



DIGICRYPTS BLOCKCHAIN SOLUTIONS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

Dated September 28, 2020

INTRODUCTION

The following is a discussion and analysis of the activities, results of operations and financial condition of DigiCrypts Blockchain Solutions Inc. (formerly TJR Coatings Inc.) (“DigiCrypts” or the “Company”) for three and six months ended July 31, 2020 and the comparable periods ended July 31, 2019. The discussion should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended July 31, 2020 and July 31, 2019 and related notes thereto, and the audited annual financial statements for the year ended January 31, 2020 and the period of incorporation to January 31, 2019. The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Corporation’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk and Factors” section below. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. 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 MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Corporation’s ability to meet its working capital needs at the current level for the next twelve-month period; management’s outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Corporation does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

DESCRIPTION OF BUSINESS

DigiCrypts Blockchain Solutions Inc., (the “Company”) was incorporated on December 11, 1998 under the laws of the Province of Ontario, Canada. The registered office and principal place of business of the Company 33 Bloor St E, Toronto ON M4W 3H1.

The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol “DIGI”.

The Company is based in Toronto and is the first company in the Digital Security space to be both publicly listed (listed on the Canadian Securities Exchange-symbol: DIGI) and own a registered Dealer. DigiMax Capital Corp. (a wholly owned subsidiary of the Company) is an 'Exempt Market Dealer registered in Ontario. The corporate group presently consults to operating businesses and helps them raise capital through traditional means and the issuance of traditional securities.

GOING CONCERN

As at July 31, 2020, the Company had working capital of \$97,903 (January 31, 2020 - \$219,965), had not yet achieved profitable operations, had accumulated losses of \$3,745,069 (January 31, 2020 - \$3,387,731), and currently expects to incur further losses in the development of its business. There is no assurance that the operations of the Company and any future operations will be successful and profitable. These conditions raise material uncertainties as to the use of the going concern assumption in these consolidated financial statements.

These unaudited interim condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

These unaudited interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The outbreak of the novel strain of corona virus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

HIGHLIGHTS

On July 10, 2020 the Company announced that it entered into a letter of Intent to acquire all of the outstanding shares of DataNavee Corporation, and on September 18, 2020, completed the acquisition. Pursuant to the terms of the share purchase and exchange agreement, The Company issued the shareholders of DataNavee (the "Vendors") 55,000,000 common shares in exchange for 100% of the issued and outstanding shares of DataNavee. Accordingly, DataNavee is now a wholly owned subsidiary of the Company. The Consideration Shares are subject to contractual hold periods resulting in them being transferable in four tranches including 25% immediately, 25% four months after today's date, 25% eight months after today's date, and 25% twelve months after today's date.

DataNavee ("DNV") was formed by an experienced team of professionals that have been involved in the Artificial Intelligence and data analytics sector for over twenty years. DNV is currently focused in providing sophisticated "predictive analytics as a service" solutions to companies around the world on a Software as a Service (SaaS) basis. While DNV can provide support to the food industry as described in a prior release, DNV technology can also support the financial services industry, retailers, and supply chain management companies by providing predictive analytics of supply and demand of goods and services, predictive pricing, and the identification of underserved areas of high demand. Security of client data can also be maintained through sophisticated blockchain applications. DNV provides an extension to the current financial services offering of the Company, and through the use of technology and blockchain, dramatically increases the revenue and profit opportunities for the Company. The DNV technology can also be applied to the existing operations of the Company to enhance the current rate of growth.

On September 9, 2020, the Company closed a private placement financing in the amount of \$440,000 for 8,800,000 units. The subscription price per unit was \$0.05 and each unit consists of one common share of the Company and one common share purchase warrant, with each warrant exercisable at \$0.05 per share for 24 months following closing. EMD Capital Corp. acted as financial advisor and will be paid fees consisting of 8% (\$35,200) in cash and 8% broker warrants exercisable for 704,000 common shares of the Company exercisable at \$0.05 per share for 24 months following closing.

OUTLOOK AND PLANS

The Company has evolved into two separate income generating businesses. The first is to primarily act as a consultant for companies seeking to raise capital or become publicly listed, whereby the Company will assist clients to change or improve their business plan, and to seek new business partnerships that can strengthen the value of their businesses prior to raising capital. The second is to provide registered advisory and funding services as an Exempt market Dealer registered in Ontario, Canada.

DigiMax was originally conceived as a company that was primarily interested in operating in the emerging world of "digital securities" which are essentially another class of corporate securities acting as a hybrid between common shares and preferred shares issued by corporations as a means of raising capital for their business. This market has been slow to mature within regulated markets and while the Company continues to closely monitor this industry, it currently is not actively involved with any digital securities or companies issuing such securities.

RESULTS OF OPERATIONS

For the three and six months ended July 31, 2020 compared to July 31, 2019

During the three and six months ended July 31, 2020 the Company focused on its business consulting and EMD divisions. Net loss and comprehensive loss for the current and comparative periods ended July 31, 2020 and 2019 are detailed as follows:

	Note	Three months ended July 31,		Six months ended July 31,	
		2020	2019	2020	2019
		\$	\$	\$	\$
Revenues					
Advisory fees		165,355	27,207	262,224	27,207
Total revenues		165,355	27,207	262,224	27,207
Expenses					
Consulting fees	i	164,943	76,579	265,467	185,270
Professional fees	ii	205	13,055	8,412	61,206
Investor relations	iii	-	2,132	500	50,628
Business development	iv	-	5,119	1,134	52,891
General and administration	v	37,683	28,415	56,987	52,042
Share based compensation	vi	-	-	-	237,006
Total expenses		(202,831)	(125,300)	(332,500)	(639,043)
Interest, finance and accretion expense	vii	(63,200)	(61,097)	(121,483)	(108,137)
Gain on revaluation of derivative	viii	(15,955)	59,930	(165,579)	40,030
Loss and comprehensive loss		(116,631)	(99,260)	(357,338)	(679,943)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

- (i) The Company engages consultants to help manage various aspects of the business, including registered dealers (to work with Digimax clients), exempt market dealer compliance, business development, corporate services and other such services as required. With the exception of the CFO and some of the CEO compensation, all other consultants are paid as a percentage of revenues earned, with the balance of that revenue being retained by the Company. Included in consulting are CEO and CFO management fees (see related party section).
- (ii) Represent audit and legal fees.
- (iii) During the prior period the Company engaged different groups for investor marketing and to help educate the public on the company. The Company did not continue these services in the current quarter.
- (iv) Includes travel and other such expenses required to establish for meetings, promote the company and to establish operations abroad. Travel and meetings abroad were limited during the current quarters due to the impact of COVID-19.
- (v) General and administrative consists of office expenses, transfer agent, shareholder communication and other such expenses.
- (vi) Represents the value of stock options that vested during the period.

- (vii) Represent the interest and accretion expense on the convertible debentures.
- (viii) Represents the change in value of the derivative liability (related to the issue of convertible debentures). This is revalued each reporting period with the change in fair value recorded in the statement of profit and loss.

SELECTED QUARTERLY FINANCIAL INFORMATION

Three Months Ended	Net Revenues (\$)	Net Loss	
		Total (\$)	Basic and Diluted Loss Per Share (\$)
31-Jul-20	165,355	(116,631)	(0.00)
30-Apr-20	96,869	(240,707)	(0.00)
31-Jan-20	133,015	(100,930)	(0.00)
31-Oct-19	6,384	(355,869)	(0.01)
31-July-19	27,207	(99,260)	(0.00)
30-Apr-19	4,857	(580,683)	(0.01)
31-Jan-19	-	(779,368)	(0.01)
31-Oct-18	-	(214,002)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its planned business activities. 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. In order to carry out the planned business activities and 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 is not subject to externally imposed capital requirements.

	July 31, 2020	January 31, 2020
	\$	\$
Cash	88,082	207,140
Working capital	97,903	219,965

For the six months ended July 31,	2020	2019
	\$	\$
Cash used in operating activities	(99,073)	(439,494)
Cash used in investing activities	-	(41,655)
Cash used in financing activities	(19,985)	428,948

Cash used in operating activities

Cash used in operating activities was the result of the operating loss from operations of \$357,338 (2019 - \$679,943), positively adjusted for non-cash items of \$287,062 (2019 - \$305,113), and the negative net change in non-cash working capital items was \$(28,797) (2019 - \$(64,664)).

Cash flows from investing activities

There were no investing activities during the six months ended July 31, 2020. During the six months ended July 31, 2019, the Company spent \$41,655 on development costs.

Cash flows from financing activities

Cash used in financing activities amounted to \$19,985 of interest paid on the debentures. Cash from financing activities in the prior period included net proceeds of \$464,994 from the issuance of convertible debentures less \$36,045 of interest paid on convertible debentures.

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements and issuance of convertible debentures.

The Company's current revenue run rate along with its working capital position at January 31, 2020, will not be able to support short and long term operations and growth strategy. Management recognizes the need for improved cash flow and liquidity to fund the future operations and growth. Management closely monitors the Company's current cash position and the short-term and long-term cash requirements. The Company will be required to obtain additional funding to take advantage of the market opportunities and an issuance of common shares or debt will most likely be a component of the funding.

The ability of the Company to continue operations will be dependent upon obtaining additional financing as required. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to small cap companies, in addition to the results of the Company's operation. There can be no guarantee that the Company will be able to secure any required financing.

Subsequent to the end of the quarter, the Company completed an equity financing of \$440,000 to help fund operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Other than information disclosed in this MD&A, the Company has no other proposed transactions.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant judgments relate to the valuation of warrants, determination of functional currency, recognition of deferred tax assets and liabilities, capitalization of development costs, determination and valuation of derivative liabilities, and the accounting treatment of digital mining operations.

i. Determination of fair values using option pricing models

The Company measures the cost of equity-settled transactions consisting of share purchase warrants offered to service providers and employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. Changes in the input assumptions can materially affect the fair value estimate. The Company uses the Black-Scholes Option Pricing Model to calculate the fair value.

ii. Determination of functional currency

Management uses its judgment to determine the functional currency that most appropriately represents the economic effects of the underlying transactions, events and conditions. The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

iii. Deferred taxes

The recognition of deferred tax assets is based on likelihood of future taxable income. The measurement of future taxable income for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

iv. Development costs

The capitalization of costs for internally generated intangible assets is subject to judgment including the technical feasibility, timeframe to commercialization, assessment of availability of resources to complete the project, and if economic benefits will be generated from its use.

v. Derivative liabilities

The Company values derivative liabilities by reference to their fair value at the date at which the instrument is granted. Estimating fair value requires determining the most appropriate valuation model. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life and volatility and making assumptions about them. Changes in the input assumptions can materially affect the fair value estimate. The Company uses the Black-Scholes Option Pricing Model to calculate the fair value.

vi. Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

New standards and interpretations

At the date of authorization of these consolidated Financial Statements, the IASB and the IFRS Interpretations Committee have issued certain new and revised Standards and Interpretations which are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded from these consolidated financial statements. The Company has not early adopted and is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

RELATED PARTY TRANSACTIONS

Key management includes members of the board of directors, the Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the three and six months ended July 31, 2020 and July 31, 2019:

- (i) During the three and six months ended July 31, 2020, cash payments of \$9,670 and \$35,327 calculated as a percentage of revenues earned, (three and six months ended July 31, 2019 - \$30,000 and \$60,000) was charged by the Chief Executive Officer for consulting fees, and \$15,000 was accrued for the three months ending July 31, 2020.
- (ii) During the three and six months ended July 31, 2020, \$9,000 and \$18,000 (three and six months ended July 31, 2019 - \$9,000 and \$18,000) was charged by CFO Advantage Inc. ("CAI"), a Company owned by the Chief Financial Officer of the Company, for CFO consulting fees. As at July 31, 2020, \$23,730 (January 31, 2020 - \$3,390) of these fees were included in accounts payable and accrued liabilities.
- (iii) During the three and six months ended July 31, 2020, a director was paid consulting fees of \$54,218 and \$70,736 (2019 - \$nil) for advisory work related to Digimax Capital Corp, all of which was paid as a percentage of revenues earned.

COMMITMENTS AND CONTINGENCIES

The Company has no commitments as at July 31, 2020.

OUTSTANDING SHARE DATA

As at the date of this MD&A the Company has the following outstanding: 124,776,367 common shares, 6,800,000 stock options and 12,090,250 warrants.

FINANCIAL INSTRUMENTS

Fair value

Financial instruments of the Company consist of cash, receivables, accounts payable and accrued liabilities, convertible debenture, and the derivative liability. There are no significant differences between the carrying amounts of the items reported on the statements of financial position and their estimated fair values.

The Company has determined the estimated fair values of its financial instruments based on appropriate

valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange and could be materially affected by the use of different assumptions or methodologies. The derivative liability is the only financial instrument at fair value through profit and loss and falls into level 3 fair value hierarchy.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

The Company is exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash balance. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short-term nature of interest-bearing cash.

Liquidity risk

The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing.

Foreign exchange risk

The Company's functional currency is the Canadian dollar and all major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk is negligible and therefore does not hedge its foreign exchange risk. The Company holds cash balances in foreign currencies which give rise to exposure to foreign exchange risk.

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable financial institutions, from which management believes the risk of loss to be remote. Currently, receivables are primarily sales taxes receivable which management believes are collectable. Management believes that the credit risk concentration with respect to these items is remote.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the audited annual consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the audited annual consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

OTHER RISK FACTORS

See risk section detailed in the Company's listing statement as filed on SEDAR on March 15, 2019.