munkhiin Zam LLC (“AMZ”), which in turn owns a 100% interest in Ashid Munkhiin Zam International LLC. The Issuer, through its wholly-owned subsidiary GHH, sold its 98.7% interest in AMZ to an arm’s length party for consideration of USD\$1.00 under the terms and conditions of a share purchase agreement dated April 24, 2018.

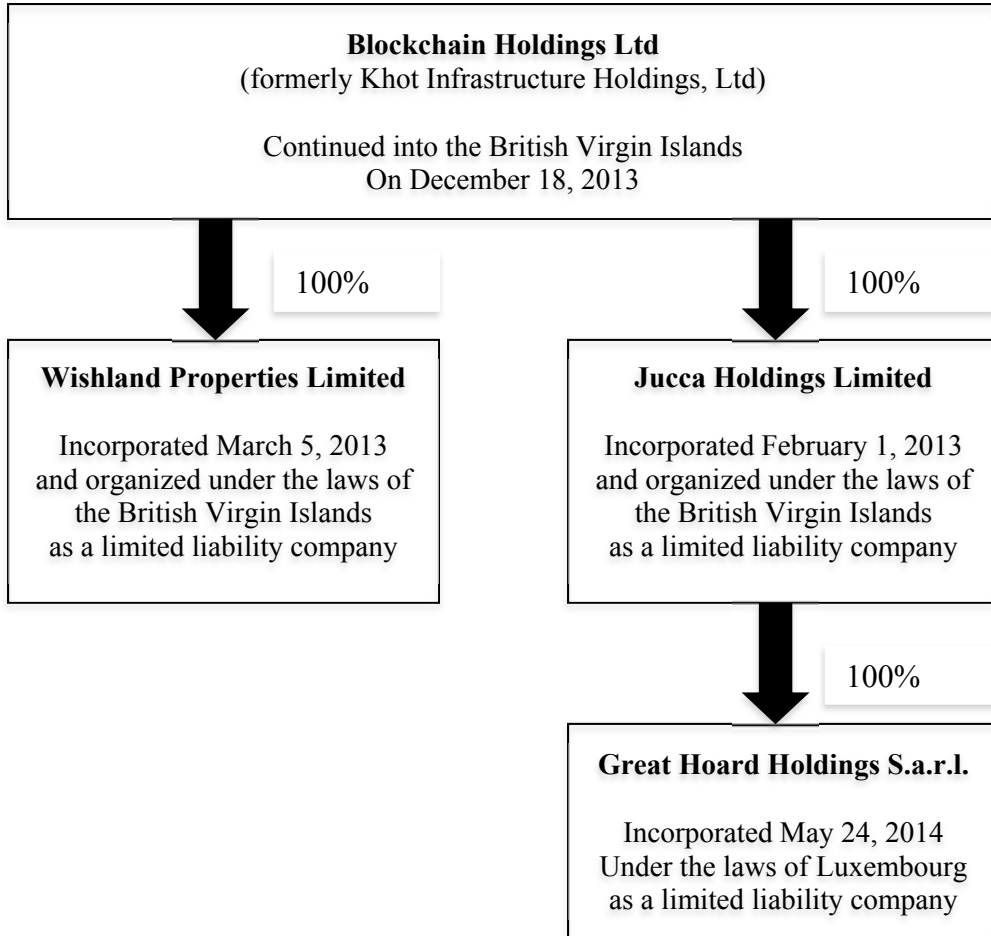
The following charts illustrate the intercorporate relationships that existed among the Issuer and its subsidiaries prior to the closing of the Transaction and the intercorporate relationships that exist after the closing of the Transaction, as of the date of this Listing Statement.

Prior to the Transaction



After the Transaction

Group Structure



2.4 Fundamental Change

The Issuer is requalifying following the fundamental change of business from the transportation infrastructure sector in Mongolia to developing proprietary index products for resale to investment management firms and developing other complementary data products in-house for emerging blockchain and digital currency markets. Its focus will be collecting and aggregating the data from emerging blockchain software applications and in its efforts to create unique data products the Issuer may build ancillary products to better connect and participate in the network transactions on various blockchain technologies. For more information about the intercorporate relationships of the Issuer before and after the Transaction refer to the foregoing section entitled “Intercorporate Relationships”.

2.5 Non-Corporate Issuers and Issuers Incorporated Outside of Canada

The Issuer was incorporated outside of Canada under the BVI Act and has incorporated two subsidiaries under the BVI Act, to take advantage of the following benefits: no extra layers of taxation to the taxes investors already pay in their home country, similar common law legal principles, administrative simplicity, BVI securities laws are recognised by regulators worldwide, and the BVI does not impose a double layer of regulation. For example, there is no BVI takeover code or public filing requirement in the BVI applicable to a listed company. BVI companies are extremely flexible in their structure and handling, and there are few prescriptive statutory requirements. Ultimately, a BVI business company will be more flexible in operation, particularly if the company needs to raise equity finance for working capital purposes.

Despite its incorporation in the BVI, mind and management of the Issuer is located in the United States, as the Chairman of the Board resides in the United States, and meetings are held in the United States. Further, principal business is done in the United States and books and records are located, and bank accounts are maintained, in North America.

In connection with the differences between Canadian corporate law and BVI corporate law, while Canadian corporate law generally prescribes requirements related to the number or percentage of outside directors, the Issuer’s Memorandum of Association and Articles of Association do not require a certain number or percentage of outside directors. However, the Issuer’s Memorandum of Association and Articles of Association do permit either individuals or companies to act as directors, whereas Canadian corporate law generally only permits individuals to act as directors. In addition, while Canadian corporate law generally prescribes a minimum number or percentage of directors sitting on the audit committee of the board of directors that must be outside directors, the Issuer’s Memorandum of Association and Articles of Association do not.

In addition, Clause 5 of the Issuer’s Memorandum of Association provides that the Issuer is authorized to issue an unlimited number of shares of a single class and single series with no par value. Clause 6 further provides that a share of the Issuer confers on the holder the right to one vote per share at a meeting of the members or on any resolution of members; the right to an equal share in any distribution paid by the Issuer; and the right to an equal share in the distribution of the surplus assets of the Issuer on a winding up. Clause 9 provides that the Issuer shall issue registered shares only, and such shares may be in full or fractional form. The Issuer is not authorized to issue bearer shares, convert registered shares to bearer shares, or exchange registered shares for bearer shares. This share structure is similar to the share structure of public companies in Canada that are authorized to issue an unlimited number of common shares, with the holders of the common shares entitled to receive dividends declared by the board of directors; entitled to participate rateably in the remaining property of the company in the event of the liquidation, dissolution or winding up of the company, whether voluntary or involuntary, or in the event of any other distribution of assets of the company among its shareholders for the purpose of winding up its affairs; and entitled to receive notice of and to one vote for each common share held at all meetings of the shareholders of the company.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Business

Since incorporation, and until recently, the Issuer's principal activity had been the construction and maintenance of roads and bridges in Mongolia.

On May 31, 2013, the Issuer announced that it had reached a definitive agreement and subscribed for 75,950 common shares, which represents a 5.05% interest in Anya-2 Sarl ("Anya"), for total consideration of \$125,000. Anya, a private Luxembourg company, is a wholly owned subsidiary of Hulaan Coal Corporation ("Hulaan"), a private Canadian company. Anya in turn, owns 66% of Western Minex LLC ("WM"), a private Mongolian company, which owns the Ochiriin Bulag Gold Prospect (the "Project" or "OB"). Under this agreement, the Issuer was entitled to subscribe for additional shares of Anya, up to an aggregate shareholding in Anya of 30.25% interest. The Issuer has not made any further acquisitions in Anya. The investment is classified as available – for sale as a financial asset and was measured at fair value. On November 18, 2015, the Issuer sold its 5.05% interest in Anya to Mogul Ventures Corp. ("Mogul"), a Canadian private company. In exchange for the Issuer's interest in Anya, the Issuer received a 5.05% of a 2.5% net smelter royalty for any production of metals from the Project, as well as 80,800 common shares of Mogul. This consideration was valued at \$10,908 based on the last share price that Mogul shares were issued at, adjusted for subsequent market movements. This resulted in a loss on sale of the Anya shares of \$114,092.

In 2015, the Issuer obtained unsecured loan facilities totaling \$450,000 from HBOil JSC to fund its road construction work. The loans bore interest at 6% per annum and were payable together with the loan principal on May 28, 2015. As at December 31, 2015, the Issuer repaid \$450,000 of principal on the outstanding loan. During the year ended December 31, 2015, a total of \$Nil (2014 - \$7,840) interest payments were made.

During the year ended December 31, 2015, management estimated that potential road repair costs under the Darkhan road construction contract were \$320,633 as at December 31, 2015 (December 31, 2014 - \$42,821). Management sought additional funding to complete the road repair in the summer of 2016 but was unsuccessful in obtaining that additional funding.

During the 2015 fiscal year the Issuer's subsidiary AMZ began legal proceedings in the amount of 520,000,000,000 MNT (approximately USD\$320,000) against the Mongolian asphalt supplier due to poor quality asphalt provided in the construction of the Darkhan Road project. As a result of the poor quality of asphalt supplied, the Mongolian Ministry of Road and Transportation requested that AMZ repave a section of the road. AMZ has obtained an analysis on samples of the asphalt and submitted them to the court to demonstrate it was not the quality specified by the asphalt supplier. The legal proceedings subsequently ended when the Issuer could not locate the asphalt company and AMZ officially requested the court to locate the company. AMZ had to pay a certain cash amount in order to file another legal proceeding, but since it did not have any money the process stopped.

On May 4, 2015, Larry Van Hatten resigned as a director of the Issuer, and was replaced by Erin Chutter.

On December 11, 2015, Anthony Milewski resigned as a director of the Issuer.

On November 12, 2015, the Mongolian government granted AMZ an expanded road building permit, valid until July 2018, with new authorizations to participate in bridge construction and regular road maintenance works, in addition to the previous construction and repair authorizations. In October, AMZ also applied

for a rail bed construction permit, which was necessary to compete for new rail bed construction opportunities that are currently under the bid process, as well as other contemplated rail projects.

On November 18, 2015, the Issuer entered into a Consortium Agreement with Shandong Electric Power Construction Corporation III (“SEPCOIII”), a Chinese state-owned enterprise. SEPCOIII, a subsidiary of PowerChina, is a world leading engineering, procurement, and construction (“EPC”) company. The terms of the Consortium Agreement allow for a 75/25 percent cost sharing and revenue sharing model between SEPCOIII and AMZ on road concession projects granted by the Mongolia government.

On December 29, 2015, 387,000 units were issued at a price of CAD \$0.15 per unit for gross proceeds to the Issuer of \$41,959 (CAD \$58,050). Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Issuer, until the close of business on December 29, 2016 at CAD\$0.20 per share. Share issue costs of \$2,696 (CAD \$3,696) in cash and finders’ warrants were incurred as part of the private placement. On December 29, 2015, as a part of the private placement, the Issuer also issued 8,800 broker warrants which allowed the holder to acquire one additional common share of the Issuer at a price of CAD\$0.20 per share. These warrants subsequently expired on December 29, 2016. The Issuer paid finder’s fees of \$1,906 and issued the 8,800 broker warrants with the same terms as the unit warrants. The finders’ fee warrants have been valued based on the Black-Scholes option pricing model of \$0.0866 USD per warrant for an aggregate value of \$762.

On January 22, 2016, the Issuer closed a financing which consisted of 950,867 units at a price of CAD\$0.15 per unit for gross proceeds of USD\$102,406 (CAD\$142,630). On January 22, 2016, 563,867 units were issued at a price of CAD \$0.15 per unit for gross proceeds to the Issuer of \$60,447 (CAD\$84,580). As part of the units 475,434 non-transferable warrants (193,500 which were issued in December 2015 and 218,934 were issued in January 2016) were issued with an exercise price of CAD\$0.20 for a period of 12 months following the date of issuance.

On December 29, 2015, the Issuer, as part of a private placement, issued a total of 193,500 warrants which allowed the holder to acquire one additional common share of the Issuer at a price of CAD\$0.20 per share. These warrants expired on December 29, 2016. On December 29, 2015, the Issuer, as part of a private placement, issued 8,800 broker warrants which allowed the holder to acquire one additional common share of the Issuer at a price of CAD\$0.20 per share. These warrants expired on December 29, 2016. On January 22, 2016, the Issuer, as part of a private placement, issued 281,934 warrants which allowed the holder to acquire one additional common share of the Company at a price of CAD\$0.20 per share. These warrants expired on January 22, 2017.

On January 7, 2016, AMZ was awarded a rail bed construction permit by the Ministry of Road and Transportation of Mongolia. This rail bed construction permit issued effective December 22, 2015 is for an initial period of three (3) years and enables AMZ to bid on a number of major rail projects planned by the Government of Mongolia as an integral component of its countrywide transportation infrastructure commitment, including the USD\$1.3 billion, 547 kilometres in railway concessions already announced by the Mongolian Government in partnership with Northern Railway.

On May 2, 2016, Erdembileg Jugdernamjil resigned as the Issuer’s chief operating officer, and was replaced by Erin Chutter.

During the year ended December 31, 2016, 300,000 stock options with a weighted average exercise price of \$0.24 were forfeited. During the year ended December 31, 2016, 3,095,000 stock options with a weighted average exercise price of \$0.25 expired unexercised.

As at December 31, 2016, the Issuer determined that its Mongolian operations would be disposed of in order to pursue other opportunities.

On January 22, 2017, 281,934 warrants with an exercise price of \$0.20 expired unexercised.

On February 28, 2017, Sabino Di Paola resigned as CFO of the Issuer, and was replaced by Alan Tam on August 2, 2017.

On May 5, 2017, a cease trade order was issued by the Ontario Securities Commission as a result of the Issuer's failure to file its audited annual financial statements, related MD&A for the year ended December 31, 2016, as well as certification of the filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* within the prescribed timeframe as required under National Instrument 51-102 *Continuous Disclosure Obligations*.

The Issuer called an annual general and special shareholders meeting to be held on September 19, 2017, in order to present its annual audited financial statements for the fiscal year ended December 31, 2016, and to obtain shareholder approval for: (a) the election of directors; (b) the appointment of auditors; (c) adoption of a new incentive stock option plan; (d) a change of business; (e) a share consolidation on the basis of one post-consolidated Share for every ten pre-consolidated Shares; and (f) a change of name. At the request of the Ontario Securities Commission, the Issuer subsequently deferred the shareholders meeting to a later time in order to amend the information circular and prepare a CSE Form 2A Listing Statement in accordance with applicable policies of the CSE, including with respect to its proposed change of business. The Issuer rescheduled its shareholders meeting to be held on April 9, 2018.

On January 24, 2018, the Issuer announced it had entered into loan agreements (the "Loan Agreements") with certain directors and officers of the Issuer, both current and proposed, and various other parties, to provide an aggregate of USD\$366,679.12 in loans (the "Loans") to the Issuer. Each Loan is repayable twelve months from the effective date of each Loan Agreement (the "Maturity Date") without any deduction or withholding. The Issuer may make early repayment of the Loans at any time prior to the Maturity Date without any prepayment penalty. The Loans accrue interest at a rate of 8% per annum, with the accrued interest to be paid at the time of the repayment of the Loans. The first Loan Agreements were entered into during the fiscal period ended June 30, 2017, when the Issuer accepted US\$81,785 in Loan funding, of which, USD\$74,350 were Loans from Mr. James Passin, a director. From June 30, 2017 and up to September 30, 2017, a total of US\$284,894.12 in Loans was received. Of the total amount of Loans received as at September 30, 2017, USD\$120,282.57 was provided by Mr. James Passin, who beneficially owns, directly or indirectly, or exercises control or direction over, 32,169,605 Shares of the Issuer, representing approximately 49.26% of the issued and outstanding Shares. Mr. Passin, a director of the Issuer, is a "related party" of the Issuer within the meaning of MI 61-101. As such, Mr. Passin's Loan constitutes a "related party transaction" within the meaning of MI 61-101. The Issuer is relying on certain exemptions from the formal valuation requirement and the minority approval requirement in MI 61-101.

The Loan Agreements have been reviewed and approved by the board of directors who have determined that it is in the best interest of the Issuer to gain access to the funds pursuant to the Loans. The purpose of the new Loan funding is for the Issuer to have resources to be able to fund the expenses related to obtaining the Revocation Order (as defined below), calling a shareholders meeting, undergoing the change of business, providing working capital for ongoing operations and requalifying for listing on the CSE, all of which management believes is in the best interests of all shareholders.

On February 2, 2018, the Issuer announced that it had obtained an order (the "Revocation Order") from the Ontario Securities Commission revoking the cease trade order issued on May 5, 2017.

On February 8, 2018, the Issuer filed a notice of meeting and record date for an annual general and special meeting of shareholders to be held on April 9, 2018, to approve, among other things:

- 1) A change of business from transportation infrastructure engaged in the construction of highways and regional roads in Mongolia to that of developing proprietary indexes and ancillary data products for emerging blockchain and digital currency markets;
- 2) In connection with the change of business, the sale of the Issuer's Mongolian subsidiary, Ashid Munkhiin Zam LLC ("AMZ") to an arm's length party;
- 3) An amendment of the Issuer's Memorandum of Association and Articles of Association to consolidate the issued and outstanding Shares on the basis of one post-consolidated common share for up to every ten pre-consolidated Shares, with the directors authorized to determine the final consolidation basis with that range;
- 4) An amendment of the Issuer's Memorandum of Association and Articles of Association to change the name of the Issuer from "Khot Infrastructure Holdings, Ltd." to "Blockchain Holdings Ltd.", or such other name that is acceptable to the board of directors of the Issuer;
- 5) The adoption of a new stock option plan, including the reservation for issuance under the new stock option plan at any time of a maximum of 10% of the issued and outstanding shares of the Issuer.

On March 15, 2018, Kenneth Farrell resigned as Director of the Issuer.

At the annual general and special meeting of shareholders held on April 9, 2018, the shareholders of the Issuer approved all agenda items and proposals put forward by the board of directors, including the special resolutions described above and the election of James Passin, Donald Padgett, Jeremy Gardner, Wayne Lloyd, and Gregory Kallinikos to the board of directors, the reappointment of Dale Matheson Carr-Hilton Labonte LLP as auditors of the Issuer for the ensuing financial year, and the adoption of a new rolling incentive stock option plan. Ms. Siizkhuu and Ms. Chutter did not run for re-election at the Company's AGSM on April 9, 2018.

On April 17, 2018, the Issuer also completed a non-brokered private placement of subscription receipts for gross proceeds of \$500,000 at a price of \$0.10 per subscription receipt. Upon satisfaction of all of the following conditions by the Issuer, up to 5,000,000 subscription receipts will convert into up to 5,000,000 Shares of the Issuer without any further action taken by the holders thereof and without payment of any additional consideration: (i) the Issuer receiving all applicable regulatory approvals for the private placement and completing the transactions disclosed in the Issuer's information circular dated March 9, 2018; (ii) the receipt by the Issuer from the subscriber of any other documents required by the Canadian Securities Exchange and applicable securities laws which the Issuer requests; and (iii) the receipt of shareholder approval of the transactions, including the 10:1 share consolidation.

On May 4, 2018, the Issuer announced that it had changed its name from "Khot Infrastructure Holdings Ltd." to "Blockchain Holdings Ltd." and completed the share consolidation on the basis of one post-consolidated Common Share for every ten pre-consolidated Shares. As of the date of the Listing Statement the completion of the name change, share consolidation, and conversion of subscription receipts into Shares is contingent upon receipt of the final bulletin from the CSE in connection with the Issuer's fundamental change application.

On August 20, 2018, concurrently with the closing of the private placement of subscription receipts, the Company approved the issuance of Shares from treasury as full settlement of its debt settlement agreements with various creditors to settle an aggregate of USD\$487,376 (CAD\$628,304) in Loans into Shares of the Issuer at a post-consolidation price of \$0.10 per share. The board of directors of the Issuer determined that it was necessary for the Issuer to allocate and conserve its cash resources towards developing its new business with a view to generating revenue and maximizing shareholder value, and therefore at the request

of the lenders has agreed to enter into debt settlement agreements to settle the Loans. The Issuer is relying on certain exemptions from the formal valuation requirement and the minority approval requirement in MI 61-101. As of the date of the Listing Statement the settlement of the Loans into Shares of the Issuer is contingent upon receipt of the final bulletin from the CSE in connection with the Issuer's fundamental change application.

At this time, other than the implementation of its business objectives, no other changes in the business of the Issuer are expected to occur during the current financial year of the Issuer.

3.2 Significant Acquisitions or Dispositions

The Issuer, through its wholly-owned subsidiary GHH, has sold its 98.7% interest in AMZ for nominal consideration to avoid any ongoing costs required to support AMZ and sufficient enough to cover existing and prospective liabilities related to the liquidation of this entity. Pursuant to a share purchase agreement dated April 24, 2018 between GHH, a 100% wholly owned subsidiary of the Issuer, and an arm's length individual residing in Mongolia, GHH agreed to sell 2,705,226,375 shares of AMZ it holds, representing 98.7% of the issued and outstanding shares of AMZ, to the arm's length individual, for consideration of USD\$1.00 net of all taxes payable. The purchase price was paid within seven business days following completion of registration of the purchaser as the registered holder of the shares with the Legal Entities Registration Office of Mongolia. The effect of the disposition on the Issuer's operating results and financial position is a onetime cost recovery income for the de-recognition of the road repair provision which was on the balance sheet. All the operating assets were written off in prior periods and the Issuer has no further obligations as a result of the disposition. No valuation opinion was obtained with respect to the transaction.

3.3 Trends, Commitments, Events or Uncertainties

The Cryptocurrency Industry

Cryptocurrency (or "Digital Currency") refers to any digital medium of exchange that is traded similar to traditional monetary fiat currency except that cryptocurrencies employ principles of cryptography (communication that is secure from the view of third parties) and distributed ledgers as methods to ensure security, privacy, and anonymity. Most cryptocurrencies are organized in a decentralized manner meaning that the users of the cryptocurrency rely on unstructured third-party participants in an organized community, with each participant using a computer to form a network of nodes on the Internet to validate all transactions. Nodes are computers connected to the Internet participating in this network of validating transactions. Nodes all have a copy of that network's software or ledger whereby they keep track of the spending that has occurred on the network to ensure against double spending of the cryptocurrency. Double spending of digital assets has historically been a limiting factor in getting digital currency widely adopted because digital assets can be copied. Blockchain protocols solve this problem by maintaining the ledger on a large number of computer nodes connected to the network, with each of these nodes acting as a check and balance on double spending. The more nodes there are in a network, the larger the network. These nodes are rewarded for their participation by providing enhanced security and faster transaction verification for any new supply of cryptocurrency coins which can be traded similar to traditional monetary fiat currency. The organized community network is the basis of how a blockchain network operates.

Using the economic incentive of "mining" or "staking" rather than regulation by a single central government authority, anyone with the right equipment, an Internet connection, and adequate mathematical and computer programming skills can potentially participate in the creation of the cryptocurrency money supply by "mining" cryptocurrency, or if they have sufficient existing ownership of a cryptocurrency they can "stake", or leverage their existing inventory of coins, and be rewarded with a portion of the additional supply of cryptocurrency created. Mining is a method in which network nodes provide computational power to verify a transaction record to "mine" a block in exchange for additional coins as a block reward.

“Staking” is when a network participant node verifiably escrows a portion of existing and valuable cryptocurrency which will be surrendered if they act dishonestly when verifying transactions. In the case of mining or staking the network participant node has some capital at risk as a disincentive against cheating the network. The incentive of “mining” or “staking” is equivalent to the ability for anyone to receive a portion of the printing of traditional monetary fiat currency by participating in the creation of the money supply.

The value and price of a cryptocurrency is not set by anyone other than market participants, who engage in the process of buying and selling on various exchange platforms, similar to that of the traditional monetary fiat currency and the concept of foreign exchange rates.

Cryptocurrencies are often referred to as electronic or digital currencies as they all share the same general peer-to-peer, connected and digital qualities of traditional monetary fiat currency but are accessible and maintained by the community of users so it offers the potential for wealth creation for anyone without the control of the traditional monetary fiat currency and without risking the centralized control over the traditional banking and government money supply.

Global cryptocurrency enthusiasts, users, and promoters have given different names and titles for cryptocurrency and its creators. The nomenclature given to the digital currency by its promoters depends on their sentiment towards this ground-breaking financial innovation.

Over the past few years, cryptocurrency has triggered significant interest regarding the ‘alternative money’ among masses and has grown exponentially. Bitcoin is the most popular and the most widely traded cryptocurrency in the world. It is the world’s first decentralized, peer-to-peer digital currency, which has generated mixed reactions.

Advocates for Bitcoin consider it a superior payment mechanism, one that operates outside the control of governments, is global in scope, is more secure than the traditional payments systems, and which brings about a much-needed revolution in the almost ‘static and stagnant’ global financial industry in terms of money.

At the same time, the growth of this unregulated payment mechanism has led to heightened concerns about its usage, legality, accountability, and control.

The Issuer does not hold cryptocurrencies at this time but may hold them in the future as described in section 4.1(1) as a node operator providing staked cryptocurrency assets (cryptocurrencies that have been held in the wallet for a fixed period of time, earning interest) to run nodes in order to obtain datasets not made public by the blockchain. The Issuer may hold cryptocurrency for other reasons not known at this time.

Over the years since Bitcoin’s birth, hundreds of digital ‘coins’ with different use cases and specialities have taken to the crypto marketplace, reaching up to a mark of almost 5,000 cryptocurrencies.

By market capitalization, Bitcoin is currently the largest blockchain network, followed by Ethereum, Bitcoin Cash, Ripple, and Litecoin.

The top 10 cryptocurrencies to date according to Crypto Currency Chart as of September 12, 2018 (19:59 UTC) are (in USD\$):

- **Bitcoin (BTC):** Currently trading at \$6,294.60, the market capitalization of the world’s first decentralized cryptocurrency is more than \$109 billion.

- **Ethereum (ETH):** Ethereum is a decentralized platform that runs smart contracts: applications that run exactly as programmed without any possibility of downtime, censorship, fraud or third-party interference. Currently trading at \$183.70, market capitalization of Ethereum is over \$19 billion.
- **Ripple (XRP):** This cryptocurrency claims to be the world's only enterprise blockchain solution for global payments, connecting banks, payment providers, digital asset exchanges and corporates via RippleNet to provide a frictionless experience to send money globally. Ripple was trading recently at \$0.26, and its market capitalization is more than \$10 billion.
- **Bitcoin Cash (BCH):** Since its launch this August, the infant cryptocurrency had at one point increased in value from \$300 to a price touching \$2,000, and investors are now wondering if its popularity poses a serious threat to the Bitcoin throne. Currently trading at \$439.09, market capitalization of Bitcoin Cash is over \$8 billion. Bitcoin Cash is essentially a clone of the existing Bitcoin blockchain with the one important feature of additional block size capacity.
- **EOS (EOS):** EOS is a blockchain technology similar to Ethereum as a decentralized operating system, which means that developers can build applications on EOS. The operating system will be hosted on servers (data centres) which in turn will also be block producers. Block rewards in EOS are the incentive for these servers to host EOS applications. Currently trading at \$4.87, market capitalization of EOS is more than \$4 billion.
- **Stellar (XLM):** Stellar is an open-source protocol for value exchange founded in early 2014 by Jed McCaleb (creator of eDonkey) and Joyce Kim. Its board members and advisory board members include Keith Rabois, Patrick Collison, Matt Mullenweg, Greg Stein, Joi Ito, Sam Altman, Naval Ravikant and others. The Stellar protocol is supported by a nonprofit, the Stellar Development Foundation and is designed to promote financial inclusion. Currently trading at \$0.19, market capitalization of Stellar is over \$3.6 billion.
- **Litecoin (LTC):** Litecoin is an open-source, peer-to-peer Internet currency that enables instant, near-zero cost payments to anyone in the world. Currently trading at \$51.70, market capitalization of Litecoin is over \$3.1 billion.
- **Tether (USDT):** Tether is a controversial cryptocurrency token claimed by its creators to be backed by one United States dollar for each token issued. The primary objective is to facilitate transactions between cryptocurrency exchanges with a rate fixed to the United States dollar, allowing traders to take advantage of arbitrage opportunities without resorting to bank wires. Currently trading at \$1.00, market capitalization of USDT is over \$2.7 billion.
- **Cardano (ADA):** Cardano is a fully featured, smart-contract capable platform designed by teams of PhDs across multiple continents, offering fast transaction speeds, solid reliability, and quantum computing resistance, among other features. It started trading in October 2017 at around \$0.02 and is now trading at \$0.07 with a market capitalization of over \$1.8 billion.
- **Monero (XMR):** Monero is an open source cryptocurrency created in April 2014 that focuses on fungibility and decentralization by using an obfuscated public ledger, meaning anybody can broadcast or send transactions, but no outside observer can tell the source, amount or destination. Monero uses a Proof of Work mechanism to issue new coins and incentivize miners to secure the network and validate transactions. Currently trading at \$103.83, market capitalization of XMR is over \$1.7 billion.

Source: (<http://www.cryptocurrencychart.com/top/10>)

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1(1) Description of the Business

The Issuer was engaged in the construction and maintenance of roads and bridges in Mongolia.

With the proposed change of business, the Issuer intends to develop proprietary information indexes and ancillary data products for emerging blockchain and digital currency markets. In addition, the Issuer may develop indexes for third parties. Its focus will be collecting and aggregating the data from emerging blockchain software applications.

Emerging uses of the blockchain allow for new and sometimes disruptive financial market applications. However, due to the decentralized nature of the blockchain, the data created by a blockchain application is often spread out and dispersed in a large number of locations. This makes data aggregation and information processing more costly and time-consuming than the centralized applications they are replacing. The resulting increased cost and time required to process data presents the opportunity for the Issuer to provide to the marketplace a service (the collection and aggregation of data) and a product (datasets).

An example of a centralized exchange would be the New York Stock Exchange, which collects market data in central databases. The aggregation of NYSE trade data is trivial because the data is centralized. By contrast, on new digital currency exchanges a single asset is traded at multiple decentralized and otherwise unconnected exchanges. These exchanges are not linked by any mechanism except for the clearing done on the blockchain. In fact, many exchanges internalize orders and only clear on the blockchain occasionally.

The Issuer will aggregate disparate datasets by either running active blockchain nodes (any computer that connects to the Bitcoin network), or by gathering data from publicly available sources into a single cohesive data feed and creating valuable derivative datasets for sale to its customers. A blockchain node is a device/computer/server that actively participates in the validation and consensus process that defines how a particular digital currency actually works. The integrity of any currency is maintained by its ability to control circulation, for instance by easily distinguishing counterfeits. To accomplish this with a decentralized digital currency the devices acting as nodes perform the work of agreeing on whether new transactions are: authentic, coherent, and ordered, i.e. an account that sends currency to another account actually has the credentials and balance required for doing so. There are many ways this can be accomplished, so the value proposition of running a node - which may entail significant costs - differs according to the specific digital currency in question. A well-functioning digital currency tries to fairly remunerate these nodes for their participation in the process of maintaining the integrity of that currency.

By running a node, you announce to the broader network that you are “open for business”, and allow all transactions (legitimate or illegitimate) to be broadcast to your node. Running a node therefore lets you see things that may not become a part of the final output of the system. For example, someone posting a transaction that spends more than what they have will have their transaction declined but the decision to publicize that information is simply up to the node, as the interaction will have had no effect on the balance sheet of record. The Issuer plans to make these network-level information datasets available to its subscribers because sophisticated customers may be able to derive significant value from these datasets in the future and the Issuer will be able to sell these datasets for a premium.

Proprietary technology tools that the Issuer plans to develop in-house and host on its web property, located at www.bcxdata.com, are described below:

- (a) **BCX Index.** A family of indexes which segments the market based on the particular objectives that a group of digital currencies is designed to solve (e.g. privacy, liquidity, specialization in a specific sector) and provides an index to track the aggregate digital currency token in a given field using market capitalization, momentum, developer engagement, and market utility of the index constituents as the basis for index weightings. For example, a consumer of one of these index groups might be interested in the volume of smart contracts relating to North American energy markets. This is information that requires

“smart parsing” of issued smart contracts and is typically unavailable on standard trading platforms.

- (b) **Developer Interest Index.** In order to gauge the momentum of a digital currency, a separate, but related, index that tracks programmer contributions is needed. The BCX Index will be supplemented with the Developer Interest Index a proprietary dataset that will allow investors to monitor the activities of open source development teams working on the largest digital currency projects such as Bitcoin and Ethereum. In just a few years there have been thousands of digital currencies developed, with more launching every day. Keeping track of these projects, and their significance, requires outsourcing the problem to the actual programmers involved. The largest digital currencies are collaborative efforts that make use of versioning software that tracks and shares the work of each contributor. Like blockchains themselves, these version records are data that can be parsed based on the quality and quantity of the contributions. One study found that the more engaged a developer was with other projects, the more likely it would be that their own projects would attract interest¹. The Developer Interest Index will allow investors to assess the interest that software developers around the world are taking in these projects so they can make informed decisions about a project’s financial viability.
- (c) **AML Index.** The Issuer’s second unique dataset in addition to the Developer Interest Index will be a black-market money tracking tool called the AML Index. The Issuer will track KYC AML compliance data from exchanges worldwide and correlate the transaction volume cross-referenced with their KYC AML standards. The Issuer will be able to provide accurate estimations of which coins are being used for both legal and illegal activities and track those changes over time. This may be useful in the banking to financial technology and regulatory sectors.

¹ Jarczyk O., Gruszka B., Jaroszewicz S., Bukowski L., Wierzbicki A. (2014) GitHub Projects. Quality Analysis of Open-Source Software. In: Aiello L.M., McFarland D. (eds) Social Informatics. SocInfo 2014. Lecture Notes in Computer Science, vol 8851. Springer, Cham.

The Issuer plans to generate revenue by charging users a recurring subscription fee or on a pay-as-you-go basis based on the number of API Calls (“Application Programming Interface”) a customer makes. Customers who use large amounts of data will pay more than more casual users of the platform. For example, unknown to most users, Google limits the number of searches they can perform to 2500 searches/day². Beyond this, searches must use the API which requires a unique digital code, or key, along with the search string, allowing Google to track and charge ~\$0.50/1000 searches. Similarly, access to the Issuer’s blockchain analytics databases will be metered according to the size and rate of the queries.

The Issuer may create digital currency indexes and applications for third parties. For example, by using the AML Index as a starting point the Issuer could create customized datasets for financial institutions interested in anti-money laundering compliance. The potential for this kind of supplementary revenue could help offset programming development costs as the Issuer builds even larger datasets. To ensure these possibilities are maximized, the Issuer intends to offer steeply discounted access to its databases by government agencies responsible for taxation and law enforcement, akin to some of the ambitions laid out

¹ Jarczyk O., Gruszka B., Jaroszewicz S., Bukowski L., Wierzbicki A. (2014) GitHub Projects. Quality Analysis of Open-Source Software. In: Aiello L.M., McFarland D. (eds) Social Informatics. SocInfo 2014. Lecture Notes in Computer Science, vol 8851. Springer, Cham

² <https://developers.google.com/maps/documentation/geocoding/usage-limits>

in a data correlation patent recently granted to Amazon³, but tailored to use such services as opposed to competing with them. The additional service costs are negligible, while conferring a significant promotional benefit from the credibility of such clients.

As of 2018, the blockchain and digital currency sector is becoming increasingly mainstream with companies like Microsoft⁴ and even KFC⁵ accepting Bitcoin, and many more companies like Walmart transitioning aspects of their own internal ledgering to private blockchains⁶. A recent Gartner survey of CIO (Chief Information Officer) interest in blockchain concludes that broader adoption of the blockchain is being held back by the lack of engineers with enough expertise⁷. Notably the companies with this expertise, i.e. financial services and information technology (IT), are in the midst of a frenzy to file patents relating to the technology⁸, indicating that there are substantial opportunities for those that understand this area.

There is currently a large opening in the market for usable software and meaningful data that fully captures the scope of usage of all these different blockchains and digital currencies. The Issuer intends to create value for its shareholders by developing applications and indexes that fill that void. More specifically, this will be accomplished by creating an easy to use interface through which clients can see which currencies are being used to transact which kinds of products and services, and in which regions.

Current opportunities are emerging for tracking the global use of digital currencies as banks and other financial institutions begin to participate. These opportunities include:

- Constructing indexes for all digital currencies
- Performing portfolio analytics
- Aggregating exchange price data
- Aggregating developer data
- Aggregating liquidity data from worldwide exchanges
- Aggregating community interest and social media mentions to track popularity
- Discovering and tracking emergent protocols
- Aggregating token distribution rules from digital currency white papers

While highlighting the need for better information, leading industry experts in finance and IT, have acknowledged the substantial impact blockchain technology is likely to have on business^{9 10 11 12}. More important than the words of these individuals however, are the tangible actions being taken to build blockchain infrastructure. In just the past few months, such actions include: Amazon's Web Services

³ <http://patft.uspto.gov/netacgi/nph-Parser?Sect1=PTO2&Sect2=HITOFF&u=/nethtml/PTO/search-adv.htm&r=1&p=1&f=G&l=50&d=PTXT&S1=9,947,033.PN.&OS=pn/9,947,033&RS=PN/9,947,033>

⁴ <http://www.news.com.au/finance/business/technology/microsoft-restores-bitcoin-payments-after-working-to-ensure-lower-amounts-would-be-redeemable/news-story/1c875957f470944709497dcfa6ec5fd2>

⁵ <http://business.financialpost.com/news/retail-marketing/no-joke-kfc-canada-starts-accepting-bitcoin-for-a-bucket-of-chicken-immediately-sells-out>

⁶ <https://blogs.wsj.com/cio/2018/02/06/business-interest-in-blockchain-picks-up-while-cryptocurrency-causes-conniptions/>

⁷ <https://www.gartner.com/newsroom/id/3873790>

⁸ <http://patentvue.com/2018/01/12/blockchain-patent-filings-dominated-by-financial-services-industry/>

⁹ <https://www.bloomberg.com/news/articles/2018-02-27/blackrock-s-turnill-sees-promising-potential-for-blockchain>

¹⁰ <https://www.bloomberg.com/news/articles/2017-09-27/bitcoin-more-than-just-a-fad-morgan-stanley-ceo-gorman-says>

¹¹ <https://www.cNBC.com/2017/05/05/billionaire-investor-tim-draper-backs-new-cryptocurrency.html>

¹² <https://www.forbes.com/sites/jasonbloomberg/2018/03/22/ibm-bets-company-on-exponential-innovation-in-ai-blockchain-and-quantum-computing/#776862033ea2>

division rolling out template blockchains¹³, the Bill & Melinda Gates Foundation releasing decentralized payment software¹⁴, and the member states of the EU forming a blockchain alliance¹⁵. With these developments in mind, it is important to stress that the Issuer believes it is positioned to become a significant data provider of record across the blockchain ecosystem. The key to the Issuer's success will be its ability to combine useful blockchain-based data with efficient time-to-market methods to ensure a solid first-mover advantage.

4.1(1)(a) Business Objectives

The Issuer aims to accomplish the following objectives over a 12-month period:

- (a) Complete development work on the BCX Indexes, Developer Interest Index, and the AML Index;
- (b) Submit completed work to third-party vendors and data marketplaces;
- (c) Expand the Developer Interest Index to an increased set of blockchain assets including emerging ICOs (initial coin offerings);
- (d) Complete rollout (publication of indexes) to global financial centers and regions with high concentrations of blockchain adoption;
- (e) Add sales and marketing division to raise awareness;
- (f) Hire additional developers and increase headcount of financial analysts.

The Issuer's main source of revenue will be:

- (a) SaaS (Software as a Service) monthly subscription.

SaaS is a billing model in which the user must enter a username and password to access information on www.bcxdata.com to access the information on the website. Users are only granted a unique username and password if they have paid their monthly subscription fee. In the event the user stops paying, the server at www.bcxdata.com can disable the username and password which will disallow access to the information.

Index access will be available based on a monthly subscription where the user pre-pays a set monthly fee for access to various tiers of data.

- (b) API (Application Program Interface)-based metered billing

API keys are a way for sophisticated users to access data from an online source without having to load the data through a traditional web browser. This can be more convenient for sophisticated users who wish to pull information directly into their own tools such as Excel or their own proprietary database. The user is given access to a unique string of characters called an "API Key". When the API Key is appended to a structured query pre-determined

¹³ <https://aws.amazon.com/about-aws/whats-new/2018/04/introducing-aws-blockchain-templates/>

¹⁴ <https://www.gatesfoundation.org/Media-Center/Press-Releases/2017/10/Bill-Melinda-Gates-Foundation-Releases-Open-Source-Software-to-Expand-Access-to-Financial-Services>

¹⁵ <https://ec.europa.eu/digital-single-market/en/news/european-countries-join-blockchain-partnership>

by www.bcxdata.com and communicated over the Internet on the Issuer's server, they are returned data corresponding with their structured query. In the same way as the SaaS model described above, should the user stop paying for the data the Issuer can invalidate the API Key, thereby disallowing the user access to the data. These structured queries allow third-party vendors (such as Quandl) to also make data available on their platforms and charge users on a pay-per-use basis, enabling subscribers to track a single index at a time and increasing the number of potential paying customers.

4.1(1)(b) Milestones

	Description	Timeframe	Business Objectives
Phase 1	Release of BCXdata API	Development Completed and now in pre-launch testing	Complete development work on the BCX API. The API forms the backbone of both the software product and serve as a way for developer-centric customers to start using the product immediately. BCX Index, Developer Interest Index, and the AML Index all rely on the API layer to calculate and store data in the issuer's servers and present the data to customers both through the SaaS website (www.bcxdata.com) and via assigned API keys given to paying customers.
Phase 2	Release BCX Index	Near completion	Complete development work on BCX Index which has significant dependencies on the BCX API (which is already completed). Issuer will write a white paper detailing the effectiveness of BCX Indexing relative to other known investing practices as a way to inform potential customers and publicize the relative strengths of the product.
Phase 3	Release of Global AML Index and Developer Interest Index	Q4 2018	Complete development work on the Developer Interest Index, and the AML Index Submit completed work to third-party vendors and data marketplaces Expand the Developer Interest Index to an increased set of blockchain assets including emerging ICOs
Phase 4	Deployment to data marketplaces	Q4 2018	Complete rollout (publication of indexes) to global financial centers and regions with high concentrations of blockchain adoption Add sales and marketing division to raise awareness
Phase 5	Further Index development	Q4 2018	Hire additional developers and increase headcount of financial analysts

4.1(1)(c)(d) Funds Available

As at August 31, 2018, the Issuer had a working capital of approximately \$76,881 (calculated as if the debt settlement was completed on August 31, 2018). The improvement in the working capital from the quarter ended March 31, 2018 was due to the closing of the \$500,000 share subscription receipt private placement, the sale of AMZ and the de-recognition of the road repair provision on the balance sheet, and the debt settlement of the short term and long-term debt which was approved on August 20, 2018. In addition, management of the Issuer arranged a \$500,000 revolving operating line of credit with Mr. James Passin, one of the Issuer's Directors, at a rate of 8%, to cover its expenses related to the completion of the Transaction and general and administrative costs estimated for the next 12 months. The following table represents the aggregate amount of \$576,881 in funds that will be available to the Issuer and the principal purposes of those funds over a 12-month period:

Completion of the Developer Index and AML Index and commence development of a data delivery infrastructure	\$120,000
Expenses related to the completion of the Transaction	\$50,000
General and administrative costs estimated for operating 12 months	\$200,000
Unallocated funds available	\$206,881
Total	\$576,881

The Issuer has made significant progress in advancing their software product to a commercial phase. The Issuer has spent CAD \$140,000 on outside contract development work and has completed development of the initial BCX API as at July 31, 2018. This API is operational and forms the base of all the product offerings going forward. During the development of the BCX API, the Issuer has benefited from significant development cost savings due to open source resources reaching commercially mature usability.

There may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that the Issuer spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above, and will depend on a number of factors, including those referred to under "Risk Factors".

4.1(2) Principal Products or Services 4.1(2)(a) Method of Distribution of Product

- (a) **BCX Index** is an indexing solution that will segment the blockchain landscape into broad categories (e.g. privacy, value, computation) and track the weightings based on a proprietary mix of developer engagement, market capitalization, price momentum, and market utility.
- (b) **Developer Interest Index** is a platform for tracking the engagement of the open source development community in each blockchain project. Investors interested in understanding how large groups of developers are contributing to projects will help them make better informed decisions when investing.

- (c) **AML Index.** Through the money tracking tool called the AML Index, the Issuer will track KYC AML compliance data from exchanges worldwide and correlate the transaction volume cross-referenced with their KYC AML standards. The Issuer will be able to provide accurate estimations of which coins are being used for both legal and illegal activities and track those changes over time.
- 4.1(2)(b) The Issuer has not generated revenue for each of the two most recently completed financial years.
- 4.1(2)(c) As at the date of this Listing Statement, the BCX Index has been partially developed and will be ready for sale in Q4 2018. An enterprise level offering of the BCX Index and the Developer Interest Index is currently being developed and anticipated to be released in Q2 2019 at an anticipated additional development cost of \$120,000.
- 4.1(3)(a) Please refer to item 4.1(2)(c).
- 4.1(3)(b) The Issuer is not a party to any material leases or mortgage agreements.
- 4.1(3)(c) The specialized skill and knowledge requirements, specifically software developer expertise (a degree in computer science or engineering; expertise in C++, C, Go, Java or Python; use of performance management tools, developer experience) are such that the Issuer will provide an expert level understanding of blockchain and distributed ledger technology, coordination of independent software developers to build and deploy complex API-driven databases and their respective front-end interface, marketing and business development resources with sufficient training and knowledge tools to make their subsequent awareness campaigns successful. Wayne Lloyd, acting as CEO, has experience in coordinating large scale financial software projects and has access through his network of consultants and blockchain experts to deliver individuals with the specialized skills required by the issuer.
- 4.1(3)(d) The Issuer's business does not involve raw materials, component parts or finished products.
- 4.1(3)(e) Establishing a strong brand identity will be important in communicating to the market that BCX Index is a trusted resource. Securing lists of active managers and engaging in active outreach to those trading or investing in cryptocurrency assets will make marketing efforts more effective. The Issuer's website, www.bcxdata.com, will have a window of several months to establish trust with users in the system. The brand "BCX Data" will be established and enhanced through marketing initiatives designed to promote the fact that BCX Data is an accurate, timely, and trustworthy resource. BCX Data will become a trademarked brand after the Issuer has demonstrated marketing success with the brand.
- 4.1(3)(f) The Issuer's business is not cyclical or seasonal.
- 4.1(3)(g) Having secured development talent for the ongoing buildout of the platform, terminating any forthcoming contracts or employment arrangements will cause the Issuer to spend additional recruiting efforts as developers proficient in blockchain technologies are in significant demand.
- 4.1(3)(h) Environmental protection requirements have not had financial and operational effects on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and is not expected to have any effect in future years.
- 4.1(3)(i) There are currently no employees. Management anticipates hiring developers within the next three months.

4.1(3)(j) Management does not see significant risk associated with foreign operations of the Issuer.

4.1(3)(k) The Issuer is currently not a party to any contract upon which its business is substantially dependent.

4.1(3)(l) Since the Issuer is dependent on software developers to build its product for commercial release, any renegotiation or termination of contracts or sub-contracts will likely increase the Issuer's time to market and delay cash flows associated with those business activities.

4.1(4) Competitive Conditions

Competitor overview

Competition in most global blockchain businesses is relatively new when it comes to the supply chain side of business, with few companies dominating.

In order to know how best to compete, the Issuer needs to know the way competitors measure themselves, how they have positioned themselves and their strategies to date, their major weaknesses and strengths, and how they intend to position themselves in the future.

Blockchain-enabled supply chain providers

Chain, Inc., a San Francisco-based blockchain technology solutions provider, has recently released "Chain Core Developer Edition," a free and open source version of its distributed ledger platform that enables organizations to issue and transfer assets on permissioned blockchain networks, which maintain an access control layer to allow certain actions to be performed only by certain identifiable participants. A distributed ledger is one in which the transactions recorded on the ledger are cryptographically signed, in such a way that anyone running the same software can verify that those, and only those, transactions that comprise the ledger. Changing even a single digit of the ledger will result in a mismatch that must be resolved between the distributed records: the ledger is therefore considered "immutable", in that all parties must agree on the ledger history before adding to it.

Founded in 2014, Chain, Inc. is a technology company that partners with leading organizations "to build, deploy, and operate blockchain networks that enable breakthrough financial products and services." The technology company has raised more than \$40 million in funding from RRE Ventures, Khosla Ventures, and strategic partners including Capital One, Citigroup, Fiserv, NASDAQ, Orange, and Visa.

With Amazon.com's recent roll-out of blockchain templates on its Amazon Web Services (also known as AWS services), and its patent for data-streaming correlation service, there is no doubt that it intends on being a significant source for blockchain analytics. Given the substantial resources of a company like Amazon, the Issuer intends on avoiding direct competition with their services. As a blockchain platform, they will have access to all of the transactions on all of the blockchains they host, but that will only be a portion of the overall market. Their patent filing encompasses other kinds of digital currencies, and such transactions will be correlated to home addresses in the case of purchased products, with the intention of making the ownership of particular blockchain addresses more transparent to law enforcement. A blockchain address itself is just a long list of random-looking alphanumeric digits, also known as a public-key or wallet address. The only way to make the transactions in the blockchain more transparent to government regulators or blockchain analytics firms is to collect information such as the origin IP addresses of transactions published to the network that modify the contents of that blockchain address. This can be obfuscated in a variety of ways, such as using anonymous proxy servers to publish a transaction, but the

general idea is to simply catalog what *is* known about the blockchain address and in the Issuer’s case, provide that knowledge as part of aggregated data that will be used to predict digital currency values.

Several smaller analytics firms like Elliptic Enterprises Limited¹⁶, a United Kingdom fintech start-up, and Chainalysis¹⁷ Inc., a United States fintech start-up, have been operating with the express purpose of providing data and analytics services to financial institutions and law enforcement agencies. To the Issuer’s knowledge they do not offer developer interest analytics, as the Issuer proposes to do, and have no publicly expressed interest in running blockchain nodes for the purpose of providing data to investors.

Spark Ignite is a platform in development by Spark Digital Technologies Inc. and Union Ventures. The core platform “Ignite” was built exclusively for the cannabis industry on the backbone of Globatom, a cloud-based SaaS technology that seamlessly connects all the various steps and players of global logistics. Globatom is revolutionizing international trade through innovative technology, compliance, and machine learning. And while blockchain integration is mentioned in the company’s presentation materials, there are no details of what that entails nor any discussion of their ability to deliver such a system.

Paragon, a blockchain technology platform provider for the cannabis industry, seeks to transition the cannabis community from a marginalized position to a mainstream position by building blockchain into every step of the cannabis industry and by working toward full legalization. Its strength lies in the unique blockchain/cannabis connection that uses smart contracts. A smart contract is a programming method whereby the satisfaction of a specific condition triggers the completion of an action or contract. A simple example of a smart contract could be one that is published to the Ethereum blockchain where it expends a small amount of energy to monitor some account to see if it has a certain balance; if it does, the ownership credentials for a “.com” domain name are sent to a particular account and the contract is considered fulfilled.

More uses of cannabis are coming to light, and Paragon wants to accelerate that process. Paragon will use blockchain smart contracts to:

- Create an immutable ledger for all industry related data via ParagonChain
- Offer payment for industry related services and supplies through ParagonCoin
- Establish niche co-working spaces via Paragon Space, buildings which are accessible for all to rent a desk, office or conference area through the payment of PRG tokens
- Organize and unite global legalization efforts through Paragon Online
- Bring standardization of licensing, lab testing, transactions, supply chain, and ID verification through apps built in ParagonAccelerator

Major players

At the highest level are the few well-established major names in “big tech” such as IBM, Salesforce, Adobe, Oracle, SAP, and Microsoft.

IBM is a global technology and innovation company headquartered in Armonk, New York. It is the largest technology and consulting employer in the world, with more than 375,000 employees serving clients in 170 countries. The IBM Blockchain Platform is an integrated platform designed to accelerate the creation of a “built for business” global blockchain network across industries and use cases. IBM has worked with more than 400 clients globally and across industries from design to implementation. Its experts aim to help clients achieve tangible outcomes to uncover new revenue streams, save time, cut costs, and reduce risk. IBM is

¹⁶ <https://www.elliptic.co/>

¹⁷ <https://www.chainalysis.com/>

now emerging as a cognitive solutions and cloud platform company. Its work and people can be found in all sorts of interesting places. IBM is helping transform healthcare, improving the retail shopping experience, rerouting traffic jams, and even designing the next generation fan experience in sports stadiums around the world.

Salesforce may enter the blockchain space in some way, perhaps through acquisition or partnership. Blockchain seems like an inevitable move for Salesforce. They are renowned for being innovative, and they offer software which records transactions between parties. Brett Colbert, Solutions CTO, Vice President of Enterprise Architecture, leads the customer-facing Salesforce Enterprise Architecture team which helps customers and prospects strategically transform their business systems. Colbert has been researching blockchain for more than three years, leading customer implementations and collaborating with blockchain industry thought leaders.

Adobe may enter the blockchain space as well. Jason Lopatecki, Senior Director of Innovation, Adobe Advertising Cloud, states: “Blockchain has the potential to be one of the more revolutionary technologies of our lifetime, but it is still early innings. Blockchain can automate contract fulfilment, consolidate identity management, and simplify supply-chain logistics; from a consumer perspective, it can provide peace of mind through enhanced security and verification.”

Oracle appears to be expanding as a SaaS vendor, whether with its new autonomous database service or getting involved with blockchain. The database giant has announced a new blockchain service at Oracle OpenWorld that aims to give enterprise customers, who want to get involved with the blockchain, a fully managed approach. The Oracle blockchain service is built on the open source Hyperledger Fabric project. Oracle joined the Hyperledger project in August ahead of this announcement. Oracle joins IBM in building a blockchain cloud service on top of the Hyperledger Fabric project, a permissioned blockchain infrastructure contributed by IBM and Digital Asset, a financial technology company, which provides a modular architecture with a delineation of roles between the nodes in the infrastructure, execution of smart contracts, and configurable consensus and membership services.

SAP has launched a Blockchain-as-a-Service (BaaS) product and the “ready-to-use blockchain technology” will sit in the SAP Cloud. The offering is part of the new SAP Leonardo product line, with the blockchain element based on the Hyperledger open source blockchain platform, like Oracle, using its standards and protocols. SAP joined Hyperledger as a premier member early in 2017. SAP describes Leonardo as a “comprehensive digital innovation system” because it includes the blockchain cloud service element alongside other emerging technologies such as machine learning, the Internet of Things (IoT), and so on, all of which are integrated into the “one ecosystem”.

SAP appears to have the view that the network benefit of automatically ordering new parts or consumables in a business supply chain, net-connected IoT system would, for example, need to use artificial intelligence (AI) inspired machine learning to automate procedures, and the blockchain could be used to enact smart contract orders and/or pay for goods. The interconnectivity of the technologies aids their effectiveness if the people, process, and technology are correctly aligned.

Microsoft Inc. is looking to make its Blockchain-as-a-Service offering easier to use in real-world scenarios by enterprises with a new framework. With a handful of user inputs and a simple single-click deployment through the Azure portal, you can provision a fully configured blockchain network topology in minutes, using Microsoft Azure computing, networking, and storage services across the globe. Rather than spending hours building out and configuring the infrastructure, they have automated these time-consuming pieces to allow for focus on building out various scenarios and applications. Customers are charged for the underlying infrastructure resources consumed, such as computing, storage, and networking. There are no incremental charges for the solution itself.

Competitive Advantage

The Issuer deploys blockchain at the core of everything it does; it's a proven technology and framework for applications, receiving worldwide praise for its security, scalability, and forward-thinking, decentralised approach to verifying, moving, and securing data. The Issuer's competitors' implementation of blockchain-enabled solutions validates this approach.

The Issuer anticipates that a critical competitive position will be its intention to tap into opportunities first for upstream advantage in the value chain within a reliable system that encompasses trust, transparency, and provenance.

The Issuer's agility, collaborative approach and focus give it further competitive advantage. The Issuer expects to have a distinct competitive advantage with its focus on one industry, one product, while providing a customized, flexible, and unified solution for the public.

4.1(5) At the present time the Issuer's business does not involve any lending operations, investment policies or lending and investment restrictions.

4.1(6) There are and have been no bankruptcy, receivership or similar proceedings against the Issuer or any of its subsidiaries within the three most recently completed financial years or in the current financial year.

4.1(7) Except for the change of business, the Issuer has not been involved in any material restructuring transactions within the three most recently completed financial years.

4.1(8) The Issuer has not implemented social or environmental policies that are fundamental to its operations.

4.2 Companies with Asset-backed Securities Outstanding

The Issuer does not have any outstanding asset-backed securities.

4.3 Mineral Projects

The Issuer does not have any mineral projects.

4.4 Issuers with Oil and Gas Operations

The Issuer does not have oil and gas operations.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Financial Information – Annual Information

The consolidated financial statements of the Issuer are prepared in accordance with IFRS. The following table sets out selected financial data of the Issuer derived from its audited financial statements for the periods ended December 31, 2017, 2016, and 2015. This summary of financial data should be read together with the annual financial statements of the Issuer and notes thereto, as well as the accompanying MD&A, attached as Schedule "A" and its interim financial statements and MD&A attached as Schedule "B".

	As at June 30, 2018 and for the period then ended (unaudited) (\$)	As at December 31, 2017 and for the year then ended (audited) (\$)	As at December 31, 2016 and for the year then ended (audited) (\$)	As at December 31, 2015 and for year then ended (audited) (\$)
Net sales or total revenues	Nil	Nil	Nil	Nil
Expenses	431,161	350,072	301,981	692,554
Other expense (income)	63,880			
Impairment of exploration and other evaluation assets	Nil	Nil	(19,807)	Nil
Net profit/net (loss)	(495,041)	(345,660)	(622,324)	(1,169,069)
Net profit/net (loss) per basic and diluted share	(0.08)	(0.00)	(0.01)	(0.02)
Total assets	252,355	226,436	31,915	486,046
Total long-term financial liabilities	156,583	142,577	Nil	Nil

5.2 Quarterly Information

The following information is in respect of the Issuer for the eight quarters preceding the date of this Listing Statement:

Quarter Ended	Total Revenues	Net Income/Loss	Basic and diluted earning/loss per share	Total Assets
June 30, 2018	\$nil	(\$422,200)	(\$0.06)	\$252,355
March 31, 2018	\$nil	(\$25,211)	(\$0.00)	\$135,478
December 31, 2017	\$nil	(\$124,512)	(\$0.00)	\$226,436
September 30, 2017	\$nil	(\$120,649)	(\$0.00)	\$265,067
June 30, 2017	\$nil	(\$42,285)	(\$0.00)	\$58,776
March 31, 2017	\$nil	(\$58,214)	(\$0.00)	\$28,903
December 31, 2016	\$nil	(\$622,324)	(\$0.00)	\$31,915
September 2016	\$nil	(\$76,910)	(\$0.00)	\$338,938
June 30, 2016	\$nil	(\$55,113)	(\$0.00)	\$388,844

Copies of the respective unaudited interim financial statements for the periods listed above for the Issuer are available on the Issuer's SEDAR profile at www.sedar.com.

5.3 Dividends

No dividends on the Shares of the Issuer have been paid to date.

5.4 Foreign GAAP

The Issuer's primary financial statements have not been prepared using foreign GAAP.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

A copy of the Issuer's annual management's discussion and analysis for the year ended December 31, 2017 are attached as Schedule "A" and for the six-month period ended June 30, 2018 are attached as Schedule "B" hereto.

7. MARKET FOR SECURITIES

The Shares of the Issuer are currently listed on the CSE under the trading symbol "KOT", however, trading in such shares was suspended on May 5, 2017, because it was in default of CSE requirements as a result of its failure to timely file audited annual financial statements for the year ended December 31, 2016; management's discussion and analysis relating to the audited annual financial statements for the year ended December 31, 2016; and certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. On February 1, 2018, the Issuer obtained the Revocation Order from the Ontario Securities Commission revoking the cease trade order issued by the Ontario Securities Commission on May 5, 2017.

8. CONSOLIDATED CAPITALIZATION

The following table summarizes the Issuer's capitalization as of December 31, 2017 on a consolidated basis, based on the Issuer's financial statements and as of the date of this Listing Statement based on estimates made by management.

Designation of Security	Number Authorized	As at June 30, 2018 (unaudited)	As at December 31, 2017 (audited)	As at December 31, 2016 (audited)
Shares ⁽¹⁾	Unlimited	6,530,163	65,302,351	65,302,351
Warrants ⁽²⁾		0	0	281,934
Stock Options ⁽³⁾		82,500	2,500,000	2,875,000
Short term loan and interest payable ⁽⁴⁾		\$496,488	472,136	
Long term loan and interest payable ⁽⁵⁾		\$156,583	142,577	16,397

Notes:

- (1) The Issuer completed a 10:1 share consolidation in May 2018.
(2) Exercisable at \$0.20 for a period of 12 months, expiring January 22, 2017.

- (3) 150,000 stock options were exercisable into one common share at an exercise price of \$0.10 expiring December 21, 2017; 1,950,000 options were exercisable at \$0.25 expiring January 8, 2019, and 775,000 options were exercisable at \$0.20 expiring December 3, 2020. In total, 1,025,000 stock options granted to five consultants were cancelled on April 9, 2018 as a result of the cessation of the consulting relationship between the five individuals and the Issuer. On a post-consolidated basis, there are currently 82,500 options issued and outstanding with a weighted average life and weighted average exercise price of 297 days and \$2.42, respectively.
- (4) For the year ended December 31, 2017, the Issuer received short term advances from third parties and a related party. The notes bear interest at 8% per annum, which is calculated and payable semi-annually. The notes have a one-year term from the date of each advance. Subsequently, the Issuer announced that it has reached an agreement with its lenders to repay the debt by the issuance of 6,283,047 Shares at a price of \$0.10 per Share.
- (5) For the year ended December 31, 2017, the Issuer renegotiated the terms of indebtedness in the amount of \$191,720 with three shareholders such that the first repayment date is after June 30, 2019. The loan does not accrue interest. The Issuer recorded \$49,143 as a credit to contributed surplus reflecting the discount compared to a similar loan that pays interest at market rates. During the period ended June 30, 2018, the Issuer recognized imputed interest of \$14,006. The Issuer intends to settle the outstanding loans through the issuance of Shares at a price of \$0.10 per share on a post-consolidated basis.

9. OPTIONS TO PURCHASE SECURITIES

The Issuer currently has a stock option plan approved by the Board on August 15, 2017 (the “Plan”). The Plan will be presented to its shareholders at its next annual general meeting for approval.

Number of Shares Reserved: The number of Shares which may be issued pursuant to options granted under the Plan shall equal to 10% of the issued and outstanding shares of the Issuer from time to time at the date of grant.

Maximum Term of Options: The term of any options granted under the Plan is fixed by the Board and may not exceed five years from the date of grant. The options are non-assignable and non-transferable. The term of an option may not be amended once issued under the CSE requirements. If an option is cancelled prior to the expiry date, the Issuer shall not grant new options to the same person until 12 months have elapsed from the date of cancellation.

Exercise Price: The exercise price of options granted under the Plan is determined by the Board, provided that it is not less than the price permitted by the CSE or, if the shares are no longer listed on the CSE, then such other exchange or quotation system on which the Shares are listed or quoted for trading. Section 5 of CSE Policy 6 provides that a listed issuer must not grant stock options with an exercise price lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.

Vesting: Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board, or if the Board so elects, a committee appointed by the Board, in accordance with the CSE requirements.

Termination: If an optionee ceases to be a director, officer, employee or consultant, as the case may be, of the Issuer for any reason (other than death), he or she may, but only within 12 months next succeeding his or her ceasing to be a director, officer, employee or consultant, exercise his or her option to the extent that he or she was entitled to exercise it at the date of such cessation provided that, in the case of an optionee who is engaged in investor relations activities on behalf of the Issuer, the 12-month period shall be shortened to 30 days. In the event of the death of an optionee, the option previously granted to him or her shall be exercisable only within the 12 months next succeeding such death and then only: (a) by the person or persons to whom the optionee’s rights under the option shall pass by the optionee’s will or the laws of descent and distribution and (b) if and to the extent that he or she was entitled to exercise the option at the date of his or her death.

Administration: The Plan is administered by the Board of, if the Board so elects, by a committee appointed by the Board.

Board Discretion: The Plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such options shall be determined by the Board and in accordance with CSE requirements.

Pursuant to section 2.25 of National Instrument 45-106 *Prospectus Exemptions*, as an unlisted reporting issuer, the Issuer, unless it receives securityholder approval, must comply with the following restrictions in order to avail itself of the exemption set out in section 2.24 for distributions to employees, executive officers, directors, and consultants of the Issuer:

- (a) The number of securities, calculated on a fully diluted basis, reserved for issuance under options granted to
 - (i) related persons, must not exceed 10% of the outstanding securities of the Issuer, or
 - (ii) a related person, must not exceed 5% of the outstanding securities of the Issuer, or
- (b) the number of securities, calculated on a fully diluted basis, issued within 12 months to
 - (i) related persons, must not exceed 10% of the outstanding securities of the Issuer, or
 - (ii) a related person and the associates of the related person, must not exceed 5% of the outstanding securities of the Issuer.

As of the date hereof, the Issuer has 82,500 post-consolidated options issued and outstanding under the Plan as follows:

	Designation and number of Shares under option	Purchase price of Shares under option	Market value of Shares under option on the date of grant	Market value of Shares under option on date of listing statement	Expiry date
All executive officers and past executive officers as a group	30,000 stock options	\$2.50	\$51,250	\$2,500	January 8, 2019
	7,500 stock options	\$2.00	\$9,750	\$750	December 3, 2020
All directors and past directors who are not also executive officers as a group	25,000 stock options	\$2.50	\$51,250	\$2,500	January 8, 2019
	Nil	Nil	N/A	N/A	N/A
All executive officers and past executive officers of all subsidiaries as a group	Nil	Nil	N/A	N/A	N/A
All directors and past directors of all subsidiaries who are not also executive officers of the subsidiary as a group	Nil	Nil	N/A	N/A	N/A
All other employees and past employees of the Issuer as a group	Nil	Nil	N/A	N/A	N/A
All other employees and past employees of subsidiaries of the Issuer as a group	Nil	Nil	N/A	N/A	N/A

All consultants of the Issuer as a group	15,000 stock options	\$2.50	\$30,750	\$1,500	January 8, 2019
	5,000 stock options	\$2.00	\$9,750	\$500	December 3, 2020

10. DESCRIPTION OF SECURITIES

10.1 Description of Securities

The Issuer is authorized to issue an unlimited number of shares of a single class and single series with no par value. Subject to its Articles of Association and Memorandum of Association, the terms of the issue of any share, or any resolution of members to the contrary, a share of the Issuer confers on the holder the right to one vote at a meeting of the members or on any resolution of members; the right to an equal share in any distribution paid by the Issuer; and the right to an equal share in the distribution of the surplus assets of the Issuer on a winding up. The rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), whether or not the Issuer is being wound up, may be varied with the consent in writing of all of the holders of the issued shares of that class or series or with the sanction of a resolution passed by a majority of the votes cast at a separate meeting of the holders of the shares of the class or series. The Issuer may also amend its Memorandum or Articles by a special resolution or if in the determination of the Board the amendment is required in connection with an application for the shares to be listed on a stock exchange, by a resolution of directors. The holders of the shares have no pre-emptive, redemption or conversion rights.

As of the date hereof, 17,813,210 post-consolidated Shares of the Issuer are issued and outstanding and 82,500 Shares are reserved for issuance pursuant to the cancellation of expired outstanding incentive stock options of the Issuer. These amounts reflect the conversion of subscription receipts and the debt settlement, both of which are conditional upon receipt of the final bulletin from the CSE in connection with the Issuer's fundamental change application.

10.2 Debt Securities

The Issuer does not have debt securities that are listed on a stock exchange.

10.3 Other Securities

The Issuer does not have any other listed securities.

10.4 Modification of Terms

The Issuer is not modifying, amending or varying any rights attached to the listed securities.

10.5 Other Attributes

The rights of the listed securities are not materially limited or qualified by the rights of any other class of securities, and no other class of securities ranks ahead of or equally with the listed securities. In addition, the listed securities may not be partially redeemed or repurchased.

10.6 Prior Sales

The following table contains details of the prior sales of securities of the Issuer for the twelve-month period preceding the date hereof:

Date Issued	Number and Type of Securities	Issue Price Per Share	Aggregate Issue Price	Consideration
April 11, 2018	5,000,000 subscription receipts issued at \$0.10 per receipt convertible into 5,000,000 post-consolidated Shares	The subscription receipts are convertible into Shares on a one-for-one basis	\$500,000	Cash

10.7 Stock Exchange Price

The Shares are listed on the CSE as of the date of this Listing Statement under the symbol “KOT”. On April 25, 2018, the Issuer changed its name from Khot Infrastructure Holdings, Ltd. to Blockchain Holdings Ltd. As a result of the name change, the Issuer has reserved the symbol “BCX” with the CSE. The following table sets out the high and low trading prices and volume of trading of Shares on the CSE during the last 12 months and for the preceding seven fiscal quarters. The Issuer was cease traded on May 5, 2017 and subsequently its Shares were suspended from trading on the CSE pursuant to CSE Policy 3.

Period	High (\$)	Low (\$)	Volume
August 2018	-	-	-
July 2018 ⁽¹⁾	-	-	-
June 2018 ⁽¹⁾	-	-	-
May 2018 ⁽¹⁾	-	-	-
April 2018 ⁽¹⁾	-	-	-
March 2018 ⁽¹⁾	-	-	-
February 2018 ⁽¹⁾	-	-	-
January 2018 ⁽¹⁾	-	-	-
Q4 2017	-	-	-
Q3 2017	-	-	-
Q2 2017	0.025	0.02	770,000
Q1 2017	0.03	0.02	2,159,500
Q4 2016	0.04	0.03	100,000
Q3 2016	0.05	0.03	0
Q2 2016	0.10	0.05	0

Notes:

- (1) Trading of the Shares was suspended on May 5, 2017 due to a cease trade order issued by the OSC due to failure to file its (i) audited annual financial statements for the year ended December 31, 2016, (ii) management’s discussion and analysis for the year ended December 31, 2016 and (iii) certification of the annual filings for the year ended December 31, 2016 (“Annual Filings”), as required by applicable securities legislation. The Issuer filed its December 31, 2016 Annual filings on August 2, 2017; on August 10, 2017, the Issuer filed its interim financial report and management’s discussion and analysis, along with the CEO and CFO certifications of the interim filings (“interim filings”) for the period ended March 31, 2017; on August 25, 2017, the Issuer filed its interim filings for the period ended June 30, 2017 and on November 28, 2017, the Issuer filed its interim filings for the period ended September 30, 2017. On February 2, 2018, the Issuer announced that it had obtained a Revocation Order from the Ontario Securities Commission revoking the cease trade order issued on May 5, 2017.

11. ESCROWED SECURITIES

The following table sets forth the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class.

Designation of class held in escrow (as of September 20, 2018)	Number of post-consolidated securities held in escrow	Percentage of class
James Passin	4,936,557	27.71%

Notes:

(1) Based on 17,813,210 issued and outstanding Shares after the closing of the Transaction.

In respect of the Shares subject to the form of escrow agreement prescribed by National Policy 46-201 – *Escrow for Initial Public Offerings*, 10% of such securities will be released from escrow on the date of listing. The remaining 90% of such securities will be released from escrow in 15% tranches during consecutive 6-month intervals over a 36-month period following the listing date. This escrow release schedule is subject to acceleration in accordance with National Policy 46-201 – *Escrow for Initial Public Offerings* and the policies of the CSE. The following table sets forth details of the securities of the Company to be held in escrow under an escrow agreement:

Number of Securities	Percentage of Outstanding	Release Schedule
4,936,557	27.71%	10% released on the Listing Date 15% released 6 months from the Listing Date 15% released 12 months from the Listing Date 15% released 18 months from the Listing Date 15% released 24 months from the Listing Date 15% released 30 months from the Listing Date 15% released 36 months from the Listing Date

12. PRINCIPAL SHAREHOLDERS

As of the date of this Listing Statement, the following shareholders own, beneficially and of record, more than 10% of the issued and outstanding Shares of the Issuer:

Name	Number of Shares ⁽¹⁾	Percentage of Class ⁽¹⁾
James Passin (Shares held of record and beneficially)	4,936,557 ⁽²⁾	27,71%

Note:

- (1) The Issuer completed a 10:1 share consolidation in May 2018. On a post-consolidated basis, there are 6,530,235 Shares issued and outstanding. On a fully diluted basis, after the conversion of 5,000,000 subscription receipts into 5,000,000 Shares, James Passin will hold 4,936,557 out of 17,813,210 issued and outstanding Shares, representing 27.71% of the issued and outstanding Shares.
- (2) James Passin has direct control of 1,819,596 Shares and indirect control and direction of (i) 12,625 Shares held by Passin Management Limited Partnership, a family investment partnership whose general partner is James Passin LLC, a company wholly owned by James Passin; (ii) 1,518,758 Shares held by Firebird Mongolia Fund, Ltd. (“**Firebird Mongolia**”), a Cayman domiciled fund focused on private and public investment opportunities in Mongolia which is managed by FG2 Advisors, LLC, an affiliate of New York-based Firebird Management LLC, (iii) 53,075 Shares held by (“**FGMF**”), (iv) 46,139 Shares held by Firebird Global Master Fund II Holdings, Ltd. (“**FGMF2**”) and (v) 1,486,364 Shares held by Firebird New Mongolia Fund, L.P. (“**Firebird New Mongolia**”), a Cayman domiciled fund focused on private and public investment opportunities in Mongolia, which is managed by FG2 Advisors, LLC, an affiliate of New York-based Firebird Management LLC.

13. DIRECTORS AND OFFICERS OF THE ISSUER

13.1 Directors and Executive Officers of the Issuer

As of the date of this Listing Statement, the board of directors of the Issuer is composed of five members, as set out below.

The name, municipality of residence, position or office held with the Issuer and principal occupation of each proposed director and executive officer of the Issuer, as well as the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, excluding Shares issued on the exercise of convertible securities, are as follows:

Name, municipality of residence and position with Issuer	Principal occupation during the past five years⁽¹⁾	Date of appointment as Director or officer	Number and percentage of Shares beneficially owned or controlled or directed⁽¹⁾
DONALD PADGETT ⁽¹⁾ North Vancouver, British Columbia, Canada Director	President and CEO of the Issuer from November 2011 to April 2018; director of the Issuer from November 2011 to present; mining executive; corporate finance and investment banking executive; director and officer of several public companies	Nov 14, 2011 to present (until the next annual general meeting of shareholders)	47,294 (0.27%)
JAMES PASSIN ⁽²⁾⁽³⁾⁽⁴⁾ New York, NY USA Chairman, Director	Chairman of the Issuer from November 2011 to present; Principal, FGS Advisors LLC, Director, FGME, FGME2, Firebird Mongolia, and Firebird New Mongolia	Nov 14, 2011 to present (until the next annual general meeting of shareholders)	4,936,557 ⁽⁴⁾ (27.71%)
ALAN TAM Vancouver, British Columbia, Canada Chief Financial Officer	CFO of the Issuer from August 2017 to present; CFO of Liberty Biopharma Inc., a biotechnology company, from December 2010 to present; CFO of The Wonderfilm Media Corporation from May 2016 to present; a Chartered Professional Accountant, who has worked with biotechnology, start-up alternative energy and other corporations dealing with tax, regulatory, compliance and accounting matters	August 2, 2017 to present	Nil

Name, municipality of residence and position with Issuer	Principal occupation during the past five years ⁽¹⁾	Date of appointment as Director or officer	Number and percentage of Shares beneficially owned or controlled or directed ⁽¹⁾
JEREMY L. GARDNER Northampton, Massachusetts, USA Director ⁽²⁾⁽³⁾	Co-founder and managing partner of Ausum Ventures; 2017 to present; Entrepreneur-in-Residence ⁽¹⁾ , Blockchain Capital, October 2015 to present; Blockchain Education Network, founder and chairman of the board, 2014 to present; Augur, founder, 2014; editor-in-chief, Distributed magazine	April 9, 2018 to present (until the next annual general meeting of shareholders)	Nil
WAYNE LLOYD Vancouver, British Columbia, Canada President, CEO, and Director	President and CEO of the Issuer from April 18, 2018 to present. Founder of financial analytics firm Market Memory, providing data analytics to large commodity traders; Active investor, advisor, and board member to several fintech and cryptocurrency startups including Secfi, a technology platform provider based in San Francisco, California; Chartered Financial Analyst	April 9, 2018 to present (until the next annual general meeting of shareholders)	Nil
GREG KALLINIKOS London, United Kingdom Director ⁽²⁾⁽³⁾	Chief of Staff to the CEO of INTL FCStone Ltd., a diversified financial markets company, since March 2015; Senior Vice President of INTL FCStone Ltd. from October 2012 to March 2015	April 9, 2018 to present (until the next annual general meeting of shareholders)	Nil

Notes:

- (1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of management of the Resulting Issuer and has been furnished by the respective individuals. For instance, an Entrepreneur in Residence is a position in venture capital firms, law firms or business schools that is usually temporary and not formal. The institution brings in an entrepreneur who is usually in the process of starting or expanding his or her new company. An Entrepreneur in Residence is typically a position given to a seasoned executive who is either a) trying to get a new company off the ground within a venture capital firm or b) wants a platform to see deal-flow where they can join a new early-stage company. The venture capital firm hopes that the Entrepreneur-in-Residence decides to join one of their portfolio companies.
- (2) Member of Audit Committee. Mr. Kallinikos is the chairman of the Audit Committee.
- (3) Member of the Compensation Committee. Mr. Kallinikos is the chairman of the Compensation Committee.
- (4) James Passin has direct control of 1,819,596 Shares and indirect control and direction of (i) 12,625 Shares held by Passin Management Limited Partnership, a family investment partnership whose general partner is James Passin LLC, a company wholly owned by James Passin; (ii) 1,518,758 Shares held by Firebird Mongolia Fund, Ltd., a Cayman domiciled fund focused on private and public investment opportunities in Mongolia which is managed by FG2 Advisors, LLC, an affiliate of New York-based Firebird Management LLC, (iii) 53,075 Shares held by FGMF, (iv) 46,139 Shares held by FGMF2 and (v) 1,486,364 Shares held by Firebird New Mongolia Fund, L.P, a Cayman domiciled fund focused on private and public investment opportunities in Mongolia, which is managed by FG2 Advisors, LLC, an affiliate of New York-based Firebird Management LLC.

13.2 Period of Service of Directors

The term of each director expires on the date of the next annual general meeting of shareholders, unless his or her office is earlier vacated or he or she is removed in accordance with the Issuer's Articles of Association, Memorandum of Association and the BVI Act.

13.3 Directors and Executive Officers Common Share Ownership

The directors and executive officers of the Issuer as a group, directly or indirectly, will beneficially own or exercise control or direction over 4,983,851 Shares, representing approximately 27.98% of the issued and outstanding Shares of the Issuer.

13.4 Committees

The Issuer's audit committee currently consists of James Passin, Greg Kallinikos (chair) and Jeremy Gardner, each of whom is a director and financially literate in accordance with National Instrument 52-110 *Audit Committees* ("NI 52-110"). Greg Kallinikos (chair) and Jeremy Gardner are independent, as defined under NI 52-110, and James Passin is not independent as he is an executive officer (chairman of board of directors) of the Issuer. The Issuer is relying upon the exemption in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

The Issuer's compensation committee is comprised of James Passin, Greg Kallinikos (chair) and Jeremy Gardner.

The board of directors of the Issuer may from time to time establish additional committees.

13.5 Principal Occupation of Directors and Executive Officers

Information on directors and executive officers' principal occupation is set out in section 13.1 – *Directors and Executive Officers of the Issuer*.

13.6 Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed herein, no director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On May 5, 2017, the Ontario Securities Commission (the “OSC”) issued a cease trade order (the “CTO”) under the securities legislation of Ontario that all trading in the securities of the Issuer cease until the Issuer filed its (i) audited annual financial statements for the year ended December 31, 2016, (ii) management’s discussion and analysis for the year ended December 31, 2016 and (iii) certification of the annual filings for the year ended December 31, 2016, as required by applicable securities legislation.

On August 2, 2017, the Issuer filed its audited annual financial statements and management’s discussion and analysis, along with the CEO and CFO certifications of the annual filings for the year ended December 31, 2016, and paid the applicable filing fees, as required by applicable securities legislation. On August 10, 2017, the Issuer filed its interim financial report and management’s discussion and analysis, along with the CEO and CFO certifications of the interim filings for the period ended March 31, 2017, as required by applicable securities legislation.

On February 2, 2018, the Issuer announced that it had obtained a Revocation Order from the Ontario Securities Commission revoking the CTO issued on May 5, 2017.

Mr. Padgett is President, CEO and Director of Vanoil Energy Ltd., a Canadian public company, which is subject to a cease trade order issued by the BCSC on February 3, 2017 for failure to file audited annual financial statements for the year ended September 30, 2016. Such cease trade order remains in effect.

Mr. Passin was Chairman and Director of Vanoil Energy Ltd., a Canadian public company, which is subject to a cease trade order issued by the BCSC on February 3, 2017 for failure to file audited annual financial statements for the year ended September 30, 2016. Such cease trade order remains in effect.

13.7 Penalties or Sanctions

Other than as disclosed below, no director or officer of the Issuer, or a shareholder holding a sufficient number of the Issuer’s securities to affect materially the control of the Issuer, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

James Passin is a principal of the Firebird Global Master Fund II (“FG2”), which was fined MNT 200,000 (US\$153.40) by the Mongolian Financial Regulatory Commission for a technical violation of a Mongolian rule that prohibits a party engaged in a mandatory takeover offer, in the case of FG2 and certain related accounts managed by Firebird, from trading in the stock, in this case Berkh Uul JSC (“BU”) while the tender offer was ongoing. FG2 and related parties were required by Mongolian rules to make a mandatory tender offer for the 0.12% of the outstanding stock of BU that they did not already own. The Commission stated in its findings that the violation did not result in any losses to investors or customers.

13.8 Settlement Agreements

The Issuer has not entered into any settlement agreements. As disclosed under the heading “Penalties or Sanctions”, no director or officer of the Issuer, or a shareholder holding a sufficient number of the Issuer’s securities to affect materially the control of the Issuer, has been subject to a settlement agreement with a Canadian securities regulatory authority.

13.9 Personal Bankruptcies

No director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

13.10 Conflicts of Interest

The directors of the Issuer are required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests, which they may have in any project or opportunity of the Issuer. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter.

To the best of the Issuer’s knowledge, there are no known existing or potential conflicts of interest among the Issuer, directors, officers or other members of management of the Issuer except that certain directors and officers may serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Issuer and their duties as a director or officer of such other companies. See “*Risk Factors*”.

13.11 Management Details

The following sets out details of the proposed directors and management of the Issuer:

Donald Padgett (age 66), *Director*

Mr. Padgett served as the Chief Executive Officer, President and Director of the Issuer from November 2011 until April 2018. In April 2018, Mr. Padgett resigned as President and Chief Executive Officer but continues to serve as a director of the Issuer. He has served as Chairman, President and director of several public and private companies and for the past five years his principal occupation has been to serve as the President and Chief Executive Officer of the Issuer. Mr. Padgett has also enjoyed a successful investment banking career in senior management positions including: Managing Director of the investment banking group at Canaccord Financial Ltd.'s Western Canadian office and more than 10 years as a senior member of the Investment Banking Group at Burns Fry, now Nesbitt Burns. Mr. Padgett holds a law degree from Dalhousie University, an MBA from McMaster and a BSc from University of Toronto. As an independent contractor, Mr. Padgett expects to devote 20% of his time to the Issuer. Mr. Padgett has not entered into any non-competition or non-disclosure agreement with the Issuer.

James Passin (age 46), Chairman and Director

Mr. Passin has served as the Chairman and Director of the Issuer since November 14, 2011. He joined New York-based investment management company, Firebird Management LLC, in 1999, and for the past five years his principal occupation has been as the fund manager of Firebird Management LLC. He co-founded and manages several hedge funds and private equity funds and has 18 years of experience as a professional investor and fund manager. James is a Chartered Market Technician and member of The CMT Association. James has deep experience in venture capital and capital markets and serves on the board of directors of several public companies, including Sharyn Gol JSC and BDSec JSC, the largest investment bank in Mongolia. James is a recipient of the Friendship Medal, the highest honor awarded by the Mongolian state to foreign citizens. James was named “Fund Manager of the Year” at the 2012 Mines and Money Conference in Hong Kong. James has been actively investing in cryptocurrencies and blockchain start-ups since 2016. As an independent contractor, Mr. Passin expects to devote 20% of his time to the Issuer. Mr. Passin has not entered into any non-competition or non-disclosure agreement with the Issuer.

Jeremy L. Gardner (age 25), Director

Mr. Gardner is a legendary blockchain pioneer, now co-founder and managing partner of Ausum Ventures, which invests in blockchain technology for social good. Jeremy is also founder of the global non-profit Blockchain Education Network and the decentralized prediction market platform Augur, where he led the first ever initial coin offering (ICO) on Ethereum. As entrepreneur-in-residence and investing partner at Blockchain Capital, he helped structure its landmark security token ICO, and founded legacy database security company SAAVHA. Mr. Gardner expects to devote 5% of his time to the Issuer and has not entered into any non-competition or non-disclosure agreement with the Issuer.

Gregory Kallinikos (age 38), Director

Mr. Kallinikos is a senior management executive with broad UK and international financial services experience. He has wide experience in mergers and acquisitions, business and corporate development, strategic planning, program implementation and business digitisation. He has spent the last seven (7) years in senior positions within INTL FCStone Inc., a NASDAQ listed, Fortune 500 diversified financial services firm, and he is presently INTL’s Deputy Chief Executive Officer – Asia, responsible for the Asian region including INTL’s offices in Singapore, Hong Kong, Shanghai and Sydney. Prior to INTL, Mr. Kallinikos worked in corporate finance for a number of London-based boutique investment banking firms. He has an LLM in Venture Capital from the University of Westminster in London and a BSc in Management Studies from Brunel University, also in London. He is currently based in Singapore. Mr. Kallinikos expects to devote 5% of his time to the Issuer and has not entered into any non-competition or non-disclosure agreement with the Issuer.

Wayne Lloyd (age 36), President, Chief Executive Officer, and Director

Mr. Lloyd is the founder of Market Memory, a quantitative market analysis product used by asset managers around the world, which was among the first financial tools to incorporate cryptocurrency analysis into its toolset. Previously, he was a portfolio manager at a proprietary trading desk and has over 10 years experience as a professional investor and portfolio manager. Wayne is a Chartered Financial Analyst (CFA Charterholder) and member in good standing of the CFA Institute. Wayne is an entrepreneur, investor, and board member of several financial technology and cryptocurrency start-ups, including SecFi, a financial services company connecting institutional investors to late stage startups. As an independent contractor, Mr. Lloyd expects to devote 25% of his time to the Issuer and has not entered into any non-competition or non-disclosure agreement with the Issuer.

Alan Tam (age 45), Chief Financial Officer

Mr. Tam was appointed Chief Financial Officer of the Issuer in August 2017. Since December 2010, he has served as the Chief Financial Officer of Liberty Biopharma Inc. (formerly Avagenesis Corp.), a TSX Venture Exchange-listed biotechnology company, which merged with Avapecia Life Sciences Corp. in December 2016, a CSE-listed company. He is also the Chief Financial Officer of The Wonderfilm Media Corporation (formerly Westshire Capital II Corp.), a TSX Venture Exchange listed media company. He possesses over 20 years of finance, financial management and accounting experience. Mr. Tam is a Chartered Professional Accountant and has worked with biotechnology, start-up alternative energy and other corporations dealing with tax, regulatory, compliance and accounting matters. Mr. Tam is a former accountant of NovaDx Ventures Corp., a TSX Venture Exchange-listed company, and was in a mid-sized accounting firm. Mr. Tam is a former financial planner of RBC Wealth Management. As an independent contractor, Mr. Tam expects to devote 25% of his time to the Issuer and has not entered into any non-competition or non-disclosure agreement with the Issuer.

Betty Anne Loy (age 61), Corporate Secretary

Ms. Loy has more than twenty years experience in corporate administration of Canadian and U.S. public companies including responsibility for statutory compliance and regulatory filings and manages all aspects of corporate and stockholder communications. Ms. Loy has been Corporate Secretary of Arrowstar Resources Ltd. since August 2007; Ms. Loy has served as the Corporate Secretary at War Eagle Mining Company Inc. since December 2012. Ms. Loy has been Corporate Administrator with Primary Ventures Corp. since 1986.

14. CAPITALIZATION

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully diluted)	% of Issued (non- diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	17,813,210	17,895,710	100%	100%
<hr/>				
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	4,936,557	4,961,557	27.71%	27.72%
<hr/>				
Total Public Float (A-B)	12,876,653	12,934,153	72.29%	72.28%
<hr/>				
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	4,936,557	4,961,557	27.71%	27.72%
<hr/>				
Total Tradeable Float (A-C)	12,876,653	12,934,153	72.29%	72.28%

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	246	7,782
100 – 499 securities	23	5,244
500 – 999 securities	4	2,550
1,000 – 1,999 securities	9	13,039
2,000 – 2,999 securities	4	9,137
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	32	2,012,170
	318	2,029,922

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	244	7,937
100 – 499 securities	19	9,550
500 – 999 securities	4	2,825
1,000 – 1,999 securities	3	4,039
2,000 – 2,999 securities	3	7,150
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	55	5,662,784
Unable to confirm	24	835,879
	354	6,530,163

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	-	-
100 – 499 securities	-	-
500 – 999 securities	-	-
1,000 – 1,999 securities	-	-
2,000 – 2,999 securities	-	-
3,000 – 3,999 securities	-	-
4,000 – 4,999 securities	-	-
5,000 or more securities	9	4,368,061
	<u>9</u>	<u>4,368,061</u>

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion/ exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Fully vested stock options issued pursuant to the Issuer's Stock Option on January 8, 2014 with an exercise price of \$2.50 and expiring on January 8, 2019 to the following persons:		
James Passin		25,000
Donald Padgett		25,000
Malcolm Burke		15,000
Betty Anne Loy		5,000
Total		70,000
Fully vested stock options issued pursuant to the Issuer's Stock Option on December 3, 2015 with an exercise price of \$2.00 and expiring on December 3, 2020 to the following persons:		
Don Padgett		5,000
Malcolm Burke		5,000
Betty Anne Loy		2,500
Total		12,500

14.3 Not applicable.

15. EXECUTIVE COMPENSATION

The following Statement of Executive Compensation has been incorporated into the Issuer's information circular dated March 9, 2018 which has been filed on the Issuer's profile at www.sedar.com and has been updated to reflect information as at August 31, 2018, the most recent month ended prior to the date of the Listing Statement.

Statement of Executive Compensation

Unless otherwise noted the following information is for the Issuer's last completed financial year ended December 31, 2017.

For the purpose of the Listing Statement:

"compensation securities" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Issuer or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to the Issuer or any of its subsidiaries (if any);

A Named Executive Officer ("NEO") of the Issuer means each of the following individuals:

- (a) a chief executive officer ("CEO") of the Issuer;
- (b) a chief financial officer ("CFO") of the Issuer; and
- (c) each of the Issuer's three most highly compensated executive officers, or individuals acting in a similar capacity, other than the CEO and CFO, at the end of, or during, the most recently completed financial year if their individual total compensation was more than \$150,000 for that financial year, including individuals who would be an NEO under this paragraph but for the fact that he or she was not acting in such capacity at the end of the financial year.

As of the fiscal year ended December 31, 2017, the Issuer had three NEOs, namely (i) Mr. Donald Padgett who served as President and CEO from November 14, 2011 to April 18, 2018; (ii) Mr. Sabino Di Paola who served as CFO from November 14, 2011 to February 28, 2017; and (iii) Mr. Alan Tam who has served as CFO since August 2, 2017. Mr. Wayne Lloyd was appointed President and CEO of the Issuer subsequent to the end of the most recently completed financial year, replacing Mr. Padgett who resigned as President and CEO on April 18, 2018.

All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.

Compensation Discussion and Analysis

Philosophy and Objectives

The compensation program for the senior management of the Issuer is designed to ensure that the level and form of compensation achieves certain objectives, including:

- to attract and retain highly qualified management;
- to align executive compensation with shareholders' interests;

- to focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- to encourage retention of key executives for leadership succession.

The Issuer's executive compensation program comprises three elements: base salary, bonus incentives and equity participation. The compensation program is designed to pay for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Issuer's long-term growth strategy and delivering strong total shareholder return performance.

The Issuer reviews industry compensation information and compares its level of overall compensation with those of comparable sized blockchain technology companies. Generally, the Issuer targets base management fees at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve competitive compensation levels through the fixed and variable components.

The Issuer's total compensation mix places a significant portion of the executive's compensation at risk and relies heavily on the award of stock options. The design takes into account individual and corporate performance. Compensation practices, including the mix of base management fees, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends and supporting the Issuer's long-term growth strategies. Due to the early stage of the Issuer's development programs, the flexibility to quickly increase or decrease appropriate human resources is critical. Accordingly, the Issuer does not enter into long-term commitments with its officers.

The board of directors of the Issuer (the "Board") has not conducted a formal evaluation of the implications of the risks associated with the Issuer's compensation policies. Risk management is a consideration of the Board when implementing its compensation policies and the Board does not believe that the Issuer's compensation policies result in unnecessary or inappropriate risk-taking including risks that are likely to have a material adverse effect on the Issuer.

Role of the Compensation Committee

The Compensation Committee was established on July 9, 2012 by the Board to assist in fulfilling the Board's responsibilities relating to compensation issues and to establish a plan of continuity for executive officers. The Compensation Committee ensures that the Issuer has an executive compensation plan that is both motivational and competitive so that it will attract, hold and inspire performance by executive officers of a quality and nature that will enhance the sustainable profitability and growth of the Issuer.

The Compensation Committee reviews and recommends the compensation philosophy and guidelines for the Issuer which include reviewing compensation for executive officers for recommendation to the Board.

The Compensation Committee reviews, on an annual basis, the cash compensation, performance and overall compensation package for each executive officer. It then submits its recommendations to the Board with respect to the basic salary, bonus and participation in share compensation arrangements for each executive officer.

In making its recommendations in fiscal 2017, the Compensation Committee was satisfied that all recommendations complied with the Compensation Committee's philosophy and guidelines.

Composition of the Compensation Committee

As of August 31, 2018, the Compensation Committee was comprised of three of the Issuer's five Directors: James Passin, Jeremy Gardner and Greg Kallinikos. In making these appointments, the Board considered those individuals who are well-qualified to serve on the Compensation Committee given the expertise they have accrued in their business careers.

Director and NEO Compensation, Excluding Compensation Securities

The following table sets forth all annual and long-term compensation for services paid to or earned by the NEOs and the directors for the three fiscal years ended December 31, 2017, 2016 and 2015.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$USD)	Bonus (\$USD)	Committee or meeting fees' (\$USD)	Value of perquisites (\$USD)	Value of all other compensation (\$USD)	Total compensation (\$USD)
Donald Padgett ⁽¹⁾ CEO, Director	2017	60,000	Nil	Nil	Nil	Nil	60,000
	2016	60,000	Nil	Nil	Nil	Nil	60,000
	2015	58,178	Nil	Nil	Nil	Nil	58,178
Alan Tam ⁽²⁾ Current CFO (August 2017 onward)	2017	21,642	Nil	Nil	Nil	Nil	21,642
Sabino Di Paola ⁽²⁾ Former CFO (Up to February 2017)	2017	2,644	Nil	Nil	Nil	Nil	2,644
	2016	27,185	Nil	Nil	Nil	Nil	27,185
	2015	43,340	Nil	Nil	Nil	Nil	43,340
Erin Chutter ⁽³⁾ Former COO, Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	36,181	Nil	Nil	Nil	Nil	36,181
	2015	23,969	Nil	Nil	Nil	Nil	23,969
James Passin ⁽⁴⁾ Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Orgilmaa Siizkhuu ⁽⁵⁾ Former Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Kenneth Farrell ⁽⁶⁾ Former Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Anthony Milewski ⁽⁷⁾ Former Director	2017	N/A	N/A	N/A	N/A	N/A	N/A
	2016	N/A	N/A	N/A	N/A	N/A	N/A
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Larry Van Hatten ⁽⁸⁾ Former Director	2017	N/A	N/A	N/A	N/A	N/A	N/A
	2016	N/A	N/A	N/A	N/A	N/A	N/A
	2015	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Mr. Padgett was appointed as CEO and director on November 14, 2011. As at December 31, 2017, \$94,812 (\$54,559 – 2016) payables or accruals were due to Mr. Padgett. Mr. Padgett is being paid in US\$. Mr. Padgett resigned as CEO on April 18, 2018.
- (2) Mr. Alan Tam was appointed CFO of the Issuer on August 2, 2017. Mr. Di Paola was appointed as CFO on November 14, 2011 and resigned as CFO on February 28, 2017.
- (3) Ms. Chutter was appointed as COO on May 2, 2016 and as a director on April 5, 2015. As at December 31, 2017, \$9,066 (\$26,675 – 2016) in payable was due to Ms. Chutter. Ms. Chutter did not run for re-election at the Company's AGSM on April 9, 2018.
- (4) Mr. Passin was appointed as a director on November 14, 2011.
- (5) Ms. Siizkhuu was appointed as a director on November 14, 2011. Ms. Siizkhuu did not run for re-election at the Company's AGSM on April 9, 2018.
- (6) Mr. Farrell was appointed as a director on March 20, 2012 and resigned as director on March 15, 2018.
- (7) Mr. Milewski was appointed as a director on January 1, 2014 and resigned as a director on December 11, 2015.
- (8) Mr. Van Hatten was appointed as a director on November 14, 2011 and resigned as a director on April 4, 2015.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each NEO and director by the Issuer in the financial year ended December 31, 2017 for services provided or to be provided, directly or indirectly, to the Issuer:

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, & percentage of class ⁽¹⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Donald Padgett ⁽²⁾ CEO, Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Alan Tam ⁽¹⁰⁾ Current CFO	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Sabino Di Paola ⁽³⁾ Former CFO	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Erin Chutter ⁽⁴⁾ Former COO, Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
James Passin ⁽⁵⁾ Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Orgilmaa Siizkhuu ⁽⁶⁾ Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Kenneth Farrell ⁽⁷⁾ Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A

Anthony Milewski ⁽⁸⁾ Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Larry Van Hatten ⁽⁹⁾ Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A

- (1) All stock options are fully vested. One common share is issuable on the exercise of each stock option.
- (2) On December 31, 2017, Mr. Padgett held stock options exercisable as follows: 250,000 exercisable at \$0.25 until January 8, 2019 and 50,000 exercisable at \$0.20 until December 3, 2020.
- (3) On December 31, 2017, Mr. Di Paola held 150,000 stock options exercisable at \$0.25 until January 8, 2019.
- (4) On December 31, 2017, Ms. Chutter held 300,000 stock options exercisable at \$0.20 until December 3, 2020.
- (5) On December 31, 2017, Mr. Passin held 250,000 stock options exercisable at \$0.25 until January 8, 2019.
- (6) On December 31, 2017, Ms. Siizkhuu held no stock options.
- (7) On December 31, 2017, Mr. Farrell held 350,000 stock options exercisable at \$0.25 until January 8, 2019.
- (8) On December 31, 2017, Mr. Milewski held no stock options.
- (9) On December 31, 2017, Mr. Van Hatten held no stock options.
- (10) On December 31, 2017, Mr. Tam held no stock options.

Exercise of Compensation Securities by Directors and NEOs

No director or NEO exercised any compensation securities, being solely comprised of stock options, during the year ended December 31, 2017.

Stock Option Plan and Other Incentive Plans

As at the end of the most recently completed fiscal year ended December 31, 2017, there were 2,500,000 options outstanding. As of August 31, 2018, there were 82,500 options outstanding on a post-consolidated basis. Based on the Issuer having an outstanding share capital of 17,813,210 Shares issued and outstanding, an additional 1,698,821 options could be granted under the Plan.

The Issuer has no other plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

Employment, Consulting and Management Agreements

During the most recently completed financial year and up to August 31, 2018, the significant terms of the employment agreement or arrangement for each NEO is as follows:

- Mr. Padgett has a consulting contract with the Issuer that provides for monthly compensation of USD\$4,000 a month for management fees as well as a salary of CND \$1,000 a month for performing services as the CEO. On September 30, 2015, Mr. Padgett's monthly salary was terminated and his consulting fees were increased to US\$5,000 per month. On April 18, 2018, the monthly consulting fee for acting as CEO was terminated and replaced with a monthly director fee of USD\$3,500 per month.
- Mr. Tam does not have a compensation arrangement with the Issuer but invoices the Issuer on a monthly basis for management and CFO services performed.
- Ms. Chutter did not have any compensation arrangement with the Issuer. She was paid CAD\$4,000 on a month by month basis for consulting services. Ms. Chutter did not seek re-election as a director at the AGSM held on April 9, 2018.
- Mr. Passin did not have any compensation arrangement with the Issuer.

- Ms. Siizkhuu did not have any compensation arrangement with the Issuer.
- Mr. Farrell did not have any compensation arrangement with the Issuer.
- Mr. Milewski did not have any compensation arrangement with the Issuer.
- Mr. Van Hatten did not have any compensation arrangement with the Issuer.
- Mr. Wayne Lloyd is paid a monthly consulting fee of CDN\$10,000 per month beginning in April 2018.
- Mr. Jeremy Gardner is paid a monthly director fee of USD\$3,500 per month beginning in April 2018.
- Mr. Gregory Kallinikos is paid a monthly director fee of USD\$3,500 per month beginning in April 2018.

Pension Plan Benefits

The Issuer has no pension, defined benefit or defined contribution plans in place.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, no proposed nominee for election as a director of the Issuer, and no associate of any such director, executive officer or proposed nominee,

- (a) is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or
- (b) has indebtedness to another entity which is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries,

and there is no indebtedness for security purchase programs or any other program.

17. RISK FACTORS

The Shares of the Issuer should be considered highly speculative due to the nature of the Issuer's business and the present stage of its development. These risk factors are not a definitive list of all risk factors associated with an investment in the Issuer or in connection with the Issuer's operations. There may be other risks and uncertainties that are not known to the Issuer or that the Issuer currently believes are not material but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the trading price of the Shares could decline substantially, and investors may lose all or part of the value of the Shares held by them. An investment in securities of the Issuer should only be made by persons who can afford a significant or total loss of their investment.

Prior to making any investment decision regarding the Issuer, investors should carefully consider, among other things, the risk factors set forth below.

While this Listing Statement has described the risks and uncertainties that management of the Issuer believe to be material to the Issuer's business, it is possible that other risks and uncertainties affecting the Issuer's business will arise or become material in the future.

If the Issuer is unable to address these and other potential risks and uncertainties, its business, financial condition or results of operations could be materially and adversely affected. In this event, the value of the Shares could decline and an investor could lose all or part of their investment.

17.1 Cryptocurrency Risks

The following summarizes the primary risk factors associated with cryptocurrencies:

General Cryptocurrency Risks

Development of Cryptocurrencies – New Industry

Cryptocurrency and blockchain technology is a young and rapidly growing business area. Although it is predicted that cryptocurrency will become an accepted means of digital payment, it cannot be assured that this will in fact occur. Currently, blockchain software is dependent on the widespread acceptance of cryptocurrency as a means of payment within the digital economy. For a number of reasons, including, for example, the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, lack of availability of cost-efficient high-speed services and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, such cryptocurrency activities may prove in the long run to be an unprofitable means for businesses. In particular, the factors affecting the further development of the cryptocurrency industry include:

- (a) Worldwide adoption and usage of cryptocurrencies;
- (b) Regulations by governments and/or by organizations directing governmental regulations regarding the use and operation of and access to cryptocurrencies;
- (c) Changes in consumer demographics and public behavior, tastes and preferences;
- (d) Redirection and liberalization of using fiat currencies as well as the development of other forms of publicly acceptable means of buying and selling goods and services; and
- (e) General economic conditions and the regulatory environment relating to cryptocurrencies.

Government Regulation

The activities of the Issuer will be subject to regulation by governmental authorities. If the Issuer is unable to comply with current or future government regulations of its products and production activities, the Issuer may be forced to discontinue future services. The Issuer is subject to federal, provincial, state, local, and foreign laws and regulations governing its services and activities. Each service offering that is developed, deployed, marketed, or licensed presents unique regulatory problems and risks. If it is unable to comply with these practices and procedures, the Issuer may be unable to offer its services.

Cryptocurrencies are a controversial phenomenon that have risen from a technical experiment, with zero monetary value, to an industry of more than 500 cryptocurrencies with a combined market capitalization of over US\$300 billion. Confronted with international regulators' intensifying scrutiny of digital currency fund-raising, known as initial coin offerings, many entrepreneurs are moving businesses to locations more welcoming to crypto-currencies and known for low taxes. Registrations in "friendly" jurisdictions show how hard it is for national watchdogs to regulate digital coin sales. It is a challenge that regulators are beginning to recognize. It is still uncertain how regulators will react in Canada. Although there could already be companies that claim to have the platform to allow the exchange of cryptocurrency into fiat, their operational scalability and functionality fall short, in part due to their foundation (one based on crypto processing channels, which are limited due to regulation) as well as lack of experience in an already complicated-fiat-only industry.

Securities Regulation

The United States Securities and Exchange Commission (SEC) and the Canadian Securities Administrators (CSA) have outlined concerns regarding the cryptocurrency and initial coin offering (ICO) markets, including that, as they are currently operating, there is substantially less investor protection than in traditional securities markets, with correspondingly greater opportunities for fraud and manipulation.

Investors should understand that to date no initial coin offerings have been registered with the SEC. The SEC also has not to date approved for listing and trading any exchange-traded products (such as ETFs) holding cryptocurrencies or other assets related to cryptocurrencies.

In addition, the SEC and the CSA have issued investor alerts, bulletins and statements on initial coin offerings and cryptocurrency-related investments, including with respect to the marketing of certain offerings and investments by celebrities and others.

While it has been asserted that cryptocurrencies are not securities and that the offer and sale of cryptocurrencies are beyond the jurisdiction of the SEC and the CSA, whether that assertion proves correct with respect to any digital asset that is labeled as a cryptocurrency will depend on the characteristics and use of that particular asset. As a result, risks can be amplified, including the risk that market regulators, such as the SEC and the CSA, may not be able to effectively pursue bad actors or recover funds.

Banking

A number of companies providing cryptocurrency-related services have had challenges finding banks willing to provide them with banking services and a number of cryptocurrency-based companies have had their existing bank accounts closed by their banks for various reasons. 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 for a number of reasons, such as perceived compliance risks or costs. The inability to open bank accounts may make it difficult to operate the Issuer's business.

Cryptocurrency exchanges

Cryptocurrency businesses rely on cryptocurrency exchanges. If these exchanges are involved in fraud or experience security failures or other operational issues, this could impact, directly or indirectly, the prices set on exchanges. Furthermore, if any of these exchanges the Issuer uses are closed, shut down, or go bankrupt, it may significantly impact the Issuer's customers and operations.

Cryptocurrency price volatility risks

A significant portion of the Issuer's assets may in the future be held in cryptocurrency which is subject to price volatility risks. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms, and has resulted and may continue to result, in speculation regarding future appreciation (or depreciation) in the value of cryptocurrencies. This volatility could adversely affect the value of the Issuer's cryptocurrency holdings and thereby affect the Issuer's shareholders.

Audit Risks

Little guidance currently exists on how to account for cryptocurrencies. International Financial Reporting Standards (IFRS) and generally accepted accounting principles (GAAP) have not yet caught up to the cryptocurrency industry. The Accounting Standards Board (AcSB) have also not caught up to the technology and agreement on how to account for and audit cryptocurrencies and cryptomining operations under Generally Accepted Auditing Standards (GAAS) has not been reached.

Loss or destruction of the private key

Cryptocurrencies are stored in digital wallets and are controllable only by the possessor of both the public key and the private key relating to the digital wallet in which the cryptocurrencies are held, both of which are unique. If a private key is lost, destroyed or otherwise compromised, an investor may be unable to access the particular cryptocurrency held in the related digital wallet which will essentially be lost. If a private key is acquired by a third party then this third party may be able to gain access to the cryptocurrency.

Cyber risks such as malicious activity

Trading platforms and third-party service providers may be vulnerable to hacking or other malicious activities. If one or more malicious actors were to control sufficient consensus nodes on a given blockchain network, then the blockchain could be altered.

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 the Issuer's investments in the future and are not reversible without the consent and active participation of the recipient of the transaction. A risk very specific to cryptocurrencies is loss of money due to an error in the address to which the money transfer is made. It is possible that, through computer or human error, or through theft or criminal action, coins could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

Risks associated with peer to peer transactions

Digital currencies can be traded on numerous online platforms, through third party service providers and as peer-to-peer transactions between the parties. Many marketplaces simply bring together counterparts without providing any clearing or intermediary services and without being regulated. In such a case, all risks, such as double selling, remain between the parties directly involved in the transaction.

Risks related to trading platforms

Digital currency trading platforms are largely unregulated and provide only limited transparency with respect to their operations. As such, they have come under increasing scrutiny due to cases of fraud, business failure or breaches, where compensation for losses has not occurred. Although one does not need a trading platform or an exchange to trade cryptocurrencies, such platforms are often used to convert fiat currency into cryptocurrency or to trade one cryptocurrency for another. This risk can be mitigated if day-to-day trading activities are managed with existing major digital currency exchanges which are fully-licensed, regulated and operate in compliance with established AML and KYC policies.

Loss of confidence in digital currencies

Digital currencies are part of a new and rapidly evolving digital asset industry, which in itself is subject to a high degree of uncertainty. For a relatively small use of digital currencies in the retail and commercial marketplace, online platforms have generated a large trading activity by speculators seeking to profit from short and long term holding of digital currencies. Most cryptocurrencies are not backed by a central bank, national or international organization, or assets, and their value is determined by the value that market participants place on them by way of their transactions. Therefore, any loss of confidence may bring about a collapse of trading activity and an abrupt drop in value.

Regulations restricting or preventing trading in digital currencies

There are significant inconsistencies among various regulators with respect to the legal status of digital currencies. Regulators are also concerned that cryptocurrencies may be used by criminals or terrorist organizations. In the future, certain countries may restrict the legal right to acquire, own, hold, sell or use digital currencies.

Cryptocurrency prices may be subject to momentum pricing risk

Momentum pricing typically occurs when a price, as determined by the investing public, accounts for anticipated future appreciation in value – for example, a growth stock. 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, cryptocurrency prices 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 Issuer's cryptocurrency inventory and thereby affect the Issuer's shareholders.

Cryptocurrency prices may fluctuate

The price of cryptocurrency has fluctuated widely over the past three years. There is no assurance that cryptocurrency will maintain long-term value in terms of purchasing power in the future or that the acceptance of cryptocurrency payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of cryptocurrency declines, the value of an investment in the Issuer will likely decline. Further, the price of the Issuer's securities and the overall success of the Issuer is tied to the price of cryptocurrency, which is outside of the Issuer's control. Further, the collapse of any cryptocurrency exchange may limit the liquidity of cryptocurrency and result in volatile prices. The price of cryptocurrency on cryptocurrency exchanges may also be impacted by policies on or interruptions in the deposit or withdrawal of fiat currency into or out of cryptocurrency exchanges. An investment in the Issuer may be adversely affected by pricing on any cryptocurrency exchange.

The relationship between geopolitical events and the supply and demand for cryptocurrencies is uncertain

Crises may motivate large-scale purchases of cryptocurrencies, which could rapidly inflate the price of cryptocurrencies. This may increase the likelihood of a subsequent price deflation as crisis-driven purchasing wanes, adversely affecting the value of the Issuer's cryptocurrency inventory. The large-scale purchase of cryptocurrencies in times of crisis may temporarily increase cryptocurrency prices. For example, in March 2013, reported uncertainty in the economy of the Republic of Cyprus and the imposition of capital controls by Cypriot banks motivated individuals in Cyprus and other countries with similar economic situations to purchase Bitcoins. This resulted in a significant short-term positive impact on the

price of Bitcoins. However, once the purchasing activity of individuals in this situation began to wane, speculative investors began to sell their Bitcoins, which significantly decreased the price of Bitcoins. Crises of this nature in the future may erode investors' confidence in the stability of cryptocurrencies and may impair their price performance which would, in turn, adversely affect the Issuer's investments. As an alternative to fiat currencies backed by central governments, cryptocurrencies 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 geopolitical events will impact cryptocurrency supply and demand. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of cryptocurrency either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect the Issuer's operations and profitability.

Development and acceptance of the cryptographic and algorithmic protocols that govern the issuance of and transactions in cryptocurrencies are subject to a variety of unpredictable factors

The use of cryptocurrencies in place of fiat currencies is part of a new and rapidly evolving industry that employs digital assets based on computer-generated mathematical and/or cryptographic protocol. This industry in general, and cryptocurrencies in particular, is subject to a high degree of uncertainty. If the development or acceptance of protocols slows, the Issuer's business may be adversely affected. The factors potentially affecting the industry's future development include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Regulation of cryptocurrencies, or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- 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 cryptocurrencies.

A decline in the popularity or acceptance of cryptocurrency would harm the business and affairs of the Issuer

Currency conversion risks

Policies or interruptions in the deposit or withdrawal of fiat currency into or out of the trading platforms may impact the ability of certain investors to convert. If for example, margin lending or withdrawals were curtailed and regulators implemented stricter anti-money laundering policies, this could trigger an immediate decrease in both pricing and trading volume.

Risks involved with digital currencies

Cryptocurrencies typically take the form of bearer instruments and rely on public-key cryptography¹⁸ to prove ownership. There is a risk when owning cryptocurrencies that the private keys associated with the cryptocurrency ownership become lost or compromised by malicious attack which could result in total loss of funds associated with the lost or compromised private key wallet. Cryptocurrencies have proven to be a highly volatile asset class with large price swings relative to traditional assets and most have no predictable cash flows. For investors in cryptocurrencies, it should be noted that there is substantial uncertainty with

¹⁸ https://en.wikipedia.org/wiki/Public-key_cryptography

respect to the tax treatment of an investment in digital currencies. Cryptocurrencies may be considered assets in certain jurisdictions and currencies in others. Sales or value added taxes may be imposed on purchases or sales of digital currencies.

Dilution due to competition or “fork” in the Blockchain

Cryptocurrencies are based upon protocols which govern the peer-to-peer interactions between various users. Dissent between users as to protocols to be used may result in a “fork” opening two separate networks. For example, Ethereum experienced a permanent fork in its blockchain that resulted in two versions of its digital currency, Ethereum (ETH) and Ethereum Classic (ETC).

Risks related to technological obsolescence and difficulty in obtaining hardware

Cryptocurrency mining hardware and its underlying technology may become obsolete quickly and require substantial capital to replace such equipment. The increase in interest and demand for cryptocurrencies may lead to shortages of mining hardware and the components necessary to manufacture the hardware. If mining equipment is damaged or destroyed, any industry shortages may lead to downtime.

Risks related to insurance

The Issuer may become subject to liability for risks against which it cannot insure or against which it may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Issuer’s usual business activities. Payment of liabilities for which it does not carry insurance may have a material adverse effect on its financial position and operations. The Issuer intends to insure its operations in accordance with technology industry practice. However, given the novelty of cryptocurrency mining and associated businesses, such insurance may not be available, uneconomical for the Issuer, or the nature or level may be insufficient to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Issuer.

The following is a description of the principal risk factors that will affect the Issuer:

17.2 Risks Related to the Issuer’s Business

Low Barriers to Entry

There is high potential that the Issuer will face competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Issuer.

The market for blockchain technology solutions and data analytics is evolving and while competition is low, the Issuer expects competition to increase in the future. The Issuer currently or potentially competes with other companies. Some of the Issuer’s current competitors whom offer similar services are:

- Elliptic Enterprises Limited, a United Kingdom fintech start-up providing data and analytics services to financial institutions and law enforcement agencies.
- Chainalysis Inc., a United States fintech start-up providing anti-money laundering software for bitcoin.

There is no guarantee that any factors that differentiate the Issuer from its competitors will give the Issuer a market advantage or continue to be a differentiating factor for the Issuer in the foreseeable future.

Competitive pressures created by any one of the above-mentioned companies, or by the Issuer's competitors collectively, could have a material adverse effect on its business, results of operations and financial condition.

Early Market Development Stage

The Issuer is currently in an early development stage and its growth and success is heavily dependent upon the Issuer's ability to develop a market for its products. The existence of a market for products like BCX Index, Developer Interest Index, and AML Index is wholly dependent upon the Issuer's efforts to create and establish such market.

The Issuer has currently developed and targeted its products for, and substantially all of the Issuer's revenues for the foreseeable future will be derived from, its current identified markets, including diverse sectors ranging from law enforcement and banking to financial technology and regulatory sectors. Should this market cease to exist, fail to grow or grow more slowly than anticipated, or become saturated with competitors, the Issuer's business, financial condition and results of operations could be adversely affected.

Failure to Innovate

The Issuer's success depends upon its ability to design, develop, test, market, license and support new software products and enhancements of current products on a timely basis in response to both competitive threats and marketplace demands. In addition, software products and enhancements must remain compatible with the other software products and systems used by its customers. Often, the Issuer must integrate software licensed or acquired from third parties with its proprietary software to create or improve its products. If the Issuer is unable to successfully integrate third party software to develop new software products and enhancements to existing products, or to complete products currently under development, its operating results will materially suffer. In addition, if the integrated or new products or enhancements do not achieve acceptance by the marketplace, the Issuer's operating results will materially suffer. Also, if new industry standards emerge that the Issuer does not anticipate or adapt to, its software products could be rendered obsolete and, as a result, its business and operating results, as well as its ability to compete in the marketplace, would be materially harmed.

Competition

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

of their products to address the needs of the Issuer's prospective customers. If these competitors were to acquire significantly increased market share, it could have a material adverse effect on the Issuer's business, financial condition or results of operations. The Issuer's competitors may also establish or strengthen cooperative relationships with systems integrators, third party consulting firms or other parties with whom the Issuer has relationships, thereby limiting its ability to promote its products.

Intellectual Property Infringement

Other companies may claim that the Issuer has infringed their intellectual property, which could materially increase costs and materially harm the Issuer's ability to generate future revenue and profits. Claims of infringement are becoming increasingly common as the software industry develops and as related legal protections, including patents are applied to software products. Although the Issuer does not believe that its products infringe on the rights of third parties, third parties may assert infringement claims against the Issuer in the future. Although most of the Issuer's technology is proprietary in nature, the Issuer does include significant amounts of third party software in its products. In these cases, this software is licensed from the entity holding the intellectual property rights. Although the Issuer believes that it has secured proper licenses for all third-party software that is integrated into its products, third parties may assert infringement claims against the Issuer in the future. Any such assertion may result in litigation or may require the Issuer to obtain a license for the intellectual property rights of third parties. Such licenses may not be available, or they may not be available on reasonable terms. In addition, such litigation could be disruptive to the Issuer's ability to generate revenue or enter into new market opportunities and may result in significantly increased costs as a result of the Issuer's efforts to defend against those claims or its attempt to license the patents or rework its products to ensure they comply with judicial decisions. Any of the foregoing could have a significant adverse impact on the Issuer's business and operating results as well as its ability to generate future revenue and profits. The loss of licenses to use third-party software or the lack of support or enhancement of such software could materially adversely affect the Issuer's business. The Issuer could also be forced to do one or more of the following: (i) stop selling, incorporating or using its products that use the challenged intellectual property; (ii) obtain from the owner of the infringed intellectual property right a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all; (iii) redesign those products that use allegedly infringing technology which may be costly or time-consuming; or (iv) refund license fees and other amounts received, and make payments of additional amounts in damages or settlement payments, for allegedly infringing technology or products.

Reliance on Third Party Software

The Issuer currently depends upon third-party software products to develop its products. If in future such reliance existed and the software products were not available, the Issuer might experience delays or increased costs in the development of its products. The Issuer currently does not rely on software products that it licenses from third-parties. Should the Issuer in the future rely upon third-party software licenses that may not continue to be available to the Issuer, and the related software may not continue to be appropriately supported, maintained, or enhanced by the licensors, the loss by the Issuer of the license to use, or the inability by licensors to support, maintain, and enhance any of such software, could result in increased costs or in delays or reductions in product shipments until equivalent software is developed or licensed and integrated with internally developed software. Such increased costs or delays or reductions in product shipments could materially adversely affect its business. The loss of the Issuer's rights to use software licensed to it by third parties could increase its operating expenses by forcing the Issuer to seek alternative technology and materially adversely affect its ability to compete. In addition, the Issuer's web based software applications depend on the stability, functionality and scalability of the underlying infrastructure software including application servers, databases, java platform software and operating systems produced by IBM, Microsoft and others. If weaknesses in such infrastructure software exist, the Issuer may not be able to correct or compensate for such weaknesses. If the Issuer is unable to address weaknesses resulting

from problems in the infrastructure software such that its products do not meet customer needs or expectations, its reputation, and consequently, its business may be significantly harmed.

Regulatory Risks

The activities of the Issuer will be subject to regulation by governmental authorities. Achievement of the Issuer's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

Use of Open Source Software

The Issuer's software makes use of and incorporates open source software components. These components are developed by third parties over whom the Issuer has no control. There are no assurances that those components do not infringe upon the intellectual property rights of others. The Issuer could be exposed to infringement claims and liability in connection with the use of those open source software components, and the Issuer may be forced to replace those components with internally developed software or software obtained from another supplier, which may increase its expenses. The developers of open source software are usually under no obligation to maintain or update that software, and the Issuer may be forced to maintain or update such software itself or replace such software with internally developed software or software obtained from another supplier, which may increase its expenses. Making such replacements could also delay enhancements to its products. Certain open source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software, including the source code to such modifications, are also made available under the same terms and conditions. As a result, any modifications the Issuer makes to such software will be available to all downstream users of the software, including its competitors. In addition, certain open source licenses provide that if the Issuer wishes to combine the licensed software, in whole or in part, with its proprietary software, and distribute copies of the resulting combined work, the Issuer may only do so if such copies are distributed under the same terms and conditions as the open source software component of the work was licensed to the Issuer, including the requirement to make the source code to the entire work available to recipients of such copies. The types of combinations of open source software and proprietary code that are covered by the requirement to release the source code to the entire combined work are uncertain and much debated by users of open source software. An incorrect determination as to whether a combination is governed by such provisions will result in non-compliance with the terms of the open source license. Such non-compliance could result in the termination of the Issuer's license to use, modify and distribute copies of the affected open source software and the Issuer may be forced to replace such open source software with internally developed software or software obtained from another supplier, which may increase its expenses. In addition to terminating the affected open source license, the licensor of such open source software may seek to have a court order that the proprietary software that was combined with the open source software be made available to others, including its competitors, under the terms and conditions of the applicable open source license.

Lack of Operating History

The Issuer has only recently started to carry on its business. The Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. The failure by the Issuer to meet

any of these conditions could have a materially adverse effect on the Issuer and may force it to reduce, curtail, or discontinue operations. There is no assurance that the Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations. The Issuer may not successfully address all of the risks and uncertainties or successfully implement its existing and new products and services. If the Issuer fails to do so, it could materially harm its business and impair the value of its common stock, resulting in a loss to shareholders. Even if the Issuer accomplishes these objectives, the Issuer may not generate the anticipated positive cash flows or profits. No assurance can be given that the Issuer can or will ever be successful in its operations and operate profitably.

Growth and Consolidation in the Industry

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

Failure to Protect Intellectual Property Rights

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

Disruption of its Information Technology Systems

The Issuer relies on information technology in virtually all aspects of our business. A significant disruption or failure of our information technology systems could result in service interruptions, safety failures, 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 us to remediation costs and reputational damage. Although the Issuer has taken steps intended to mitigate these risks, including business continuity planning, disaster recovery planning and business impact analysis, 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 Issuer 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 Issuer's ability to operate facilities, information technology and business systems, or compromise confidential customer and employee information. Political, economic, social or financial market instability or damage to or interference with its operation assets, or its customers or suppliers may result in business interruptions, lost revenue, higher commodity prices, disruption in fuel supplies, lower energy consumption, unstable markets, increased security and repair or other costs, any of which may materially affect its consolidated financial results. Furthermore, instability in the financial markets as a result of terrorism, sustained or significant cyber-attacks, or war could also materially adversely affect the Issuer's ability to raise capital.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Issuer's securities will be established or sustained. The market price for the Issuer'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 Issuer. 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.

Payment of Dividends Unlikely

There is no assurance that the Issuer will pay dividends on its shares in the near future or ever. The Issuer will likely require all its funds to further the development of its business.

Management of Growth

Any expansion of the Issuer's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Issuer will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Issuer will be able to manage growth successfully. Any ability of the Issuer to manage growth successfully could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Reliance on Key Personnel and Consultants

There can be no assurance that any of the Issuer's officers, directors, employees and consultants will remain with the Issuer or that, in the future, they will not organize competitive businesses or accept opportunities with companies competitive with the Issuer. The Issuer will depend on a number of key officers and directors the loss of any one of whom could have an adverse effect on the Issuer.

Shareholders' Interest may be Diluted in the Future

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

Conflicts of Interest

Certain of the proposed directors and officers of the Issuer are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Issuer and as officers and directors of such other companies.

Litigation

The Issuer may be forced to litigate, enforce, or defend its intellectual property rights, protect its trade secrets, or determine the validity and scope of other parties' proprietary rights. Such litigation would be a drain on the financial and management resources of the Issuer which may affect the operations and business of the Issuer. Furthermore, because the content of most of the Issuer's intellectual property concerns cryptocurrency and other activities where legal status has not been established or is in flux in some state jurisdictions, the Issuer may face additional difficulties in defending its intellectual property rights. The Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Issuer becomes involved be determined against the Issuer such a decision could adversely affect the Issuer's ability to continue operating and the market price for Issuer Shares and could use significant resources. Even if the Issuer is involved in litigation and wins, litigation can redirect significant company resources.

18. PROMOTERS

No person or company has, within the two years immediately preceding the date of this Listing Statement, been a promoter of the Issuer or of a subsidiary of the Issuer.

19. LEGAL PROCEEDINGS

There are no legal proceedings to which the Issuer or a subsidiary of the Issuer is, or has been, a party or of which any of its property is, or has been, the subject matter. Additionally, to the reasonable knowledge of the management of the Issuer, there are no such proceedings contemplated.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Issuer's management, no director or officer, insider, nor any of their respective associates, affiliates or member of their group have any material interest, direct or indirect, in any transaction or proposed transaction of the Issuer that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer in the three years before the date of this Listing Statement.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditors of the Issuer are Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants (the “Auditors”) located at Suite 1500 – 1140 West Pender Street, Vancouver, British Columbia V6E 4G1.

21.2 Transfer Agent and Registrar

The transfer agent and registrar for the Issuer is Computershare Limited, located at 1500 Robert-Bourassa Boulevard, Montreal, Quebec, H3A 3S8.

22. MATERIAL CONTRACTS

Except for contracts entered into by the Issuer in the ordinary course of business, the only material contracts entered into by the Issuer in the previous two years is the following:

- a) Loan Agreements between the Issuer and various lenders.
- b) Subscription receipt agreements between the Issuer and various subscribers.
- c) Share Purchase Agreement between Great Hoard Holdings SARL, a subsidiary of the Issuer, and Bat-Erdene Bavuudorj dated April 24, 2018.
- d) Engagement Letter between Fasken Martineau DuMoulin LLP and the Issuer dated June 5, 2018.
- e) Line of Credit Agreement between the Issuer and James Passin.

23. INTEREST OF EXPERTS

The Auditors audited the Issuer’s Financial Statements and are independent within the meaning of the CPA Code of Professional Conduct of British Columbia. Based on information provided by the Auditors, the Auditors have not received nor will receive the direct or indirect interests in the property of the Issuer. The Auditors nor any of the directors, officers, employees and partners thereof, beneficially own, directly or indirectly, any securities of the Issuer or its associates and affiliates.

To the knowledge of the management of the Issuer, as of the date hereof, no professional person or any Associate or Affiliate of such person has any beneficial interest, direct or indirect, in the securities of the Issuer or of an Associate or Affiliate or any related person of the Issuer, and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Issuer or of an Associate or Affiliate of the Issuer.

24. OTHER MATERIAL FACTS

The Issuer is not aware of any other material facts relating to the Issuer, its securities or the Transaction that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities, assuming completion of the Transaction, other than those set forth herein.

25. FINANCIAL STATEMENTS

25.1 Financial Statements

A copy of the financial statements of the Issuer for the year ended December 31, 2017 and accompanying MD&A are attached as Schedule “A” and the interim financial statements for the six-month period ended June 30, 2018, along with the accompanying MD&A, are attached as Schedule “B” to this Listing Statement.

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Blockchain Holdings Ltd. hereby applies for the listing of the above-mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to Blockchain Holdings Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

This 20th day of September, 2018.

/s/ Wayne Lloyd
Wayne Lloyd, Chief Executive Officer & Director

/s/ Alan Tam
Alan Tam, Chief Financial Officer

/s/ James Passin
James Passin, Director

/s/ Donald Padgett
Donald Padgett, Director

Schedule A

See attached

Consolidated Financial Statements
[Expressed in United States dollars]

Khot Infrastructure Holdings, Ltd.

For the years ended December 31, 2017 and 2016



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Khot Infrastructure Holdings, Ltd.

We have audited the accompanying consolidated financial statements of Khot Infrastructure Holdings, Ltd., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Khot Infrastructure Holdings, Ltd. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Khot Infrastructure Holdings, Ltd.'s ability to continue as a going concern.

A handwritten signature in black ink that reads 'DMCL'.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 16, 2017

Khot Infrastructure Holdings, Ltd.
Consolidated Statements of Financial Position

(expressed in United States dollars)

	Notes	As at December 31, 2017	As at December 31, 2016
Assets			
Current assets:			
Cash and cash equivalents	5	\$ 223,086	\$ 12,780
Prepayments		3,350	7,784
Total current assets		226,436	20,564
Non-current assets			
Investments	7	-	11,351
Total non-current assets		-	11,351
Total assets		\$ 226,436	\$ 31,915
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities	8	\$ 262,508	\$ 428,416
Short term debt	12	429,394	16,397
Road repair provisions	9	274,791	293,474
Total current liabilities		966,693	738,287
Non-current liabilities			
Long term debt	6	142,577	-
Total non-current liabilities		142,577	-
Total liabilities		1,109,270	738,287
Shareholders' equity			
Share capital	10	8,049,254	8,049,254
Other reserves		1,399,487	1,230,289
Deficit		(9,975,943)	(9,630,283)
		(527,202)	(350,740)
Non Controlling Interests		(355,632)	(355,632)
Total shareholders' equity		(882,834)	(706,372)
Total liabilities and shareholders' equity		\$ 226,436	\$ 31,915
Events after the reporting date	19		

The notes to the consolidated financial statements are an integral part of these statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 16, 2018, and are signed on its behalf by:

signed "James Passin"

Director

signed "Don Padgett"

Director

Khot Infrastructure Holdings, Ltd.
Consolidated Statements of Comprehensive Loss

(expressed in United States dollars)

	Notes	Year ended December 31, 2017	Year ended December 31, 2016
Expenses			
Management fees		\$ 69,066	\$ 123,366
Promotion and investor conference		-	31,578
Regulatory and transfer agent fees		27,814	14,149
Professional fees		177,577	31,977
Finance costs		12,006	1,666
Foreign exchange loss (gain)		938	(11,929)
General and administrative expense	11	62,671	111,174
		<u>(350,072)</u>	<u>(301,981)</u>
Other income (expense)			
Revaluation of warrants liability		-	33,852
Interest and other income		-	106,687
Impairment of investments	7	(11,322)	-
Accretion expense		(14,315)	-
Recovery of account payables		30,049	-
Impairment of cash		-	(19,807)
Loss from continuing operations		<u>(345,660)</u>	<u>(181,249)</u>
Discontinued operations	15	-	(441,075)
Net loss		<u>(345,660)</u>	<u>(622,324)</u>
Other comprehensive loss			
Exchange difference on translating foreign operations		75,218	(78,886)
Total comprehensive loss for the year		<u>\$ (270,442)</u>	<u>\$ (701,210)</u>
Net loss attributed to:			
Equity holders of the parent		\$ (345,660)	\$ (498,072)
Non-controlling interests		-	(124,252)
		<u>\$ (345,660)</u>	<u>\$ (622,324)</u>
Total comprehensive loss attributed to:			
Equity holders of the parent		\$ (270,442)	\$ (557,236)
Non-controlling interests		-	(143,974)
		<u>\$ (270,442)</u>	<u>\$ (701,210)</u>
Loss per common share:			
Basic and diluted		<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding:			
Basic and diluted		<u>65,302,351</u>	<u>65,112,336</u>

The notes to the consolidated financial statements are an integral part of these statements

Khot Infrastructure Holdings, Ltd.

Consolidated Statements of Changes in Shareholders' Equity

(expressed in United States dollars)

	Number of common shares (#)	Reserves							Deficit	Attributable to Equity Holders of the Parent	Non - Controlling Interest	Shareholders' equity
		Share Capital	Foreign currency translation reserve	Warrants	Equity Component of Convertible Debt	Contributed Surplus	Share based payment reserve					
Balance at December 31, 2015	64,738,484	\$ 8,005,895	\$ (44,816)	\$ 650	\$ -	\$ -	\$ 1,333,619	\$ (9,132,211)	\$ 163,137	\$ (211,658)	\$ (48,521)	
Units issued	563,867	43,359	-	-	-	-	-	-	43,359	-	43,359	
Total comprehensive loss for the year	-	-	(59,164)	-	-	-	-	(498,072)	(557,236)	(143,974)	(701,210)	
Balance at December 31, 2016	65,302,351	\$ 8,049,254	\$ (103,980)	\$ 650	\$ -	\$ -	\$ 1,333,619	\$ (9,630,283)	\$ (350,740)	\$ (355,632)	\$ (706,372)	
Issuance of convertible loans	-	-	-	-	44,837	-	-	-	44,837	-	44,837	
Credit on restructuring of debt	-	-	-	-	-	49,143	-	-	49,143	-	49,143	
Total comprehensive loss for the year	-	-	75,218	-	-	-	-	(345,660)	(270,442)	-	(270,442)	
Balance at December 31, 2017	65,302,351	\$ 8,049,254	\$ (28,762)	\$ 650	\$ 44,837	\$ 49,143	\$ 1,333,619	\$ (9,975,943)	\$ (527,202)	\$ (355,632)	\$ (882,834)	

The notes to the consolidated financial statements are an integral part of these statements.

Khot Infrastructure Holdings, Ltd.
Consolidated Statements of Cash Flows

(expressed in United States dollars)

	Year ended December 31, 2017	Year ended December 31, 2016
Cash flow used in operating activities		
Loss for the year from continuing operations	\$ (345,660)	\$ (181,249)
Adjustments to reconcile loss to net cash used in operating activities:		
Accretion expense	14,315	-
Other income	-	(106,687)
Revaluation of warrants liability	-	(33,852)
Recovery of accounts payable	(30,049)	
Interest expense	11,550	-
Impairment of investments	11,322	-
Foreign exchange	(22,477)	-
Change in non-cash working capital balances:		
Accounts payable and accrued liabilities	155,110	193,138
Prepayments	4,434	5,540
Total cash used in operating activities - continued operations	<u>(201,455)</u>	<u>(123,110)</u>
Total cash used in operating activities - discontinued operations	<u>-</u>	<u>(126,022)</u>
Cash flows from financing activities		
Net proceeds from loans	417,297	-
Proceeds from sale of units	-	60,447
Total cash from financing activities	<u>417,297</u>	<u>60,447</u>
Effect of foreign exchange on cash	(5,536)	82,020
Total decrease in cash during the year	210,306	(106,665)
Cash and cash equivalents - Beginning of the year	<u>12,780</u>	<u>119,445</u>
Cash and cash equivalents - End of the year	<u>\$ 223,086</u>	<u>\$ 12,780</u>
Cash interest payments made during the year	\$ -	\$ -

The notes to the consolidated financial statements are an integral part of these statements.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2017 and 2016
(Expressed in United States dollars)

1. CORPORATE INFORMATION

Khot Infrastructure Holdings, Ltd., [“KOT” or the “Company”] was engaged in the construction and maintenance of roads and bridges in Mongolia. On December 18, 2013, The Company completed the continuance from the laws of the Province of British Columbia to the laws of the British Virgin Islands.

The Company’s common shares were listed and posted for trading on the Canadian Securities Exchange (the “CSE”) under the symbol “KOT”; however, on May 5, 2017, the Company’s common shares were suspended from trading by the CSE and a cease trade order was issued against the Company by the Ontario Securities Commission for failure to file annual audited financial statements and accompanying management’s discussion and analysis and CEO and CFO certifications.

The registered office of KOT is Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands.

KOT has a 100% interest in, Jucca Holdings Limited [“Jucca”], Wishland Properties Limited [“Wishland”], Great Hoard Holdings S. à r. l. [“GHH”]. As at December 31, 2017, the Company continues to have abandoned its activities in Mongolia (note 15).

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”).

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgements in applying the Company’s accounting policies. The areas involving higher degrees of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

These consolidated financial statements were authorized for issue by the Board of Directors on April 16, 2018.

Basis of measurement, functional currency and going concern

These consolidated financial statements have been prepared on a historical cost basis, except for the available-for-sale financial instruments which are measured at fair value, and are expressed in United States dollars, which is the Company’s functional and presentation currency. The functional currency for each consolidated entity is determined by the currency of the primary economic environment in which it operates.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2017 and 2016
(Expressed in United States dollars)

2. BASIS OF PREPARATION (Continued)

Basis of measurement, functional currency and going concern (continued)

Going concern

The assessment of the Company's ability to continue as a going concern and ability to fund potential infrastructure construction contracts, involves significant judgements based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The Company will require additional financing, through various means including but not limited to equity financing, to continue to pursue relisting to the CSE, plans to develop broad-based indexing products and blockchain tracking metrics, and to meet its general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. These conditions represent a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2017 and 2016.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2017 and 2016
(Expressed in United States dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

When the Company has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

The subsidiaries of the Company at December 31, 2017 and their principal activities are described below:

<u>Name of subsidiary</u>	<u>Place of incorporation</u>	<u>Ownership interest</u>	<u>Principal activity</u>
Jucca Holdings Limited	British Virgin Islands	100%	Holding Company
Wishland Properties Limited	British Virgin Islands	100%	Holding Company
Great Hoard Holdings S.a.r.l	Luxembourg	100%	Holding Company

The Company continues to have abandoned its activities in Mongolia.

Business combinations

Business combinations are accounted for using the acquisition method. For each business combination at the acquisition date, the Company recognizes at fair value all of the identifiable assets acquired, the liabilities assumed, the non-controlling interest in the acquiree and the aggregate of the consideration transferred, including any contingent consideration to be transferred. When the fair value of the consideration transferred and the amount recognized for non-controlling interest exceeds the net amount of the identifiable assets acquired and the liabilities

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2017 and 2016
(Expressed in United States dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

assumed measured at fair value (the “net identifiable assets”), the difference is treated as goodwill. After initial recognition, goodwill is measured at its initial cost from the acquisition date, less any accumulated impairment losses.

Goodwill is reviewed annually for impairment or when there is an indication of potential impairment. If the fair value of the Company’s share of the net identifiable assets exceeds the fair value of the consideration transferred and non-controlling interest at the acquisition date, the difference is immediately recognized in comprehensive income (loss). If the business combination is achieved in stages, the acquisition date fair value of the previously held interest in the acquiree is re-measured to fair value as at the acquisition date through net income (loss). The Company does not currently have goodwill.

Acquisition costs are expensed as incurred in comprehensive income (loss). Costs associated with the issuance of equity are charged to the relevant account within equity.

Foreign currency translation

The consolidated financial statements are presented in United States dollars.

The functional currencies of the Company and its subsidiaries are as follows:

Company	Functional Currency	
Khot Infrastructure Holding, Ltd.	Canadian Dollar	CAD
Jucca Holdings Limited	United States Dollar	USD
Wishland Properties Limited	United States Dollar	USD
Great Hoard Holdings S.a.r.l	United States Dollar	USD
Ashid Munkhiin Zam International LLC	Mongolian Tugrik	MNT
Ashid Munkhiin Zam LLC	Mongolian Tugrik	MNT

Effective July 1, 2017, as a result of the Company contemplating a change of its business and entering financing transactions denominated in Canadian dollars, Khot Infrastructure Holding Ltd. reassessed its functional currency and determined it be Canadian dollars. Previously it had been United States Dollars.

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange at the reporting date. All differences are taken to the consolidated statement of comprehensive loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss. Foreign currency translation reserve is used to record exchange differences arising from the translation of foreign subsidiaries.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2017 and 2016
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

i) Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale (AFS) financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets in a timeframe established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

The subsequent measurements of financial assets are classified into four categories:

- Loans and receivables;
- Financial assets at fair value through profit or loss;
- Held-to-maturity investments; and
- Available-for-sale financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, accounts receivable, and long-term receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss ("FVTPL")

The Company has no financial assets in this category.

Held-to-maturity investments

The Company has no financial assets in this category.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company has an investment in Mogul Ventures Inc, which falls into this category of financial instruments.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

All available-for-sale financial assets are measured at fair value. Unrealized gains and losses are recognized in other comprehensive income / (loss), except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive loss) is reclassified to profit or loss and presented as a reclassification adjustment within other comprehensive income/(loss). Interest calculated using the effective interest method and dividends are recognized in profit or loss within interest income.

Reversals of impairment losses are recognized in other comprehensive income/(loss).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of marketable securities designated as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write-down is then based on recent historical counterparty default rates for each identified group. Impairment of receivables is presented in profit or loss.

ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

The Company's financial liabilities include accounts payable, loan and interest payable and accrued liabilities and are classified as other financial liabilities subsequently measured at amortized cost. Financial liabilities classified as FVTPL include warrants with exercise prices denominated in a currency other than the Company's functional currency. Fair value changes on financial liabilities classified as FVTPL are recognized in the Statement of Comprehensive Loss. Transaction costs associated with FVTPL liabilities are expensed as incurred. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Impairment of non-financial assets

The Company assesses non-financial assets including property, plant & equipment for impairment when facts and circumstances suggest that the carrying amount of the asset may not exceed its recoverable amount, being the higher of the value in use and the fair value less costs of disposal. In assessing value in use, the estimated future cash flows associated with the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized immediately in comprehensive loss.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in comprehensive loss.

Assets held for sale

Non-current assets, or assets of a disposal group, are classified as held for sale if their carrying amount will be recovered principally through a sale transactions rather than through continuing use. This condition is met when assets are available for immediate sale in their present condition, subject only to terms that are usual and customary for sale of such assets, and their sale is highly probable. The Company must be committed to the sale, which should be expected to qualify as a complete sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their carrying amounts and their fair value less costs to sell.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed — for example, under an insurance contract — the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of finance costs in profit or loss.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

In the normal conduct of operations, the Company can become party to potential litigations, the outcome of which may not easily determinable. It is in management's opinion that there are no matters, which will materially affect the Company.

Any contingent liabilities will be recorded by management in the period in which management has been able to reasonably quantify the asset or liability and the amount of cash inflow or outflow resulting from the contingent asset or liabilities can be reasonably assured.

Share capital and reserves

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Share capital represents the nominal value of the shares issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefit.

Share based payment reserve is used to recognize the value of equity settled, share based payment transactions provided to employees including key management personnel, as part of their remuneration.

Foreign currency translation reserve is used to record exchange differences arising from the translation of foreign subsidiaries.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions

The Company operates an equity-settled share-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement. Occasionally, the Company may issue warrants to brokers.

All goods and services received in exchange for the grant of any share-based payments are measured at the fair values of the goods and services received. If the fair value of the goods and services are not determinable, the share-based payments is valued based upon the share price on service date of which the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting. Share-based payment expense incorporates an expected forfeiture rate.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

All share-based payments under the plan are ultimately recognized as an expense in profit or loss with a corresponding credit to share-based payment reserve in equity over the period in which performance and/or service conditions are fulfilled. At the same time, upon exercise of a stock option, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in share-based payment reserve are then transferred to share capital.

Options issued to key management and employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the expected term of the option.

Options issued to service providers

Options issued to service providers, are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

Khot Infrastructure Holdings, Ltd.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Current income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss.

Deferred income taxes

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, that affects neither the accounting profit nor taxable loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the parent, and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred assets are recognized for all temporary differences, the carry forward of unused tax credits, any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, that affects neither the accounting profit nor taxable loss).
- In respect of taxable temporary differences associated with investments in subsidiaries, deferred tax assets are recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per common share

Basic loss or earnings per common share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares issued and outstanding for the relevant period.

Diluted loss or earnings per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Standards, amendments and interpretations

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after January 1, 2018, or later periods

The following new IFRSs that have not been early adopted in these financial statements will not have a material effect on the Company's future results and financial position:

- IFRS 2, Share-based Payment (Amendments to IFRS 2);
- IFRS 9, Financial Instruments (New; to replace IAS 39, IFRIC 9 and earlier versions of IFRS 9);
- IFRS 15, Revenue from Contracts with Customers (New; to replace IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 AND SIC-31); and
- IFRS 16, Leases (New; to replace IAS 17, IFRIC 4, SIC-15 AND SIC-27).

Other 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.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgments, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
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4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Significant management judgments

The following are significant management judgments in applying the accounting policies of the Company and have the most significant effect on the consolidated financial statements.

Contingencies

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Functional currency

The functional currency for the parent entity, and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. See Note 3.

Road repair provision

The Company historically provided for estimated repair obligations relate to the remaining costs to complete ongoing road constructions projects based on the estimated percentage completion of the project, inspection completed by Mongolian authority on the road construction project, as well as faults in the construction of the road noted by management due to poor weather, or defects in the materials used. Management continues to monitor the construction in process in determining the need for road repair provisions.

The Company's has not received any correspondence from the Mongolian government regarding historical road projects completed and it is anticipated that the provision for road repair should not materially changed. Management will continue to monitor reasonability of the provision.

Investments in private companies

The Company provides for changes in valuation in its investments that don't have quoted prices in active markets. Mogul Venture Corp is an investment in the common shares of a private company and as a result there was no quoted price in active markets. Management estimates the fair value of the investment based primarily on the changes in the value of underlying assets own by those companies at each reporting period. The investment in Mogul Ventures Corp was measured against the most recent external financing completed by the company, and subsequently adjusted for changes in coal prices.

Allowance for doubtful accounts

The Company provides for doubtful accounts based principally on historical collection rates and management's expectation of success rates for collection of overdue accounts as well as management's expectation of success rates for collection through legal proceedings. Management continuously monitors the collection of overdue accounts

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
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4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

The Company provides for doubtful accounts based principally on historical collection rates and management's expectation of success rates for collection of overdue accounts as well as management's expectation of success rates for collection through legal proceedings. Management continuously monitors the collection of overdue accounts including the allowance for doubtful accounts. In determining the allowance for doubtful accounts, the Company considers a number of factors affecting the likelihood of collection.

The Company's provision for overdue accounts could materially change and may result in significant changes to accounts receivable balances as management continues to monitor the collection of outstanding accounts.

As at December 31, 2017 and 2016, the Company recorded an allowance for all of its accounts receivable. There were no recoveries of doubtful accounts during these periods.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share price, the expected forfeiture, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model (Note 11).

5. Cash

Cash consists of the following:

	December 31, 2017	December 31, 2016
	\$	\$
Cash in banks	<u>223,086</u>	<u>12,780</u>

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
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6. LONG TERM DEBT

	Long Term Debt \$
Balance, December 31, 2016	-
Issued	191,720
Discount recognized	(49,143)
Balance, December 31, 2017	<u>142,577</u>

For the year ended December 31, 2017, the Company renegotiated the terms of indebtedness in the amount of \$191,720 with three shareholders such that the first repayment date is after June 30, 2019. The loan does not accrue interest. The Company recorded \$49,143 as a credit to contributed surplus reflecting the discount compared to a similar loan that pays interest at market rates. See also Related Party Transactions (Note 14).

7. INVESTMENTS

On November 18, 2015, Khot has sold its 5.05% interest in Anya-2 to Mogul Ventures Corp. (“Mogul”), a Canadian private company. In exchange for the Company’s interest in Anya-2, Khot has received a 5.05% of a 2.5% net smelter royalty for any production of metals from the Ochiryn Bulag project, as well as 80,800 common shares of Mogul. During the year ended December 31, 2016 the consideration was valued at \$10,909 based on the last share price that Mogul shares were issued at, adjusted for subsequent market movements.

As at December 31, 2017, the Company impaired these investments by \$11,322.

Investments:

	December 31, 2017 \$	December 31, 2016 \$
Investment in Mogul	-	10,909
Other investments	-	442
	<u>-</u>	<u>11,351</u>

8. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND SHORT TERM LOANS

	December 31, 2017 \$	December 31, 2016 \$
Trade payables and other short term loans	188,328	236,187
Accrued liabilities	74,180	69,393
Due to related parties – short term	-	122,836
	<u>262,508</u>	<u>428,416</u>

Khot Infrastructure Holdings, Ltd.

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9. ROAD REPAIR PROVISION

	December 31, 2017	December 31, 2016
	\$	\$
Balance, beginning of the year	293,474	320,633
Effect of changes in foreign exchange rates	<u>(18,683)</u>	<u>(27,159)</u>
Balance, end of the year	<u>274,791</u>	<u>293,474</u>

Road repair obligations relate to the historical estimated remaining costs to complete the road constructions contract recognized in a previous year.

The Company's has not received any correspondence from the Mongolian government regarding historical road projects completed and it is anticipated that the provision for road repair should not materially changed. Management will continue to monitor reasonability of the provision.

10. SHARE CAPITAL

Authorized share capital

The authorized capital of the company consists of unlimited common shares without par value.

The holders of common shares are entitled to receive dividends (if any) which are declared from time to time, and are entitled to one vote per share at KOT's shareholder meetings. All shares are ranked equally with regards to the Company's residual assets.

Issued share capital

At December 31, 2017, there was 65,302,351 (December 31, 2016 - 65,302,351) common shares outstanding.

Stock options

Under the terms of the Company's stock option plan (the "Plan") all options are granted with an exercise price above the closing market price on the day immediately preceding the date of grant. The term of options is determined by the Board of Directors and is typically three or five years with a maximum term of 10 years. Options issued to consultants who perform investor relations activities will be subject to a vesting schedule whereby no more than 25% of the options granted may vest in any three month period. The maximum number of options authorized for issue shall be 10% of the outstanding shares in issue at the date of the option grant.

The following table provides detailed information about stock options outstanding as at December 31, 2017

Expiry Date	Exercise Price CND	Options Outstanding	Weighted Average	
			Remaining contractual Life (years)	Options Vested
January 8, 2019	\$ 0.25	1,750,000	1.02	1,750,000
December 3, 2020	\$ 0.20	750,000	2.93	750,000
Total		2,500,000	1.59	2,500,000

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
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10. SHARE CAPITAL (Continued)

Stock option activity is as follows:

	Number	Weighted- Average exercise price CND \$
Outstanding December 31, 2015	6,270,000	0.24
Granted	(3,095,000)	0.25
Forfeited	(300,000)	0.24
Outstanding, December 31, 2016	2,875,000	0.24
Expired	(150,000)	0.10
Forfeited	(225,000)	0.24
Outstanding, December 31, 2017	2,500,000	0.24

2017

During the year ended December 31, 2017, 150,000 stock options expired and another 225,000 stock options were forfeited after the CFO and a consultant resigned.

2016

During the year ended December 31, 2016, 300,000 stock options with a weighted average exercise price of \$0.24 expired unexercised.

During the year ended December 31, 2016, 3,095,000 stock options with a weighted average exercise price of \$0.25 expired unexercised.

Share based payment reserve

Amounts recorded in share based payment reserve in shareholders' equity relate to the fair value of stock options.

11. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2017	December 31, 2016
	\$	\$
Phone, utilities, supplies and other	-	1,514
Website, internet and printing	-	819
Contractor fees, salary and source deductions	52,801	64,904
Travel	1,298	21,876
Other expenses	691	15,810
Insurance	7,881	6,251
	62,671	111,174

Khot Infrastructure Holdings, Ltd.

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12. SHORT TERM DEBT

	Short Term Debt
	\$
Balance, December 31, 2016	-
Issued	448,366
Equity portion	(44,837)
Accretion expense	14,315
Accrued interest	11,550
	<hr/>
Balance, December 31, 2017	429,394

During the year ended December 31, 2017, the Company received short-term advances of \$417,297 (2016 - \$Nil) from third parties and converted \$31,069 of accounts payable into a short-term loan with a related party. The principal amount of \$448,366 plus accrued interest of \$11,550 (2016 - \$Nil) was recorded during the year. The notes bear interest of 8% per annum, which is calculated and payable semiannually. The notes have a one year term and are convertible by the holder at any point during the term at CDN \$0.01 per share. The Company recorded \$44,837 as the equity portion of the short-term advances and recognized accretion expense of \$14,315 (2016 - \$Nil). The equity portion was determined by discounting the loan using an estimated market rate of 20%.

13. INCOME TAXES

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax loss for the year. The Company's effective tax rate for the year ended December 31, 2017 was Nil% (December 31, 2016 – 10%) as the Company's operations in Mongolia ceased in the prior year ended 2016.

The reconciliation of the Company's statutory income tax rates to the effective tax rates is as follows:

	December 31, 2017	December 31, 2016
Loss for the year before income taxes	(345,660)	(602,517)
Statutory tax rate	10%	10%
Expected income tax recovery	(36,000)	(60,000)
Non-deductible permanent differences	(3,000)	3,000
Difference in foreign tax rates	39,000	14,000
Deferred tax assets not recognized	-	50,000
Other	-	(7,000)
Income tax expense	-	-

As a Company continued under the BVI International Business Companies Act (Cap. 291), the Company is exempt from taxes on profits, income or dividends. Each company incorporated in BVIs is required to pay an annual government fee, which is determined by reference to the amount of the company's authorized share capital.

Khot Infrastructure Holdings, Ltd.

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14. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members, key management personnel, significant shareholders and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Transactions with Key management personnel

Key management of the Company are members of the Board of Directors, the Chief Executive Officer, and Chief Financial Officer. Key management remuneration includes the following:

	Year Ended December 31,	
	2017	2016
<u>Short-term Key management benefits</u>	\$	\$
Compensation including salary	91,819	123,366

1) Management fees include \$60,000 (\$60,000 – 2016) paid or accrued to Don Padgett, the Company’s Chief Executive Officer. As at December 31, 2017, \$99,812 (\$54,559 – 2016) was owed to Don Padgett. The Company renegotiated the terms of indebtedness such that the first repayment date is after June 30, 2019. The loan does not accrue interest (Note 6).

2) Professional fees include \$22,753 (\$nil – 2016) paid to Alan Tam, the Company’s current Chief Financial Officer. As at December 31, 2017, \$3,225 (\$nil – 2016) was accrued to Alan Tam. Prior year’s management fees included amounts paid to Sabino Di Paola, the Company’s former Chief Financial Officer and Corporate Secretary (Note 6).

3) Professional fees include \$40,168 (\$18,118 – 2016) paid or accrued to Erin Chutter, one of the directors of the Company. As at December 30, 2017, \$75,220 (\$9,290 – 2016) payable were due to Erin Chutter. The Company renegotiated the terms of indebtedness such that the first repayment date is after June 30, 2019. The loan does not accrue interest.

On June 30, 2017, James Passin, one of the directors, signed a loan agreement with the Company to convert some of the existing related party loan balances to short term loan agreement debt and also provide additional new loan proceeds. On October 1, 2017, the loan agreement was renegotiated to include all remaining related party loan balances, which totalled \$29,728 and also provide \$105,539 in new loan proceeds. The term of the loan is for one year, maturing June 30, 2018 and accrue interest at 8%. As at December 31, 2017, the total loan amount including accrued interest was \$135,267 and is included in short term debt (Note 12).

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2017 and 2016
(Expressed in United States dollars)

15. DISCONTINUED OPERATIONS

During the prior year ended December 31, 2016, the Company determined that its Mongolian operations would be disposed of in order to pursue other opportunities.

The net income from discontinued operations for the years ended December 31, 2017 and 2016 is as follows:

	December 31, 2017	December 31, 2016
	\$	\$
Interest income	-	(123)
Foreign exchange (gain) loss	-	(42,687)
Impairment of accounts receivable	-	269,995
Impairment of equipment	-	8,336
Other expenses	-	115,562
Administrative expenses	-	89,991
	-	441,075

16. SEGMENT REPORTING

As at December 31, 2017, the Company had no reportable operating segment since, in the prior year ended December 31, 2016, the Company determined that its Mongolian operations would be disposed of in order to pursue other opportunities. All of the Company's non-current assets are located in Canada.

17. CAPITAL MANAGEMENT

The Company's capital structure has been defined by Management as being comprised of shareholders' equity, which comprises share capital and other components of equity and accumulated deficit. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets, to finance its future plans to develop broad-based indexing products plus blockchain tracking and for general corporate costs.

The Company is dependent upon external financing to fund its activities. In order to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company to maintain flexibility while achieving the objectives stated above as well as supporting future business opportunities. To manage the capital structure the Company may adjust its operating expenditure plans, or issue new common shares.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's Management to sustain future development of the business.

There were no changes in the Company's approach to capital management for the years ended December 31, 2017 and December 31, 2016. The Company is not subject to externally imposed capital requirements or covenants.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
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18. FINANCIAL RISK MANAGEMENT

The carrying values of the Company's financial instruments are classified into the categories below. Fair values are determined either directly by reference to published price quotations in an active market, or from valuation techniques using observable inputs.

	December 31, 2017	December 31, 2016
	\$	\$
Available for sale investments	-	11,351
Accounts payable	(262,508)	(444,813)
Short term debt	(429,394)	-
Long term debt	(142,577)	-

The three levels of the fair value hierarchy are:

- [i] Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities
- [ii] Level 2 – Inputs other than quoted prices that are observable for the asset or liability directly or indirectly
- [iii] Level 3 – Inputs that are not based on observable market data

As at December 31, 2017 and December 31, 2016, the Company's financial instruments which are measured at fair value on a recurring basis were cash and investments. Cash was classified as Level 1 financial instrument.

The investment in Mogul Venture Corp is an investment in the common shares of a private company and as a result there was no quoted price in active markets. The investment was measured against the most recent external financing completed by the company, and subsequently adjusted for changes in coal prices as at December 31, 2017, and as a result has been classified as a level 3.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of risks including interest rate risk, credit risk, and liquidity risk. Reflecting the current stage of development of the Company's proposed projects, the Company's overall risk management program focuses on facilitating the Company's ability to continue as a going concern and seeks to minimize potential adverse effects on the Company's ability to execute its business plan. Risk management is the responsibility of the finance function. Material risks are identified and monitored and are discussed by senior management and with the Audit Committee and the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's fixed rate current accounts in the bank and borrowings. As of the reporting date, the Company has not adopted sensitivity analysis to measure interest rate risk due principally to the fact that the Company has no floating rate financial assets and liabilities.

Khot Infrastructure Holdings, Ltd.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2017 and 2016
(Expressed in United States dollars)

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity periods or due to adverse market conditions. The Company's financial assets exposed to credit risk is primarily composed of cash.

Maximum exposure is equal to the carrying values of these assets. The Company's cash is held at several large financial institutions.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations. The Company actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. At December 31, 2017, the Company had a working capital deficit of \$740,257. All of the current accounts payable and accrued liabilities, short-term loans and interest payable are due and payable within 90 days. The Company will need to raise additional funding in the next 12 months to be able to meet its current obligations.

Foreign exchange risk

Foreign exchange risk is the risk of fluctuations in the fair value of its financial instruments due to movements in the foreign exchange rates. During the year ended December 31, 2017, the Company determined its functional currency to be Canadian dollars. At December 31, 2017, net financial liabilities denominated in United States dollars was \$123,715.

19. EVENTS AFTER THE REPORTING PERIOD

Loan agreements

The Company entered into loan agreements with various third party investors in the amount of \$40,239. The terms of each loan is for one year from the date of each agreement and accrue interest at 8%.

Revocation of cease trade

On February 2, 2018, the Company announced that it had obtained an order from the Ontario Securities Commission revoking the cease trade order issued on May 5, 2017. The Company is working towards obtaining full listing to the CSE.

KHOT INFRASTRUCTURE HOLDINGS, LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2017 and 2016

Cautionary Statements

Forward-Looking Information

Except for statements of historical fact relating to Khot Infrastructure Holdings Ltd., certain statements contained in this MD&A constitute forward-looking information, future oriented financial information or financial outlooks (collectively "forward looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this document and other matters identified in the Company's public filings, Khot Infrastructure Holdings, Ltd.'s future outlook and anticipated events or results and in some cases, can be identified by terminology such as "may", "will", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue", "objective" or other similar expressions concerning matters that are not historical facts and include, access to sufficient capital resources, the timing and amount of future infrastructure development, the timing of construction of the proposed infrastructure projects, the timing of cash flows, capital and operating expenditures, the timing of receipt of permits, employee relations, availability of financing and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner, those disclosed in any other of Khot Infrastructure Holdings, Ltd.'s public filings, availability and final receipt of required approvals, licenses and permits, ability to acquire necessary road construction, sufficient working capital to complete road development projects, access to adequate services and supplies, economic conditions, foreign currency exchange rates, interest rates, access to capital and debt markets and associated cost of funds, availability of a qualified work force, positive employee relations, lack of social opposition and legal challenges, and the ability to settle disputes. While Khot Infrastructure Holdings, Ltd. considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in other Khot Infrastructure Holdings, Ltd.'s filings. Forward-looking statements are based upon management's beliefs, estimate and opinions on the date the statements are made and other than as required by law, Khot Infrastructure Holdings, Ltd. does not intend and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

The following management's discussion and analysis ("MD&A") of Khot Infrastructure Holdings, Ltd. ("KHOT" or the "Company"), is prepared as of April 16, 2018, and should be read together with the consolidated financial statements for the year ended December 31, 2017. All financial amounts are stated in United States dollars unless otherwise indicated.

For the purpose of preparing this MD&A, Management in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (1) if such information results in or would reasonably be expected to result in a significant change in the market price or value of the Company's common shares; or (ii) there is substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at www.sedar.com.

All amounts in this MD&A are expressed in United States dollars ("US\$"), unless otherwise noted.

DESCRIPTION OF BUSINESS

Khot Infrastructure Holdings, Ltd., (formerly Undur Tolgoi Minerals Inc.) ["Khot" or the "Company"] was incorporated on December 22, 2010 under the Business Corporations Act of British Columbia as a private company.

On December 18, 2013, Undur Tolgoi Minerals Inc. completed the continuance from the laws of the Province of British Columbia to the laws of the British Virgin Islands. Effective on January 7, 2014, the Company changed its name from Undur Tolgoi Minerals Inc. to Khot Infrastructure Holdings, Ltd. to have its name reflect the Company's new focus on cash generating, non-resource infrastructure projects within Mongolia.

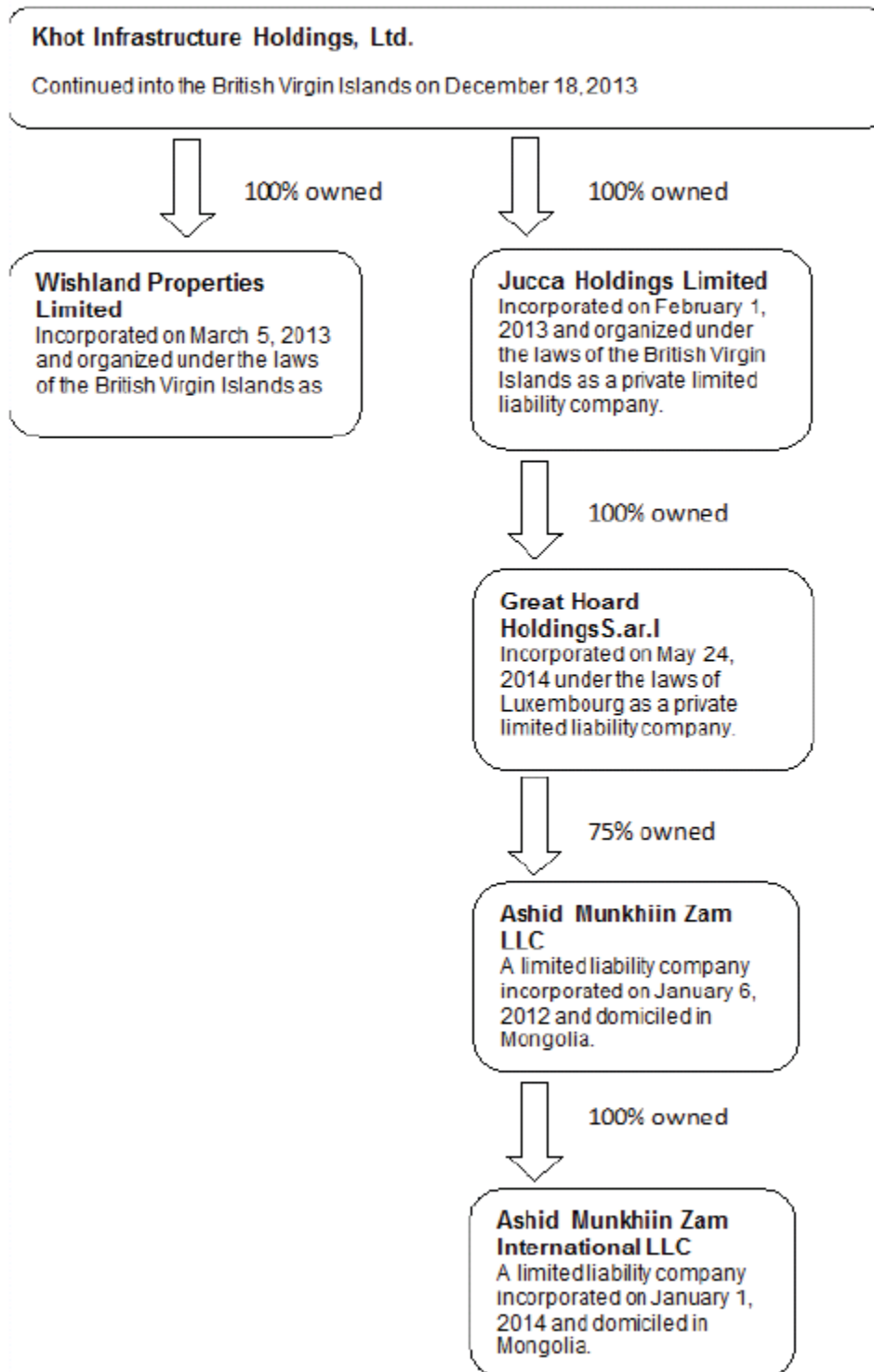
The Company's common shares are listed and posted for trading on the Canadian Securities Exchange (the "CSE") under the symbol "KOT"; however, on May 5, 2017, the Company's common shares were suspended from trading by the CSE and a cease trade order was issued against the Company by the Ontario Securities Commission for failure to file annual audited financial statements and accompanying management's discussion and analysis and CEO and CFO certifications. On February 2, 2018, the Company obtained an order from the Ontario Securities Commission revoking the cease trade order issued on May 5, 2017.

Pursuant to Canadian Securities Exchange Policy 8 *Fundamental Changes and Changes of Business*, the Company is in the process of completing a listing statement for submission to the Canadian Securities Exchange and has provided an undertaking to the Ontario Securities Commission to hold an annual general and special meeting of shareholders to approve the change of business within three months of the date of the revocation order.

The registered office of KHOT is Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands.

KHOT has a 100% interest in Jucca Holdings Limited ["Jucca"], Wishland Properties Limited ["Wishland"], Great Hoard Holdings S. à r. l. ["GHH"] and a 75% interest in Ashid Munkhiin Zam LLC ["AMZ"] & Ashid Munkhiin Zam International LLC ["AMZI"].

Group Structure



**KHOT INFRASTRUCTURE HOLDINGS, LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017 and 2016**

OVERALL OBJECTIVE

The Company's strategic focus on Infrastructure in Mongolia has been severely impacted by negative in-country geo political events. The government's inability to finance critically needed projects is not likely to change in the foreseeable future. Consequently, Khot's management has decided to discontinue all operations in Mongolia.

The Company is planning to develop broad-based indexing products and blockchain tracking metrics critical to financial services firms participating in Blockchain applications. In anticipation of the further adoption of Blockchain technologies in diverse industries, Khot intends to expand their indexing capabilities to cover multiple blockchains and cryptocurrency applications. Future Khot applications will be able to track industry participation, transaction velocity, aggregate KYC/AML exchange data, and peer-to-peer transactions, thus creating a transparent and robust dataset for financial market participants. Khot intends to launch these blockchain intelligence products in a SaaS model with a web-enabled customer portal.

SELECTED FINANCIAL INFORMATION

The following tables provide selected annual and quarterly financial information in accordance with IFRS for the Company's quarter ended December 31, 2017. In the quarter ended December 31, 2017, the Company has not generated any revenue and incurred a loss of \$124,512.

Three Months Ended	Total Revenue for the period US\$	Total Expenses for the period US\$	Net Loss for the period (including discontinued operations) US\$	Loss per share basic and fully diluted US\$	Total long- term financial liabilities US\$	Cash dividends per common share US\$
March 31, 2016	-	(105,964)	(105,868)	-	-	-
June 30, 2016	-	(87,749)	(55,113)	-	-	-
September 30, 2016	-	(146,203)	(76,910)	-	-	-
December 31, 2016	-	37,935	(622,324)	(0.01)	-	-
March 31, 2017	-	(58,214)	(58,214)	-	-	-
June 30, 2017	-	(42,285)	(42,285)	-	-	-
September 30, 2017	-	(120,649)	(120,649)	-	-	-
December 31, 2017	-	(124,512)	(124,512)	-	142,577	-

DIVIDEND PAYMENT

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its road construction programs, future growth, and any other factors the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

RESULTS OF OPERATION FOR THE YEAR ENDED DECEMBER 31, 2017

The comprehensive loss for the years ended December 31, 2017, were \$270,442 (2016 – \$701,210).

Significant variances for the three and twelve months ended December 31, 2017

The significant decrease in management fees, promotion and investor conference expense for the three and twelve months ended December 31, 2017 compared to the same period in 2016 was due to Khot's limited activity related to revocation of the cease trade order issued against the Company by the Ontario Securities Commission.

**KHOT INFRASTRUCTURE HOLDINGS, LTD.
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Regulatory, exchange, AGM, press release and transfer agent fees increased to \$27,814 compared to 2016. The increase is due to Khot's activity related to revocation of the cease trade order issued against the Company by the Ontario Securities Commission. There were additional Ontario Securities Commission review costs, transfer agent and other regulatory re-instatement fees.

Professional fees increased to \$177,577 for 2017 compared to 2016. The increase is due to legal fees for the current activity of revocation of the cease trade order issued against the Company by the Ontario Securities Commission and activity of relisting the Company on the CSE compared to the limited activity of Khot and its subsidiaries in 2016. The new CFO management fees are also included in professional fees.

The variance in the finance fees for 2017 compared to the same period in 2016 was due to accrued interest from recent loan agreements.

Other expense decreased to \$62,671 for 2017 compared to 2016. The decrease is due to Khot's limited activity related to revocation of the cease trade order issued against the Company by the Ontario Securities Commission.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2017, the Company had a working capital deficit of \$740,257 [December 31, 2016 - \$717,723]. All of the current accounts payable and accrued liabilities, short term loan and interest payable are due and payable within 90 days. The Company will need to raise additional funding in the next 12 months to be able to meet its current obligations.

The Company's working capital amounts are as follows:

	December 31, 2017	December 31, 2016
	\$	\$
Cash	223,086	12,780
Prepayments	3,350	7,784
Accounts payable and accrued liabilities	(262,508)	(428,416)
Loan and interest payable	(429,394)	(16,397)
Road repair provision	(274,791)	(293,474)
	(740,257)	(717,723)

The Company, which was involved in early stage infrastructure development, had revenues of \$Nil in 2017, which were not significant to sustain operations in the current period. Until the Company is able to secure sufficient revenue from operations, the Company must utilize its current cash reserves, funds obtained from the exercise of stock options and other financing transactions to maintain its capacity to meet working capital requirements. The Company anticipates going to the market to raise capital when the opportunity arises.

During the year ended December 31, 2017 the Company expended \$201,455 (2016 - \$249,132) on operating activities.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not engaged in any off-balance sheet arrangements such as: obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or that engages in leasing, hedging or research and development services with the Company.

INVESTOR RELATIONS ACTIVITY

On April 14, 2015, the Company entered into a consulting contract with Mr. Scott Rose for the provision of investor relations and marketing services. The agreement between KHOT and Rose shall be on a month to month basis with a 30 day termination notice. Rose will receive a monthly fee of CDN\$2,500 and will be granted 150,000 options. During the year ended December 31, 2017, the Company paid/owes Mr. Rose US\$Nil, compared to year ended December 31, 2016 the Company paid/owes US\$13,175 (CAD\$17,500).

The options that were granted to Mr. Rose expired unexercised.

PROPOSED TRANSACTIONS AND CHANGE OF BUSINESS

The Company is planning to develop broad-based indexing products and blockchain tracking metrics critical to financial services firms participating in Blockchain applications. In anticipation of the further adoption of Blockchain technologies in diverse industries, Khot intends to expand their indexing capabilities to cover multiple blockchains and cryptocurrency applications. Future Khot applications will be able to track industry participation, transaction velocity, aggregate KYC/AML exchange data, and peer-to-peer transactions, thus creating a transparent and robust dataset for financial market participants. Khot intends to launch these blockchain intelligence products in a SaaS model with a web-enabled customer portal.

Pursuant to Canadian Securities Exchange Policy 8 *Fundamental Changes and Changes of Business*, the change of business must be approved by the Canadian Securities Exchange and the shareholders of the Company prior to completion of the transaction. The information circular delivered to shareholders of the Company must contain prospectus level disclosure of the resulting company, including the financial statement disclosure set out in National Instrument 44-101, National Instrument 41-101 – General Prospectus Requirements and Form 41-101F1. The information circular must be reviewed by the Canadian Securities Exchange before being posted on the Canadian Securities Exchange website and delivered to shareholders. The issuer resulting from a fundamental change must meet the criteria for a new listing and make a complete initial application to qualify for listing by filing all of the documents and following the procedures set out in Canadian Securities Exchange Policy 2 concurrently with filing the information circular. The Company is in the process of completing a listing statement for submission to the Canadian Securities Exchange and has provided an undertaking to the Ontario Securities Commission to hold an annual general and special meeting of shareholders to approve the change of business within three months of the date of the revocation order.

As a condition of revoking the Ontario cease trade order, the Ontario Securities Commission requested that the Company undertake not to complete a restructuring transaction, significant acquisition or reverse takeover of a business not located in Canada unless the Company first receives a receipt for a final prospectus in respect of such business. The Company has given such undertaking.

GOING CONCERN

The assessment of the Company's ability to continue as a going concern and ability to fund potential operations, involves significant judgements based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Company's abandoned business of infrastructure development in Mongolia and change of business to the development of broad-based indexing products and blockchain tracking metrics involves a high degree of risk and there can be no assurance that current or planned activity will ultimately result in profitable operations. The Company's continued existence is dependent upon its ability to secure development contracts and the achievement of profitable operations, or the ability of the Company to raise additional financing.

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its

**KHOT INFRASTRUCTURE HOLDINGS, LTD.
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YEAR ENDED DECEMBER 31, 2017 and 2016**

liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The Company will require additional financing, through various means including but not limited to equity financing, to continue to pursue relisting on the CSE, development of broad-based indexing products and blockchain tracking metrics, and to meet its general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. These conditions represent a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

The Company has had a history of losses and has accumulated a \$9,975,943 deficit as at December 31, 2017 and has a working capital deficiency of **\$740,257** (December 2015 - \$717,723), including \$223,086 (December 2016 - \$12,780) in cash and cash equivalents. As at December 31, 2017, the Company has abandoned its infrastructure activities in Mongolia and has proposed a change of business.

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members, key management personnel, significant shareholders and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Transactions with Key management personnel

Key management of the Company are members of the Board of Directors, the Chief Executive Officer, and Chief Financial Officer. Key management remuneration includes the following:

	Year Ended December 31,	
	2017	2016
<u>Short-term Key management benefits</u>	\$	\$
Compensation including salary	91,819	123,365

1) Management fees include \$60,000 (\$60,000 – 2016) paid or accrued to Don Padgett, the Company's Chief Executive Officer. As at December 31, 2017, \$99,812 (\$54,559 – 2016) was owed to Don Padgett. The Company renegotiated the terms of indebtedness such that the first repayment date is after June 30, 2019. The loan does not accrue interest.

2) Professional fees include \$22,753 (\$nil – 2016) paid to Alan Tam, the Company's current Chief Financial Officer. As at December 31, 2017, \$3,225 (\$nil – 2016) was accrued to Alan Tam. Prior year's management fees included amounts paid to Sabino Di Paola, the Company's former Chief Financial Officer and Corporate Secretary.

3) Professional fees include \$40,168 (\$18,118 – 2016) paid or accrued to Erin Chutter, one of the directors of the Company. As at December 30, 2017, \$75,220 (\$9,290 – 2016) payable were due to Erin Chutter. The Company renegotiated the terms of indebtedness such that the first repayment date is after June 30, 2019. The loan does not accrue interest.

On June 30, 2017, James Passin, one of the directors, signed a loan agreement with the Company to convert some of the existing related party loan balances to short term loan agreement debt and also provide additional new loan proceeds. On October 1, 2017, the loan agreement was renegotiated to include all remaining related party loan balances, which totalled \$29,728 and also provide \$105,539 in new loan proceeds. The term of the loan is for one year, maturing June 30, 2018 and accrue interest at

**KHOT INFRASTRUCTURE HOLDINGS, LTD.
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8%. As at December 31, 2017, the total loan amount including accrued interest was \$135,267 and is included in short term debt.

All related party transactions were within the normal course of operations and have been recorded at amounts agreed to by the transacting parties.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, available for sale investments, accounts payable and accrued liabilities, loans and long term loans. Given that the majority are short-term in nature, the fair value of these instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments.

Risk management

The Company's activities expose it to a variety of risks including interest rate risk, credit risk, liquidity risk and commodity price risk. Reflecting the current stage of development of the Company's various projects, the intention to abandon operations in Mongolia and the proposed change of business, the Company's overall risk management program focuses on facilitating the Company's ability to continue as a going concern and seeks to minimize potential adverse effects on the Company's ability to execute its business plan. Risk management is the responsibility of the finance function. Material risks are identified and monitored and are discussed by senior management and with the Audit Committee and the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's fixed rate current accounts in the bank and borrowings. As of the reporting date, the Company has not adopted sensitivity analysis to measure interest rate risk due principally to the fact that the Company has no floating rate financial assets and liabilities.

Credit risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity periods or due to adverse market conditions. The Company's financial assets exposed to credit risk are primarily composed of cash. Maximum exposure is equal to the carrying values of these assets. The Company's cash is held at several large financial institutions.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations. The Company actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. At December 31, 2017, the Company had a working capital deficit of **\$740,257** [December 31, 2016 - \$717,723]. All of the current accounts payable and accrued liabilities, current loan and interest payable are due and payable within 90 days. The Company will need to raise additional funding in the next 12 months to be able to meet its current obligations.

Foreign exchange risk

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The Company is listed on a Canadian stock exchange and incurs annual transactions in Canadian dollars to maintain its listing.

The Company's policy is to manage its foreign financial assets and liabilities using the best available foreign currency exchange rates.

The following is the list of financial assets and liabilities held in Canadian dollars (presented in USD):

	December 31, 2017	December 31, 2016
	\$	\$
Cash	223,086	(1,405)
Accounts payables and accrued liabilities	(262,508)	(237,536)
Short term loans	(429,394)	
Long term debt	(142,577)	-
	(611,393)	(238,941)

SHARE CAPITAL AND OUTSTANDING SHARE INFORMATION

Authorized capital

The authorized capital of the company consists of unlimited common shares without par value.

The holders of common shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at KHOT's meetings. All shares are ranked equally with regards to the Company's residual assets.

The equity structure of the group represents the equity structure of the legal parent.

Issued share capital

Information with respect to outstanding common shares, warrants, and stock options as at December 31, 2017, and December 31, 2015, is as follows:

	December 31, 2017	December 31, 2016
Common shares	65,302,351	65,302,351
Warrants	-	281,934
Stock options	2,500,000	2,875,000
	67,802,351	68,459,285

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions about the future that affect the amounts recorded in the Consolidated Financial Statements and accompanying notes. These estimates and assumptions are based on the Company's experience and Management's expectations about future events that are believed to be reasonable under the

**KHOT INFRASTRUCTURE HOLDINGS, LTD.
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circumstances, and they are continually being evaluated based on the new facts and experience. Actual results may differ from these estimates and assumptions. The effect of a change in accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

The Company's significant accounting policies and estimates are fully described in Note 3 to the consolidated financial statements for the year ended December 31, 2017.

BOARD PURPOSE AND FUNCTION

The directors and management of the parent company have extensive experience operating and taking projects through to various stages of exploration and development. There is a balanced representation of directors with operational, corporate and financial backgrounds.

The board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times. At the end of the financial year under review the board consisted of six members.

UNCERTAINTIES AND RISK FACTORS

The following risk factors, and the information incorporated by reference herein, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Contractual factors

Khot performs construction activities under a fixed price contracts, under which the Company is committed to provide services at a fixed price. Any increase in Khot's cost over the price bid, whether due to estimating error, inefficiency in project execution, inclement weather, inflation or other factors, will negatively affect Khot's profitability.

Dependence on Key Personnel, Contractors and Service Providers

Shareholders of our Company rely on the good faith, experience and judgment of the Company's management, contractors and service providers in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

Value of Our Common Shares

The value of the Company's common shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

Additional Funding and Financing Risk

Additional funds will be required for future exploration and development. There is no assurance that sufficient equity financing will be available at reasonable terms to the Company. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

Conflicts of Interest

Certain Directors of the Company also serve as Directors of other companies involved in mineral resource exploration, development and production. Consequently, there exists the possibility that such Directors will be in a position of conflict of interest. Any decision made by such Directors involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare, and refrain from voting on, any matter in which such Directors may have a material conflict of interest.

Regulatory Matters

**KHOT INFRASTRUCTURE HOLDINGS, LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017 and 2016**

The Company's business is subject to various federal, provincial and local laws governing prospecting and development, taxes, labor standards and occupational health, mine safety, toxic substances, environmental protection and other matters. Construction and infrastructure development are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. A violation of these laws may result in the imposition of substantial fines and other penalties.

Litigation risk

Disputes are common in the construction industry and as such, in the normal course of business, the Company may be involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. However, there is no assurance that the Company's insurance arrangements will be sufficient to cover claims that may arise in the future. Furthermore, the Company may be subject to the risk of claims and legal actions for various contractual matters, primarily arising from construction disputes, in respect of which insurance is not available.

Insufficient revenues

As of the date of this MD&A, the Company did not have sufficient revenues to cover its operating costs. All of the Company's short to medium-term operating and project expenses must be derived from its existing cash position or from external financing.

New business venture

As of the date of this MD&A, the Company has abandoned its infrastructure activities in Mongolia and has proposed a change of business. There is no assurance that the Company will be successful in transitioning to the new business venture and become profitable.

Potentially dilutive loans from related parties

As of the date of this MD&A, the Company has signed loan agreements with individual investors and related parties to raise cash to continue to fund operations.

STRATEGY AND OUTLOOK

The Company's remains committed to the creation of shareholder value. The directors and management have a wide entrepreneurial network which can provide a range of future opportunities. The focus will be on projects and sectors that attract investor interest and offer significant growth potential. This could range from resources to various technologies including fintech.

OTHER INFORMATION

Other information and additional disclosure of the Company's technical reports, material change reports, new releases, and other information may be found on the SEDAR website at www.SEDAR.com.

Corporate Office's

Head Office

Sea Meadow House, Blackburne Highway, PO Box 116,
Road Town, Tortola,
British Virgin Islands.

Schedule B

See attached

Blockchain Holdings Ltd.
(formerly Khot Infrastructure Holdings Ltd.)

Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2018
(Expressed in United States dollars)

Management's Responsibility for Financial Reporting

The condensed consolidated Interim financial statements of Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings, Ltd.) have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect management's best estimates and judgements based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfils its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to shareholders.

"Wayne Lloyd"
President and Chief Executive Officer

"Alan Tam"
Chief Financial Officer

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings, Ltd.)
Condensed Consolidated Interim Statements of Financial Position

(expressed in United States dollars)

	Notes	As at June 30, 2018	As at December 31, 2017
Assets			
Current assets:			
Cash and cash equivalents		\$ 195,949	\$ 223,086
Accounts receivable		8,050	-
Prepayment		48,356	3,350
Total current assets		252,355	226,436
Total assets		\$ 252,355	\$ 226,436
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities	4 and 9	242,853	\$ 262,508
Short term debt	5	496,488	429,394
Road repair provision	7	-	274,791
Total current liabilities		739,341	966,693
Noncurrent liabilities:			
Long term debt	6 and 9	156,583	142,577
Total long term liabilities		156,583	142,577
Total liabilities		\$ 895,923.92	\$ 1,109,270
Shareholders' equity			
Share capital	8 and 9	8,441,934	8,049,254
Other reserves		1,385,481	1,399,487
Deficit		(10,470,984)	(9,975,943)
		(643,569)	(527,202)
Non Controlling Interests		-	(355,632)
Total equity		(643,569)	(882,834)
Total liabilities and shareholders' equity		\$ 252,355	\$ 226,436

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

signed "James Passin"

 Director

signed "Don Padgett"

 Director

Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings, Ltd.)
Consolidated Statements of Comprehensive Loss

(expressed in United States dollars)

	Notes	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Expenses					
Development costs		84,956	-	84,956	-
Management fees	9	56,099	15,000	71,099	39,066
Regulatory, exchange, AGM, press release and transfer agent fees		16,255	6,931	22,418	14,108
Professional fees	9	159,145	8,218	215,152	20,497
Finance costs		8,897	33	18,636	380
General and administrative expense		15,697	12,664	18,900	25,508
		<u>341,049</u>	<u>42,846</u>	<u>431,161</u>	<u>99,559</u>
Other expense (income)					
Foreign exchange loss (gain)		310	(561)	(7,080)	939
Accretion expense		-	-	30,267	-
Recovery of payables	9	-	-	(40,148)	-
Sale of subsidiary AMZ	7	80,841	-	80,841	-
Total comprehensive loss for the year		<u>\$ 422,200</u>	<u>\$ 42,285</u>	<u>\$ 495,041</u>	<u>\$ 100,498</u>
Loss per common share:					
Basic and diluted		<u>\$ 0.06</u>	<u>\$ 0.01</u>	<u>\$ 0.08</u>	<u>\$ 0.02</u>
Weighted average number of common shares outstanding:					
Basic and diluted		<u>6,530,235</u>	<u>6,530,235</u>	<u>6,530,235</u>	<u>6,530,235</u>

The notes to the condensed consolidated interim financial statements are an integral part of these statements

Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings, Ltd.)
Condensed Consolidated Interim Statements of Changes in Equity

(expressed in United States dollars)

	Number of common shares (#)	Share Capital	Foreign currency translation reserve	Reserves					Obligation to issue shares	Deficit	Attributable to Equity Holders of the Parent	Non - Controlling Interest	Shareholders' equity
				Warrants	Equity Component of Convertible Debt	Contributed Surplus	Share based payment reserve						
Balance at December 31, 2016	65,302,351	\$ 8,049,254	\$ 103,980	\$ 650	\$ -	\$ -	\$ 1,333,619	\$ -	\$ (9,630,283)	\$ (350,740)	\$ (355,632)	\$ (706,372)	
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(58,214)	(58,214)	-	(58,214)	
Balance at June 30, 2017	65,302,351	\$ 8,049,254	\$ 103,980	\$ 650	\$ -	\$ -	\$ 1,333,619	\$ -	\$ (9,688,497)	\$ (408,954)	\$ (355,632)	\$ (764,586)	
Balance at December 31, 2017	65,302,351	\$ 8,049,254	\$ (28,762)	\$ 650	\$ 44,837	\$ 49,143	\$ 1,333,619	\$ -	\$ (9,975,943)	\$ (527,202)	\$ (355,632)	\$ (882,834)	
Amortization of imputed interest on related party loan						(14,006)				\$ (14,006)		(14,006)	
Share subscription receipts		\$ 392,680										392,680	
Share consolidation 10 to 1	(58,772,188)												
Sale of AMZ											\$ 355,632	355,632	
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(495,041)	\$ (495,041)	-	(495,041)	
Balance at June 30, 2018	6,530,163	\$ 8,441,934	\$ (28,762)	\$ 650	\$ 44,837	\$ 35,137	\$ 1,333,619	\$ -	\$ (10,470,984)	\$ (1,036,249)	\$ -	\$ (643,569)	

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings, Ltd.)
Condensed Consolidated Interim Statements of Cash Flows

(expressed in United States dollars)

	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flow from operating activities		
Loss for the period	\$ (495,041)	\$ (100,498)
Adjustments to reconcile loss to net cash used in operating activities:		
Accretion expense	30,267	-
Recovery of accounts payable	(40,148)	-
Interest expense	15,825	-
Unrealized foreign exchange	-	939
Loan for services provided	16,483	-
Sale of AMZ	80,841	-
Change in non-cash working capital balances:		
Deposit receivable	(8,050)	-
Prepayments	(45,006)	(4,412)
Accounts payable and accrued liabilities	4,010	45,574
Short term debt	21,002	-
Total cash used in operating activities	(419,817)	(58,397)
Cash flows from financing activities		
Proceeds from sale of subscription receipts	\$ 392,680	\$ -
Proceeds from loans	-	81,785
Total cash provided from financing activities	\$ 392,680	\$ 81,785
Effect of foreign exchange on cash	\$ -	\$ (939)
Total decrease in cash during the period	\$ (27,137)	\$ 22,449
Cash and cash equivalents - Beginning of the period	223,086	12,780
Cash and cash equivalents - End of the period	\$ 195,949	\$ 35,229
Cash interest payments made during the period	\$ -	\$ -

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2018
(Expressed in United States dollars)

1. CORPORATE INFORMATION

Blockchain Holdings Ltd. (formerly Khot Infrastructure Holdings Ltd.) [the “Company”] is listed on the Canadian Securities Exchange (the “CSE”) under the symbol “KOT”. The Company is currently proposing a change of business to develop broad-based indexing products and blockchain tracking.

The registered office of the Company is Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands.

2. BASIS OF PREPARATION

(a) Statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Certain comparative figures have been reclassified to conform to the restated financial statement presentation for the current period. Since the unaudited Financial Statements do not include all disclosures required by IFRS for annual consolidated financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2017.

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of condensed interim consolidated financial statements in accordance with IAS 1 requires the use of certain critical accounting estimates, judgments, and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These Financial Statements were authorized for issue by the Board of Directors on August 29, 2018 and have been prepared under the historical cost convention, except for certain financial instruments. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Certain comparative figures have been reflected to conform to the restated financial statement presentation for the current period.

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2018
(Expressed in United States dollars)

2. BASIS OF PREPARATION (continued)

(b) Going concern

The assessment of the Company's ability to continue as a going concern and ability to fund potential projects, involves significant judgements based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Company's business involves a high degree of risk and there can be no assurance that current development activity will ultimately result in profitable operations. The Company's continued existence is dependent upon its ability to secure future customers and the achievement of profitable operations, or the ability of the Company to raise additional financing.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after January 1, 2018, or later periods.

The following new IFRSs will not have a material effect on the Company's future results and financial position.

- IFRS 9 *Financial Instruments (New; to replace IAS 39, IFRIC 9 and earlier versions of IFRS 9;*
- IFRS 15 *Revenue from Contracts with Customers (New; to replace IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31); and*
- IFRS 16 *Leases (New, to replace IAS 17, IFRIC 4, SIC 15 and SIC 27).*

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

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2018	December 31, 2017
	\$	\$
Trade payables	96,455	188,328
Accrued liabilities	146,398	74,180
	<u>242,853</u>	<u>262,508</u>

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2018
(Expressed in United States dollars)

5. SHORT TERM DEBT

	Short Term Debt
	\$
Balance, December 31, 2017	429,394
Issued	40,474
Equity portion accreted back to the loan balance	30,267
Repayments	(7,747)
Accrued interest	17,840
Foreign exchange	(13,740)
Balance, June 30, 2018	<u>496,488</u>

During the period ended June 30, 2018, the Company received short-term advances of \$16,054 (2017 - \$417,297). The Company also recorded loans of \$16,483 for consulting services provided. During the period ended June 30, 2018, the Company accrued interest of \$17,840 (2017 - \$11,550). The notes bear interest of 8% per annum, which is calculated and payable semiannually. The term of the loans is one year. During the period, the convertible portion of all previous loans outstanding was extinguished and therefore the equity portion of the loans of \$30,267 (2017 – \$44,837) recognized in the prior year was accreted back to the loan balance. The Company therefore recognized accretion expense of \$30,267 (2017 - \$14,315).

6. LONG TERM DEBT

	Long Term Debt
	\$
Balance, December 31, 2017	142,577
Interest	14,006
Balance, June 30, 2018	<u>156,583</u>

On December 31, 2017, the Company renegotiated the terms of indebtedness in the amount of \$191,720 with three shareholders such that the first repayment date is after June 30, 2019. The loan does not accrue interest. In the period ended December 31, 2017, the Company recorded \$49,143 as a credit to contributed surplus reflecting the discount compared to a similar loan that pays interest at market rates. A discount rate of 20% was used. During the period ended June 30, 2018, the Company recognized imputed interest of \$14,006 (2017 - \$nil).

7. ROAD REPAIR PROVISION

	June 30, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	274,791	293,474
Sale of AMZ	(274,791)	-
Effect of changes in foreign exchange rates	-	(18,683)
Balance, end of period	<u>-</u>	<u>274,791</u>

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2018
(Expressed in United States dollars)

7. ROAD REPAIR PROVISION (continued)

Road repair obligations were recognized in a previous year from when the Company was engaged in the construction and maintenance of roads and bridges in Mongolia.

The Company has not received any correspondence from the Mongolian government regarding repairs to be made to the road. On April 24, 2018, the Company sold its share of the Mongolian subsidiary Ashid Munkhiin Zam LLC for \$1. The investment in the subsidiary was previously written down to \$nil.

Consequently, the Company removed the non-controlling interest from the Statements of Financial Position and the road repair provision from the Statement of Financial Position.

8. SHARE CAPITAL

Authorized share capital

The authorized capital of the company consists of unlimited common shares without par value.

Issued share capital

On May 11, 2018, the Company completed a 10:1 share consolidation of its issued and outstanding common shares. The effects of the share consolidation have been applied on a retroactive basis.

On April 17, 2018, the Company completed a private placement of 5,000,000 shares for proceeds of \$392,680 at a price of \$0.078 per share.

Stock options

As at June 30, 2018, there were 82,500 options outstanding with a weighted average life and weighted average exercise price of 297 days and \$2.42, respectively.

In addition, the Company reached an agreement with its lenders to repay CAD\$628,305 of short-term loans and accrued interest by the issuance of 6,283,047 common shares at a price of \$0.10 per share.

9. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members, key management personnel, significant shareholders and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Transactions with key management personnel

Key management of the Company are members of the Board of Directors, the Chief Executive Officer, and Chief Financial Officer. Key management remuneration includes the following:

Blockchain Holdings Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2018
(Expressed in United States dollars)

9. RELATED PARTY TRANSACTIONS (continued)

Transactions with key management personnel (continued)

	Three months ended		Six months ended	
	June 30		June 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Key management compensation	56,099	15,000	71,099	39,066

Management fees include \$27,000 (2017 - \$30,000) paid or accrued to Mr. Donald Padgett, for duties as the Company's Chief Executive Officer and as a Director. Mr. Padgett was compensated \$5,000 per month from January to April as the Chief Executive Officer and is compensated \$3,500 per month as a Director for the Company. As at June 30, 2018, \$77,798 (2017 - \$79,812) was due to Mr. Padgett. On December 31, 2017, the Company renegotiated the terms of an original amount of \$74,298 of indebtedness such that the first repayment date is after June 30, 2019. The loan is unsecured and non-interest bearing. The remaining \$3,500 of indebtedness represent accrued Director fees for June.

Management fees include \$10,500 (2017 - \$Nil) paid or accrued to Mr. Jeremy Gardner, for duties as a Director. Mr. Gardner is compensated \$3,500 per month as a Director for the Company. As at June 30, 2018, \$3,500 (2017 - \$Nil) was due to Mr. Gardner.

Management fees include \$10,500 (2017 - \$Nil) paid or accrued to Mr. Gregory Kallinikos for duties as a Director. Mr. Kallinikos is compensated \$3,500 per month as a Director for the Company. As at June 30, 2018, \$3,500 (2017 - \$Nil) was due to Mr. Kallinikos.

Management fees include \$23,099 (2017 - \$Nil) paid or accrued to Mr. Wayne Lloyd, for duties as the Company's Chief Executive Officer from April to June 2018. Mr. Lloyd is compensated CAD\$10,000 per month as the Chief Executive Officer. As at June 30, 2018, \$7,617 (2017 - \$Nil) was due to Mr. Lloyd.

Professional fees include \$32,655 (2017 - \$Nil) paid to the Company's Chief Financial Officer.

Consulting and advisory fees include \$Nil (2017 - \$9,066). As at June 30, 2018, an amount of \$35,072 was payable (2017 - \$75,220) to a former director of the Company for consulting fees. During the period ended June 30, 2018, the Company recognized an expense recovery relating to a portion of the payable amount for \$40,148, which was forgiven by the former director.

BLOCKCHAIN HOLDINGS LTD.

(FORMERLY KHOT INFRASTRUCTURE HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

SIX MONTHS ENDED JUNE 30, 2018

Cautionary Statements

Forward-Looking Information

Except for statements of historical fact relating to Blockchain Holdings Ltd., certain statements contained in this MD&A constitute forward-looking information, future oriented financial information or financial outlooks (collectively "forward looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this document and other matters identified in the Company's public filings, Blockchain Holdings Ltd.'s future outlook and anticipated events or results and in some cases, can be identified by terminology such as "may", "will", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue", "objective" or other similar expressions concerning matters that are not historical facts and include, access to sufficient capital resources, the timing and amount of future infrastructure development, the timing of construction of the proposed infrastructure projects, the timing of cash flows, capital and operating expenditures, the timing of receipt of permits, employee relations, availability of financing and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner, those disclosed in any other of Blockchain Holdings Ltd.'s public filings, availability and final receipt of required approvals, licenses and permits, ability to acquire necessary road construction, sufficient working capital to complete road development projects, access to adequate services and supplies, economic conditions, foreign currency exchange rates, interest rates, access to capital and debt markets and associated cost of funds, availability of a qualified work force, positive employee relations, lack of social opposition and legal challenges, and the ability to settle disputes. While Blockchain Holdings Ltd. considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in other Blockchain Holdings Ltd.'s filings. Forward-looking statements are based upon management's beliefs, estimate and opinions on the date the statements are made and other than as required by law, Blockchain Holdings Ltd. does not intend and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

The following management's discussion and analysis ("MD&A") of Blockchain Holdings Ltd. (the "Company"), is prepared as of August 29, 2018, and should be read together with the condensed consolidated interim financial statements for the period ended June 30, 2018. All financial amounts are stated in United States dollars unless otherwise indicated.

For the purpose of preparing this MD&A, Management in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (1) if such information results in or would reasonably be expected to result in a significant change in the market price or value of the Company's common shares; or (ii) there is substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on SEDAR at www.sedar.com.

All amounts in this MD&A are expressed in United States dollars ("US\$"), unless otherwise noted.

DESCRIPTION OF BUSINESS

Blockchain Holdings Ltd., (formerly Khot Infrastructure Holdings, Ltd.) [the “Company”] was engaged in the construction and maintenance of roads and bridges in Mongolia.

On December 18, 2013, Undur Tolgoi Minerals Inc. completed the continuance from the laws of the Province of British Columbia to the laws of the British Virgin Islands. Effective on January 7, 2014, the Company changed its name from Undur Tolgoi Minerals Inc. to Khot Infrastructure Holdings, Ltd. to have its name reflect the Company’s new focus on cash generating, non-resource infrastructure projects within Mongolia.

The Company’s common shares are listed and posted for trading on the Canadian Securities Exchange (the “CSE”) under the symbol “KOT”; however, on May 5, 2017, the Company’s common shares were suspended from trading by the CSE and a cease trade order was issued against the Company by the Ontario Securities Commission for failure to file annual audited financial statements and accompanying management’s discussion and analysis and CEO and CFO certifications.

On February 2, 2018, the cease trade order was revoked. The Company has proposed a change of business to develop broad-based indexing products and blockchain tracking metrics and is currently proceeding with a re-listing application with the CSE.

The registered office of the Company is Sea Meadow House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands.

Blockchain Holdings Ltd. has a 100% interest in Jucca Holdings Limited [“Jucca”], Wishland Properties Limited [“Wishland”] and Great Hoard Holdings S. à r. l. [“GHH”].

OVERALL OBJECTIVE

The Company’s strategic focus on Infrastructure in Mongolia has been severely impacted by negative in-country geo political events. The government’s inability to finance critically needed projects is not likely to change in the foreseeable future. Consequently, The Company’s management has decided to discontinue all operations in Mongolia. The Company’s Management and Directors have received shareholder approval to develop broad-based indexing products and blockchain tracking metrics.

**BLOCKCHAIN HOLDINGS LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
SIX MONTHS ENDED JUNE 30, 2018**

SELECTED FINANCIAL INFORMATION

The following tables provide selected annual and quarterly financial information in accordance with IFRS for the Company's three and six months ended June 30, 2018. In the quarter ended June 30, 2018, the Company has not generated any revenue and incurred loss from discontinued operations and extraordinary items of \$422,200.

Three Months Ended	Total Revenue for the period US\$	Total Expenses for the period US\$	Total discontinued operations US\$	Net Loss for the period US\$	Loss per share basic and fully diluted US\$	Cash dividends per common share US\$
September 30, 2016	-	(146,203)	-	(76,910)	-	-
December 31, 2016	-	37,935	(441,075)	(622,324)	(0.01)	-
March 31, 2017	-	(58,214)	-	(58,214)	-	-
June 30, 2017	-	(42,285)	-	(42,285)	-	-
September 30, 2017	-	(120,649)	-	(120,649)	-	-
December 31, 2017	-	(124,512)	-	(124,512)	-	-
March 31, 2018	-	(72,841)	-	(72,841)	-	-
June 30, 2018	-	(422,200)	-	(422,200)	(0.06)	-

DIVIDEND PAYMENT

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its programs, future growth, and any other factors the board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

RESULTS OF OPERATION FOR THE THREE MONTHS ENDED JUNE 30, 2018

The comprehensive loss for the three months ended June 30, 2018, was \$422,200 (2017 - \$42,285).

The comprehensive loss for the six months ended June 30, 2018, was \$495,041 (2017 - \$100,498).

Significant variances for the three months ended June 30, 2018

Development began for blockchain index products and consequently, there were development costs expensed in the quarter ended June 30, 2018 compared to the same period in 2017.

The increase in the management fees for the three months ended June 30, 2018 compared to the same period in 2017 was due management fees paid to a new CEO, Wayne Lloyd and director fees paid to three directors in 2018, which did not occur in 2017.

Regulatory, exchange, AGM, press release and transfer agent fees were substantially increased in Q1 2018, compared to Q1 2017. The increase is due to an increase level of activity related to the listing for the Company and AGM costs.

Professional fees increased in Q2 2018 compared to Q2 2017. The increase is due to activity related to legal invoices for AGM preparation and the re-listing application with the CSE, which did not occur in the prior comparable period Q2 2017.

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Finance fees for the three months ended June 30, 2018 increased compared to the same period in 2017 due to imputed interest on long term debt.

General and Administrative and Other expense slightly increased for the three months ended June 30, 2018 compared to the same period in 2017. The increase is due to the Company's activity related to AGM preparation and the re-listing application with the CSE.

Overall expenses increased for the three months ended June 30, 2018 compared to the period in 2017 due to an increase in legal fees related to AGM preparation and re-listing application with the CSE, the start of development costs for the blockchain index products and new management fee expenses for a new CEO and Directors.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2018, the Company had a working capital deficit of \$486,986 [June 30, 2017 - \$736,436]. All of the current accounts payable and accrued liabilities, current loan and interest payable are due and payable within 12 months. The Company will need to raise additional funding in the next 12 months to be able to meet its current obligations.

The Company's working capital amounts are as follows:

	June 30, 2018	June 30, 2017
	\$	\$
Cash	195,949	35,229
Accounts receivable	8,050	-
Prepayments	48,356	12,196
Accounts payable and accrued liabilities	(242,853)	(473,990)
Loan and interest payable	(496,488)	(16,397)
Road repair provision	(\$Nil)	(293,474)
	(486,986)	(736,436)

The Company, which was involved in early stage infrastructure development and planning to change its business to developing broad-based indexing products and blockchain tracking metrics, had revenues of \$Nil in Q2 2018. Until the Company is able to secure sufficient revenue, the Company must utilize its current cash reserves and other financing transactions to maintain its capacity to meet working capital requirements. The Company anticipates going to the market to raise capital when the opportunity arises.

During the three months ended June 30, 2018, the Company expended \$27,137 (June 30, 2017 – increased \$22,449) cash on operating and finance activities.

NAME CHANGE, SHARE CONSOLIDATION AND DEBT SETTLEMENT

On April 9, 2018, the Company's management and directors were provided with approval by the shareholders at the annual general and special meeting of shareholders to change the Company's name to Blockchain Holdings Ltd., change from the business of transportation infrastructure development to developing proprietary indexes and ancillary data products for emerging blockchain and digital currency markets and conduct a share consolidation on the basis of one (1) post-Consolidated common shares for every ten (10) pre-Consolidated common share.

On April 17, 2018, the Company completed its non-brokered private placement of subscription receipts for gross proceeds of CAD\$500,000 at a price of CAD\$0.10 per Receipt (after the completion of a 10:1 share consolidation). The proceeds of the Private Placement will be held in escrow pending completion of the share consolidation transaction and each Receipt will automatically convert into common shares.

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In addition, the Company reached agreement with its lenders to repay CAD\$628,305 in debt by the issuance of 6,283,047 common shares at a price of \$0.10 per share (after the completion of a 10:1 share consolidation).

The name change was completed on April 25, 2018 and the 10:1 share consolidation was completed on May 11, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not engaged in any off-balance sheet arrangements such as: obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or that engages in leasing, hedging or research and development services with the Company.

PROPOSED TRANSACTIONS

As is typical of the infrastructure development industry, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. Currently, there are no material transactions being pursued or negotiated by the Group that is not otherwise disclosed herein.

GOING CONCERN

The assessment of the Company's ability to continue as a going concern and ability to fund potential infrastructure construction contracts, involves significant judgments based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Company's business involves a high degree of risk and there can be no assurance that current development activity will ultimately result in profitable operations. The Company's continued existence is dependent upon its ability to secure future customers and the achievement of profitable operations, or the ability of the Company to raise additional financing.

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The Company will require additional financing, through various means including but not limited to equity financing, to continue to pursue the development of indexing products and blockchain tracking metrics, and to meet its general and administrative costs. There is no assurance that the Company will be successful in raising the additional required funds. These conditions represent a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

The Company has had a history of losses and has accumulated a \$10,470,984 deficit as at June 30, 2018 and has a working capital deficiency of \$486,986 (June 30, 2017 - \$736,436), including \$195,949 (June 30, 2017 - \$35,229) in cash and cash equivalents. As at June 30, 2018, the Company had abandoned its infrastructure activities in Mongolia and has proposed a change of business to develop broad-base indexing products and blockchain tracking metrics.

RELATED PARTY TRANSACTIONS

Management fees include \$27,000 (2017 - \$30,000) paid or accrued to Mr. Donald Padgett, for duties as the Company's Chief Executive Officer and as a Director. Mr. Padgett was compensated \$5,000 per month from January to April as the Chief Executive Officer and is compensated \$3,500 per month as a Director for the Company. As at June 30, 2018, \$77,798 (2017 - \$79,812) was due to Mr. Padgett. On December 31, 2017, the Company renegotiated the terms of an original amount of \$74,298 of indebtedness such that the first repayment date is after June 30, 2019. The loan is unsecured and non-interest bearing. The remaining \$3,500 of indebtedness represent accrued Director fees for June.

Management fees include \$10,500 (2017 - \$Nil) paid or accrued to Mr. Jeremy Gardner, for duties as a Director. Mr. Gardner is compensated \$3,500 per month as a Director for the Company. As at June 30, 2018, \$3,500 (2017 - \$Nil) was due to Mr. Gardner.

Management fees include \$10,500 (2017 - \$Nil) paid or accrued to Mr. Gregory Kallinikos for duties as a Director. Mr. Kallinikos is compensated \$3,500 per month as a Director for the Company. As at June 30, 2018, \$3,500 (2017 - \$Nil) was due to Mr. Kallinikos.

Management fees include \$23,099 (2017 - \$Nil) paid or accrued to Mr. Wayne Lloyd, for duties as the Company's Chief Executive Officer from April to June 2018. Mr. Lloyd is compensated \$5,000 per month as the Chief Executive Officer. As at June 30, 2018, \$7,617 (2017 - \$Nil) was due to Mr. Lloyd.

Professional fees include \$32,655 (2017 - \$Nil) paid to the Company's Chief Financial Officer.

Consulting and advisory fees include \$Nil (2017 - \$9,066). As at June 30, 2018, an amount of \$35,072 was payable (2017 - \$75,220) to a former director of the Company for consulting fees. During the period ended June 30, 2018, the Company recognized an expense recovery relating to a portion of the payable amount for \$40,148, which was forgiven by the former director.

On June 30, 2017, James Passin, one of the directors, signed a loan agreement with the Company to convert some existing related party loan balances to short term loan debt and also provided additional loan proceeds. On October 1, 2017, the loan agreement was renegotiated to include all the remaining related party loan balances, which totaled \$29,718 and also provide \$105,539 in new loan proceeds. The term of the loan is for one year, maturing June 30, 2018 and accrue interest at 8%.

All related party transactions were within the normal course of operations and have been recorded at amounts agreed to by the transacting parties.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and due to related parties. Given their short-term nature, the fair value of these instruments approximates their carrying value. It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments.

Risk management

The Company's activities expose it to a variety of risks including interest rate risk, credit risk, liquidity risk and commodity price risk. Reflecting the current stage of development of the Company's various projects, the Company's overall risk management program focuses on facilitating the Company's ability to continue as a going concern and seeks to minimize potential adverse effects on the Company's ability to execute its change of business plan. Risk management is the responsibility of the finance function. Material risks are identified and monitored and are discussed by senior management and with the Audit Committee and the Board of Directors.

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Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's fixed rate current accounts in the bank and borrowings. As of the reporting date, the Company has not adopted sensitivity analysis to measure interest rate risk due principally to the fact that the Company has no floating rate financial assets and liabilities.

Credit risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity periods or due to adverse market conditions. The Company's financial assets exposed to credit risk are primarily composed of cash. Maximum exposure is equal to the carrying values of these assets. The Company's cash is held at several large financial institutions.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations. The Company actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. At June 30, 2018, the Company had a working capital deficit. The Company will need to raise additional funding in the next 12 months to be able to meet its current obligations.

Foreign exchange risk

During the period the Company subsidiary operations various jurisdiction where many of its transactions are denominated in other currencies. Accordingly, the results of operations and financial position of the Company are subject to changes in the exchange rate between the US dollar ("USD") and the other currencies.

The Company is listed on a Canadian stock exchange and incurs annual transactions in Canadian dollars to maintain its listing.

The Company's policy is to manage its foreign financial assets and liabilities using the best available foreign currency exchange rates.

The Company's management has decided to discontinue all operations in Mongolia. Due to the minimal activity of the Company and its subsidiaries, foreign exchange risk is believed to be limited.

SHARE CAPITAL AND OUTSTANDING SHARE INFORMATION

Authorized capital

The authorized capital of the company consists of unlimited common shares without par value.

The holders of common shares are entitled to receive dividends which may be declared from time to time and are entitled to one vote per share at the Company's meetings. All shares are ranked equally with regards to the Company's residual assets.

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Issued share capital

On May 11, 2018, the Company completed a 10:1 share consolidation of its issued and outstanding common shares. The effects of the share consolidation have been applied on a retroactive basis.

On April 17, 2018, the Company completed a private placement of 5,000,000 shares for proceeds of \$392,680 at a price of \$0.078 per share.

Information with respect to outstanding common shares and stock options as at June 30, 2018, and June 30, 2017, is as follows:

	June 30, 2018	June 30, 2017
Common shares	6,530,163	6,530,163
Stock options	82,500	287,500
	<u>6,612,663</u>	<u>6,817,663</u>

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions about the future that affect the amounts recorded in the Consolidated Financial Statements and accompanying notes. These estimates and assumptions are based on the Company's experience and Management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on the new facts and experience. Actual results may differ from these estimates and assumptions. The effect of a change in accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

The Company's significant accounting policies and estimates are fully described in Note 3 to the consolidated financial statements for the year ended December 31, 2017.

BOARD PURPOSE AND FUNCTION

The directors and management of the parent company have extensive experience operating and taking projects through to various stages of exploration and development. There is a balanced representation of directors with operational, corporate and financial backgrounds.

The board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times. At the end of the period the board consisted of five members.

RISK FACTORS

The following risk factors, and the information incorporated by reference herein, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Dependence on Key Personnel, Contractors and Service Providers

Shareholders of our Company rely on the good faith, experience and judgment of the Company's management, contractors and service providers in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

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Value of Our Common Shares

The value of the Company's common shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

Additional Funding and Financing Risk

Additional funds will be required for future exploration and development. There is no assurance that sufficient equity financing will be available at reasonable terms to the Company. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

Conflicts of Interest

Certain Directors of the Company also serve as Directors of other companies involved in mineral resource exploration, development and production. Consequently, there exists the possibility that such Directors will be in a position of conflict of interest. Any decision made by such Directors involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare, and refrain from voting on, any matter in which such Directors may have a material conflict of interest.

Regulatory Matters

The Company's business is subject to various federal, provincial and local laws governing prospecting and development, taxes, labor standards and occupational health, mine safety, toxic substances, environmental protection and other matters. Construction and infrastructure development are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. A violation of these laws may result in the imposition of substantial fines and other penalties.

Litigation risk

Disputes are common in the construction industry and as such, in the normal course of business, the Company may be involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. However, there is no assurance that the Company's insurance arrangements will be sufficient to cover claims that may arise in the future. Furthermore, the Company may be subject to the risk of claims and legal actions for various contractual matters, primarily arising from construction disputes, in respect of which insurance is not available.

Insufficient revenues

As of the date of this MD&A, the Company did not have sufficient revenues to cover its operating costs. All of the Company's short to medium-term operating and project expenses must be derived from its existing cash position or from external financing.

New business venture

As of the date of this MD&A, the Company has abandoned its infrastructure activities in Mongolia and has begun to change its business to the development of broad-based indexing products and blockchain tracking metrics and is currently proceeding with a re-listing application with the CSE. There is no assurance that the Company will be successful in transitioning to the new business venture, be successful in the CSE re-listing process and eventually become profitable.

Potentially dilutive loans from related parties

As of the date of this MD&A, the Company has signed loan agreements and debt settlement agreements with individual investors and related parties to raise cash to continue to fund operations.

STRATEGY AND OUTLOOK

The Company's remains committed to the creation of shareholder value. The directors and management have a wide entrepreneurial network which can provide a range of future opportunities. The focus will be on projects and sectors that attract investor interest and offer significant growth potential.

OTHER INFORMATION

Other information and additional disclosure of the Company's technical reports, material change reports, new releases, and other information may be found on the SEDAR website at www.SEDAR.com.

Corporate Office's

Head Office

Sea Meadow House, Blackburne Highway, PO Box 116,
Road Town, Tortola,
British Virgin Islands.