

tracesafe

TRACESAFE INC.

(formerly Blockchain Holding Ltd.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2020 and 2019

**TRACESAFE INC. (FORMERLY BLOCKCHAIN HOLDINGS LTD.)
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020 and 2019**

Cautionary Statements

Forward-Looking Information

Except for statements of historical fact relating to TraceSafe Inc. ("TraceSafe" or "Company"), 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, TraceSafe'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 development 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 TraceSafe's public filings, availability and final receipt of required approvals, licenses and permits, ability to acquire sufficient working capital to complete technology 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 skilled work force, positive employee relations, lack of social opposition and legal challenges, and the ability to settle disputes. While TraceSafe 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 TraceSafe'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, TraceSafe 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 TraceSafe Inc. (the "Company"), is prepared as of May 16, 2021, and should be read together with the consolidated financial statements for the year ended December 31, 2020. 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.

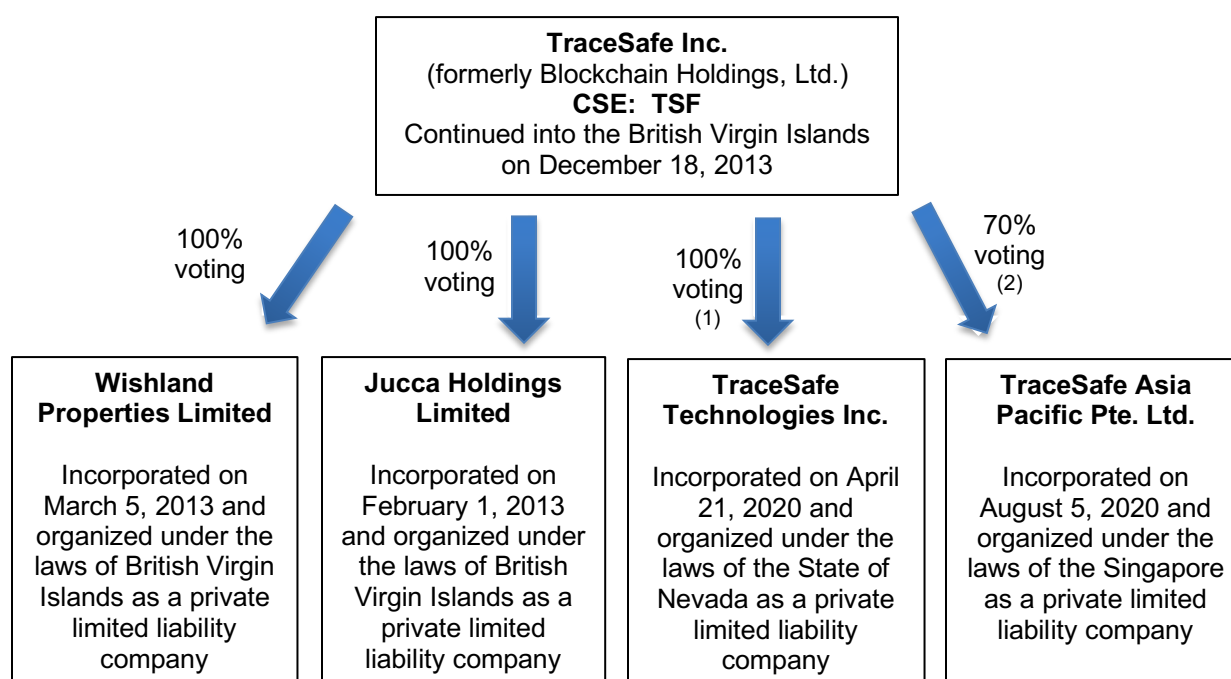
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DESCRIPTION OF BUSINESS

TraceSafe Inc. (formerly Blockchain Holdings, Ltd.) ["TraceSafe", "TSF" or the "Company"] was incorporated on December 22, 2010 under the Business Corporations Act of British Columbia as a private company and continued into the British Virgin Islands on December 18, 2013.

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

TraceSafe has a 100% voting interest in Jucca Holdings Limited ["Jucca"], Wishland Properties Limited ["Wishland"] and TraceSafe Technologies Inc. ["TraceSafe Tech"]



Notes:

- (1) Tracesafe Inc. owns 100% of the voting shares of the subsidiary Tracesafe Technologies Inc. and it had also issued non-voting shares to Wislica Inc. as part of the acquisition transaction that closed on May 12, 2020. Wisilica owned approximately 80% of the issued and outstanding common shares of Tracesafe Technologies Inc. at December 31, 2020.
- (2) Tracesafe Inc. owns 70% of the voting shares of the subsidiary Tracesafe Asia Pacific Pte. Ltd. and the Company required a local director to manage the day-to-day operations and is a representative of the Company. Due to certain agreements related to this arrangement, the Company has functional control and beneficial ownership.

OVERALL OBJECTIVE

The Company's strategic focus is to provide a full suite of real-time location management services and contact tracing solutions enabled through advanced bluetooth beacons in a variety of form factors and enterprise cloud management. The Company also focused on developing a new suite of products for asset tracking, connected worker safety, and innovations for a seamless guest experience to the cruise ship industry. Tracesafe is developing leading edge solutions for Enterprise, Healthcare, Education, Government and large-scale venue management.

Currently, TraceSafe's leading cloud management solution ensures both user privacy and comprehensive administrative control. TraceSafe is deployed in mission critical quarantine applications around the world in partnership with leading governments. In addition to their government work, TraceSafe has developed leading edge solutions for Enterprise, Healthcare, and large-scale venue management.

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Hong Kong Government:

In early September 2020, the Company received a letter of acceptance from the Hong Kong Government confirming the order of 120,000 TraceSafe e-wristbands to be used in Hong Kong's Home Quarantine Support System. Two weeks after, the Company received a letter from the Hong Kong Government of ordering an extra 36,000 pieces, which represent 30% of the original quantity (120,000 pieces) TraceSafe e-wristbands for Hong Kong's Home Quarantine Support System.

Cayman Island Government:

The Company quarantine management solutions have been deployed in conjunction with Cayman Islands Quarantine Pathway project for reopening flights to Cayman Islands and has subsequently been adopted for mainstream deployment.

British Airways flights from Heathrow Airport in London are among the first flights to the Cayman Islands since the start of the COVID-19 pandemic. TraceSafe has shipped multiple orders of the self-quarantine management wristbands to the Cayman Islands for immediate use and use as part of their pandemic response strategy.

The TraceSafe iMSafe device monitoring the interaction of the passengers is also being conducted with participants who are not travellers, including civil servants and those working with the testing team. TraceSafe technology and official protocol is continuously re-evaluated based on success in the Cayman Islands under the branded "Stay Safe Cayman".

Southeast Asian Conglomerate:

A large Southeast Asian Conglomerate; primarily focused on technology, defense and engineering, issued a letter of authorization for ordering of an initial purchase of 30,000 wristbands and LTE Gateway, subsequently, additional purchase orders were optioned for continuous sale into major national governments in the region.

Singapore Government:

In the Singapore's national budget of the financial year April 2021 to March 2022, the new national budget is structured to equip Singapore workers with deep and future-ready capabilities. Through the "Open Innovation Platform" provided solutions with TraceSafe technologies for safe reopening of worksites.

The Company won the Singapore National Innovation Challenge award specifically acknowledging Tracesafe as a leader in these solutions. The challenge was sponsored by Boustead and co-funded by Singapore's Infocomm Media Development Authority (IMDA).

TD Gardens

TD Garden is owned and operated by Delaware North, a global food, venue and hotel management company selected Tracesafe as the official contact tracing solution for TD Gardens. TD Gardens is the home of the Boston Bruins, Boston Celtics and hosted numerous other events.

Hockey Canada

Tracesafe was the exclusive and official contact tracing partner for the 2021 IIHF World Junior Championship in Edmonton, Alberta from December 13, 2020 to January 5, 2021, powered by Telus Communications a world leading wireless network, Tracesafe provided staff members and players with Tracesafe wearable safety tech solutions across the tournament bubble.

SELECTED FINANCIAL INFORMATION

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The following tables provide selected annual and quarterly financial information in accordance with IFRS for the Company's quarter ended December 31, 2020. In the quarter ended December 31, 2020, the Company incurred a loss of \$2,521,915 (before attributing to non-controlling interest).

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, 2019	-	(144,585)	(144,585)	(0.01)	-	-
June 30, 2019	-	(215,581)	(215,581)	(0.01)	-	-
September 30, 2019	-	(130,650)	(130,650)	(0.01)	-	-
December 31, 2019	-	(197,357)	(197,357)	(0.01)	-	-
March 31, 2020	-	(848,780)	(833,383)	(0.04)	-	-
June 30, 2020	516,274	(962,019)	(940,397)	(0.03)	-	-
September 30, 2020	1,085,291	(878,243)	(511,341)	(0.02)	-	-
December 31, 2020	1,958,394	(3,585,483)	(3,224,095)	(0.04)	-	-

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, 2020

The comprehensive loss for the years ended December 31, 2020 were \$5,509,216 before attributing to non-controlling interest (2019 – \$666,016).

Significant variances for the three and twelve months ended December 31, 2020

Revenue increased to \$3,559,959 compared to 2019 comparable period amount of \$nil, due to the acquisition of the "TraceSafe" full suite of real-time location management services and contact tracing solutions from WiSilica Inc. ("WiSilica") and the subsequent business development activity conducted by the Company after acquisition. The principals of WiSilica are providing support and contract services to assist with the transition of operations with one individual, Mr. Dennis Kwan now performing the role as CEO of TraceSafe Technologies Inc. Existing contacts and contracts in addition to recent extensive business development marketing effort have resulted in revenue from the Hong Kong government, the Southeast Asian Conglomerate and other government healthcare, and corporate relationships.

Cost of sales increased to \$2,021,415 compared to 2019 comparable period amount of \$nil, due to the acquisition of the "TraceSafe" full suite of real-time location management services and contact tracing solutions from WiSilica and the subsequent business development activity conducted by the Company after acquisition. WiSilica provided recently acquired product for sales fulfillment and performed engineering services to fulfill the recent sales orders. WiSilica is a related party as one of the principals, Mr. Dennis Kwan is a significant shareholder of WiSilica and is the now the CEO of TraceSafe Technologies Inc.

Research and development activity had increased to \$1,166,022, compared to 2019 comparable period amount of \$nil, due to the acquisition of the "TraceSafe" full suite of real-time location management services and contact tracing solutions from WiSilica and the subsequent business development and technology development activity conducted by the Company after acquisition. WiSilica provides development

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engineering, hardware, software and other support services for the development of the Atmosic, Dialog and LTEM-Bridge projects currently being developed. The planned expansion of development is part of a long-term development plan to provide technological solutions beyond the initial quarantine management and contract tracing for governments, sports teams, companies and other entities as each is required to address the resumption of activity issues during the global pandemic. Development of product and the software platform has extended the Company's offering to additional uses including the transportation and hospitality industries. WiSilica is a related party as one of the principals, Mr. Dennis Kwan is a significant shareholder of WiSilica and is the now the CEO of TraceSafe Technologies Inc.

Consulting fees increased to \$974,515 in 2020 compared to \$nil in 2019. The variance is due to the business development and marketing of TraceSafe's technologies and products, which resulted in a higher cost compared to the prior comparable period.

Management fees increased slightly to \$237,605 compared to \$230,533 in 2019 due to the acquisition of the "TraceSafe" full suite of real-time location management services and contact tracing solutions from WiSilica and the subsequent business development activity conducted by the Company after acquisition. The principals of WiSilica are providing support and contract services to assist with the transition of operations with one individual, Mr. Dennis Kwan now performing the role as CEO of TraceSafe Technologies Inc. Also, TraceSafe Technologies Inc. has added a Chief Revenue Officer and Chief Privacy Officer, all of which, resulted in increased management fees.

Personnel, payroll and consultants increased to \$1,026,881 compared to \$nil in 2019. The increase is due to commencement of operations after the acquisition of the "TraceSafe" full suite of real-time location management services and contact tracing solutions from WiSilica.

Regulatory, exchange, AGM, press release and transfer agent fees increased to \$46,584 compared to \$24,412 in 2019. The increases due to due to the acquisition of the TraceSafe and share issuance.

Professional fees increased to \$608,852 compared to \$347,861 in 2019, due to the acquisition of the "TraceSafe" full suite of real-time location management services and contact tracing solutions from WiSilica. The primary reason for the increase is due to legal costs incurred during the process of negotiating, finalizing and closing the acquisition of "TraceSafe" with WiSilica. Furthermore, the Company was negotiating terms of the brokered private placement with Canaccord Genuity.

Stock-based compensation was \$1,633,567 for 2020 compares to \$9,190 in 2019. Stock based compensation increased because of the achievement of a performance milestone occurred earlier in the period and the granting to stock options to key employees. On September 18, 2020, the Company granted 500,000 stock options to two key employees. On November 6, 2020, the Company granted 100,000 stock options a director. On November 29, 2020, the Company granted 300,000 stock options to a new director. In addition, on January 15, 2020, the Company awarded 4,250,000 performance shares awards to certain directors of the Company. The day the 1,700,000 performance shares were issued, the Company's common shares closed at \$0.39155 per share (CDN\$0.56 per share). The remaining 2,550,000 performance shares awards remained unissued at December 31, 2020.

Finance charges increased to \$213,165 compared to \$3,542 in 2019, due to the transition agreement after acquisition of "TraceSafe". Due to the timing of the acquisition and transition agreement, WiSilica provided finance sales fulfillment on recent sales orders. These charges are expected to be a one-time event once operational transition is completed. In addition, the Company set up a receivable factoring loan for working capital purposes.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2020, the Company had a working capital surplus of 593,736 [December 31, 2019 – *deficit* of \$(324,828)]. All of the current accounts payable and accrued liabilities 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 and development plans.

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The Company's working capital amounts are as follows:

	December 31, 2020	December 31, 2019
	\$	\$
Cash	556,990	719
Restricted term deposit	51,330	-
Receivables	2,017,770	1,196
Prepaid expense and deposits	820,062	23,067
Accounts payable and accrued liabilities	(1,328,723)	(79,955)
Deferred revenue	(53,918)	-
Due to related party	(1,990)	(65,406)
Loan and interest payable	(1,467,785)	(204,449)
	(593,736)	(324,828)

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 and development requirements.

INVESTMENT IN AIRBEAM WIRELESS TECHNOLOGY INC.

On February 26, 2019, the Company entered into a definitive agreement to make an investment in Airbeam Wireless Technology Inc ("Airbeam").

Airbeam, a private B.C. company, purchased the 60 Ghz portfolio of gigabit-class wireless infrastructure assets ("Airbeam Technology") from a leading US publicly-traded semiconductor company.

Tracesafe believes that this Airbeam Technology contains the potential building blocks for a new generation of wireless network technologies that are designed to take advantage of existing and emerging high-speed data markets, including 5G: the future global telecommunication standard.

Airbeam's acquisition includes millions of sale-ready chipsets and a robust backlog of orders with longstanding clients that can provide Airbeam early potential revenue and with a roadmap offering rapid growth potential.

In addition to real-world applications in wireless backhaul, real-time HD video streaming and radar/sensing, Airbeam is also developing a technology stack and innovative product line to unlock the economic potential of Internet-of-Things ("IoT") including Smart Cities. This includes, significantly, potential machine-to-machine IoT applications governed by blockchain technology.

On November 12, 2019, the Company, through its wholly-owned subsidiary Wishland Properties Limited, closed its investment consisting of 9,876,191 Class A Voting Common Shares at a price of USD\$0.09 (CDN\$0.12) per share for a total investment of \$882,000 (CAD\$1,185,143).

As at December 31, 2020, the Company had amounts receivable of \$1,196 (December 31, 2019: \$1,196) from Airbeam.

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.

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COMPLETED TRANSACTIONS

On May 12, 2020, the Company acquired a self-quarantine monitoring technology suite known as "TraceSafe" through a newly formed subsidiary named Tracesafe Technologies Inc. for a cash payment and contribution of USD\$650,000 and 4,516,395 non-voting common shares in the capital of Tracesafe Technologies Inc. (the "Tracesafe Common Shares") were issued to the vendor, WiSilica Inc. ("WiSilica"). Subject to certain voluntary conversion restrictions the Tracesafe Common Shares are exchangeable for 4,516,395 common shares in the capital of the Company.

In addition, WiSilica received an aggregate of 1,483,605 preferred shares in the capital of Tracesafe Technologies Inc., which may be converted into an aggregate of up to 19,286,865 Tracesafe Common Shares, upon satisfaction of three separate performance milestones relating to the commercialization of the TRACESafe assets. Such Tracesafe Common Shares are, subject to certain voluntary conversion restrictions, exchangeable for an aggregate of up to 19,286,865 common shares of the Company.

The "TRACESafe" self-quarantined monitoring technology includes a license for the use of a location-aware IoT platform, all customer and contact lists, filed patents, access to existing inventory and all other related contracts.

The acquisition of the Tracesafe technology has been transformative for the Company as the recent pandemic has provided a catalyst to accelerate revenue generation due to the worldwide need to implement contact tracing measures as a means of managing the pandemic. Furthermore, the attention and focus on such location and proximity tracking technology has provided an environment for the development of the technology that the company expects can be applied for other markets and purposes such as asset tracking, connected workforce safety and a seamless hospitality experience.

On June 9, 2020, the Company changed its name to "TraceSafe Inc."

On June 19, 2020, the Company announced that it has engaged Canaccord Genuity Corp. to act as lead agent in connection with a brokered private placement of up to 10,000,000 units at a price of CDN\$1.00 per unit, for gross proceeds of approximately CDN\$10,000,000.

On August 7, 2020, the Company closed the private placement offering, led by Canaccord Genuity Corp., of 4,005,000 units at a price of CDN\$1.00 per unit for gross proceeds of \$3,027,664 (CDN\$4,005,000). Each unit consisted of one common share of the Company and one half of one common share purchase warrant exercisable into one common share of the Company at a price of CDN\$1.50 per warrant for a period of 24 months from the closing date of the Offering.

In connection with share issuances, the Company paid a finder's fee of \$388,603 (CND\$514,325). the Company: (i) issued an aggregate of 215,850 agent warrants ("Agent Warrants") to the Agent and certain other brokers; and (iii) issued 80,100 Units to the Agent as a corporate finance fee. Each Agent Warrant entitles the holder to acquire one (1) Unit (an "Agent Warrant Unit") at an exercise price equal to the Issue Price per Agent Warrant Unit for a period of twenty-four months from the date of issuance. Each Agent Warrant Unit consists of one (1) Common Share and one-half of one (1/2) Warrant.

INVESTOR RELATIONS AND MARKET MAKING ACTIVITY

On February 1, 2019, the Company entered into a market making contract with Independent Trading Group (ITG) Inc. ("Market Maker" or "ITG"). The agreement between TSF and ITG was on an initial three-month period and renew for subsequent three-month period basis with a requirement of 30 day written termination notice. ITG has been receiving a monthly fee of CDN\$5,500. As at the year ended December 31, 2020, the Company owed ITG CDN\$5,500 and the contract was still in place.

PROPOSED TRANSACTIONS AND CHANGE OF BUSINESS

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As is typical with a change of business, 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 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 continued existence is dependent upon its ability to secure 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 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 its development plans 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.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The Company incurred the following transactions with directors and key management personnel during the years ended December 31, 2020 and 2019 was as follows:

	December 31, 2020		December 31, 2019	
Management fees	\$	430,938	\$	223,533
Professional fees		79,228		55,757
Share-based compensation		736,062		9,190
	\$	1,246,228	\$	288,480

Transactions with WiSilica

WiSilica is a non-voting majority shareholder of TraceSafe Tech, in addition, the Chief Executive Officer of TraceSafe Tech is a significant shareholder of WiSilica. The transactions incurred with WiSilica during the years ended December 31, 2020 and 2019 include the following:

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	December 31, 2020	December 31, 2019
Inventory purchases, included in costs of sale	\$ 1,096,507	\$ -
Research and development	1,166,022	-
Finance costs	103,343	-
Other administration cost, included general and administration	97,444	-
	\$ 2,463,316	\$ -

The transactions with WiSilica were incurred in the normal course of business pursuant to certain transition agreement.

Related party balances

As the December 31, 2020, there was \$346,137 (2019 - \$nil) outstanding to WiSilica included in accounts payable and accrued liabilities.

As at December 31, 2020, there was a balance of \$nil (2019 - \$5,314) in professional fees accrued as payable to the Company's Chief Financial Officer ("CFO").

As at December 31, 2020, there was a balance of \$1,990 (2019 - \$65,406) in director fees accrued as payable to independent directors of the Company.

FINANCIAL INSTRUMENTS

Please refer Note 3 of the consolidated financial statements for the year ended December 31, 2020.

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 TSF'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, 2020, and December 31, 2019, is as follows:

	December 31, 2020	December 31, 2019
Common shares	35,765,784	22,238,031
Stock options	2,350,000	1,512,500
Stock warrants	4,678,097	-
Broker warrants	215,850	-
Performance shares	2,550,000	-
	45,559,731	23,750,531

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Please also refer to Completed Transactions section above and Note 4 of the Audited Financial Statements for the year ended December 31, 2020. WiiSilica has the ability to convert their shares of TraceSafe Technologies Inc. to TraceSafe Inc.

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, 2020.

BOARD PURPOSE AND FUNCTION

The directors and management of the parent company have extensive experience operating and taking projects through to various stages of 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 five 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.

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 development. There is no assurance that sufficient equity or debt financing will be available at reasonable terms to the Company. In addition, any future equity or convertible debt 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. 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.

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Regulatory Matters

The Company's business is subject to various federal, provincial and local laws governing intellectual property and development, taxes, labor standards and occupational health and other matters. Technology development is also subject to various federal, provincial and local laws and regulations relating to the protection of intellectual property. A violation of these laws may result in the imposition of substantial fines and other penalties.

Litigation risk

Disputes are common in the information service and technology 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 service and technology infringement 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 changed its business to the development of real-time location management services and contact tracing solutions. There is no assurance that the Company will be successful in transitioning to the new business venture and eventually become profitable.

Potentially dilutive loans from related parties

The Company has a history of signed loan agreements and debt settlement agreements with individual investors and related parties to raise cash to continue to fund operations.

Reliance on WiSilica Inc, a significant related party and other related party transactions

With the acquisition of Tracesafe's technology, the Company is highly reliant on key personnel of WiSilica Inc., to conduct its business. Specifically, the Company relies on WiSilica staff to organize all of its production activity and development activity. Any disruption or disputes with WiSilica may result in significant negative impact to its performance. Furthermore, there is a high level of related party activity with WiSilica.

COVID-19 Pandemic

The recent outbreak of the coronavirus, also known as "COVID-19," has spread across the globe and is impacting worldwide economic activity. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken worldwide to contain and treat the disease. The effect that these events will have such as the ability for the Company to raise capital, the Company cannot determine their financial impact at this time.

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 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.

**TRACESAFE INC. (FORMERLY BLOCKCHAIN HOLDINGS LTD.)
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020 and 2019**

Corporate Office's

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