KHAN RESOURCES INC.

Management Discussion and Analysis

For the years ended September 30, 2018 and 2017
As at January 24, 2019

This Management Discussion and Analysis ("MD&A") has been approved in accordance with a resolution of the board of directors dated January 24, 2019. It should be read in conjunction with the condensed consolidated financial statements of the Company as at and for the years ended September 30, 2018 and 2017.

Significant Events

Name change and new strategic direction

At the annual Shareholders Meeting on August 14, 2018, the shareholders passed a special resolution to the articles of the Company to change the name of the Company to **"Cypherpunk Holdings Inc.".** These changes are expected to come into effect in early February 2019.

This name change reflects the Company's new business direction which is to be a merchant bank focused on ownership of digital privacy coins (Bitcoin, Dash, etc.) as well as selected equity investments related to blockchain technology.

Strategic Investments

Hydro66 Holdings Corp – In March 2018, the Company made a $2.5 million investment in convertible debentures of Arctic Blockchain Ltd., which subsequently became Hydro66 Holdings Corp. in June 2018 through a reverse takeover resulting in a listing on the CSE under the trading symbol "SIX". The convertible debentures were converted into 5 million shares and 5 million warrants of Hydro66. Hydro66 offers enterprise co-location services as well as mining cryptocurrency for its own account and its customers.

Chia Network Inc. - On July 9, 2018, the Company invested US$300,000 (C$388,350) into Chia Network Inc. ("Chia") which is building a blockchain-based on proofs of space and time to make a cryptocurrency that is less wasteful, more decentralized.

Change of Director and appointment of Officers and Directors

On June 11, 2018, the Company announced it has appointed Moe Adham as Chief Investment Officer (CIO) and, at the last Annual Shareholders Meeting, also elected Mr. Adham to the Board of Directors. Mr. Adham is currently the CEO of Ottawa-based Bitaccess (www.Bitaccess.ca) which developed the world's first Bitcoin Teller Machine (BTM) and whose software currently powers one of the world's largest networks of such machines. Bitaccess was also recently selected by the Government of Canada to run one of their first pilot programs trialing a Blockchain application, in this case one intended to make government research grant and funding information more transparent to the public. This application runs on Bitaccess's Catena Blockchain Suite platform and the pilot program is being overseen by the National Research Council, Canada's leading industrial research organization. Mr. Adham has a Masters Degree in Nanotechnology from the Swiss Federal Institute of Technology (EPFL) and a degree in Engineering / Economics from the University of Waterloo.

The Company has added Dominic Frisby to the board of directors. Mr. Frisby, who resides in the UK, is a well-known author, journalist, market commentator and speaker, whose diverse accomplishments include being the author of "Bitcoin: The Future of Money?" the first known book published on Bitcoin by a recognized publisher. Mr. Frisby contributes regularly to Moneyweek and the Guardian and is considered by the British media an authoritative figure on the world of cryptocurrencies.

On August 27, 2018, Dennis Gibson was appointed Chief Financial Officer and Michael Sadhra resigned as Interim Chief Financial Officer.

Granting of stock options

On June 1, 2018, the Company granted a total of 5,000,000 options to certain directors, officers, and consultants to buy common shares at an exercise price of $0.10 each and expire on June 1, 2023.

Overall Performance

Investment details

Hydro66 Holdings Corp

In March 2018, the Company made an investment in Arctic Blockchain Ltd. ("Arctic"), a privately held British Columbia corporation that operates a data centre business in northern Sweden, offering enterprise co-location services as well as mining cryptocurrency for its own account and its customers.

Under the terms of the investment, the Company purchased C$2.5 million of convertible non-interest bearing debentures (the "Debentures") of Arctic as the lead investor in Arctic's recently completed private placement offering of Debentures in the aggregate principal amount of C$10 million. In addition, the Company and Arctic entered into an agreement pursuant to which the Company has the right to participate in equity financings of Arctic in order to maintain its pro rata ownership at the time of any such financing. Such agreement will terminate on the earliest of the second anniversary of the agreement, the date that the Company holds in the aggregate less than 3% of the issued common shares of Arctic, or a "Liquidity Event" (as defined in the agreement and includes the listing of Arctic's shares on a recognized stock exchange).

The terms of the Debentures are a maturity of February 27, 2023 (the "Maturity Date"), unless prepaid or converted earlier in accordance with the provisions thereof. Prior to the Maturity Date, the principal amount of the Debentures can be converted into units (the "Units") of Arctic, at the option of the holder, at the conversion price of C$0.50 per Unit, and will be automatically converted into Units at such conversion price prior to a Liquidity Event. Each Unit will be comprised of one common share of Arctic and one share purchase warrant, with each warrant entitling the holder thereof to acquire one common share of Arctic Blockchain at a price of $0.75 per share for a period of two years from the Liquidity Event.

On March 12, 2018, the Liquidity Event occurred as Arctic announced a reverse takeover transaction (“RTO”) with a Canadian Securities Exchange listed shell company called Caza Gold Corp. pursuant to which Arctic would become a listed technology issuer on the CSE at the conclusion of the RTO.

Effective June 13, 2018, upon the completion of the Arctic takeover transaction and after becoming a listed technology issuer on the Canadian Securities Exchange as Hydro66 Holdings Corp., the Debentures owned by Khan have been converted into 5 million shares and 5 million warrants of Hydro66 Holdings Corp. which is listed under the trading symbol “SIX”. As at September 30, 2018 the Hydro66 shares had a market value of $3.5 million.

Subsequent to year end, the market value of Hydro66 investments has experienced a decline in value by approximately $2.3 million to $1.5 million. $1.9 million of this decline relates to the value of the shares in Hydro66 and $0.4 million of this decline relates to the value of the Hydro66 warrants held. The valuation of investments is subject to fluctuations in value and the Company will continue to review the status of this investment.

Chia Network Inc.

On July 9, 2018, the Company invested US$300,000 (C$388,350) into Chia Network Inc. (“Chia”), a private company based in San Francisco, by way of a Simple Agreement for Future Equity (“SAFE”) entitling the Company to participate at a discount in any future equity financing of Chia. Chia is building a blockchain based on proofs of space and time to make a cryptocurrency that is less wasteful, more decentralized, and more secure. Chia is headed up by Bram Cohen, who is famous for creating the file-sharing network Bit Torrent.

In its innovative technology model, Chia ditches proof of work and makes use of free storage that a user’s computer possesses. Adding to this is the company’s proof-of-time layer that efficiently minimizes a coordinated attack against its proof-of-space system. To prevent the formation of mining pools, which can result in abuse of the network, Chia is introducing a “non-outsource ability.” Simply put, Chia enables any mining participant to leave the system without a trace and with the rewards. Due to these features, Cohen believes that his company capitalizes on Bitcoin’s issues and solves both the electricity waste and centralization.

The SAFE agreement provides that Khan can, throughout the term of this agreement, participate up to US$300,000 at a 90% discount in any future Equity Financings and Registered offerings of Chia. Equity Financings are in Preferred Stocks and Registered Offerings are in non-voting common shares. In the event that Chia has a liquidity event, the Company will be paid out at least the value of its investment or receive a number of shares of common stock equal to the invested amount divided by the liquidity price. Thereafter, this instrument expires and terminates.

International Arbitration Award and the Liquidation Plan

In May 2016, the Company announced the receipt of US$70 million (C$90,593,987) from the Government of Mongolia in settlement of an international arbitration award rendered in favour of Khan in March 2015.

The subsidiaries of the Company collectively received an award of US$55,167,000 (C$71,397,121) based on each entity's interest in the underlying historic assets of the two former Mongolian subsidiaries and the parent company received US$14,833,000 (C$19,196,866) as a reimbursement of the expenses incurred to obtain the award and collect the settlement.

On November 10, 2016, the Company announced that the shareholders of the Company had approved a special resolution for the voluntary liquidation and dissolution of Khan. The shareholders also approved, pursuant to the winding up, an initial distribution of $0.85 per share by way of a return of capital that was paid on November 29, 2016 to shareholders of record at November 22, 2016.

Arrangement Agreement with Arden Holding

On March 22, 2017, the Company announced that it had entered into an agreement with Arden Holdings Ltd., ("Arden") a private Turks and Caicos company and Arden's wholly owned subsidiary ("Arden BidCo") whereby Arden BidCo had agreed to acquire all of Khan's outstanding shares by way of a plan of arrangement (the "Arrangement"). Under the Arrangement, Khan's shareholders would have received cash of C$0.05 per share.

Termination of the Arrangement and the Liquidation

On May 4, 2017, the Arrangement with Arden was terminated based on received proxies that indicated that there would be less than the required two-thirds majority of votes in favour of the transaction.

On May 5, 2017, at the Company's Annual and Special Meeting of Shareholders ("AGM"), the shareholders of the Company elected a new board.

On May 8, 2017 the board announced that it had determined that it would not proceed with the liquidation plan that was approved by the Company's shareholders on November 10, 2016. The liquidation plan approved by the shareholders provided that the board was authorized to stop the liquidation of the Company if it determines in its discretion that doing so is no longer in the best interests of the Company or its shareholders. Management decided to pursue strategic alternatives for the Company with a view to maximizing its value for the benefit of the shareholders. Management also made certain administration changes to align the business with the new board.

Netherlands preliminary tax assessment

On February 15, 2017, the Company received an income tax reassessment from the Netherlands tax authority reassessing the Company's Dutch subsidiary Khan Resources BV ("KRBV") for an amount payable of €3.3 million Euros (C$5 million). This reassessment was pursuant to management challenging an earlier preliminary assessment for an amount payable by KRBV of €11.4 million Euros. The preliminary tax assessment and the reassessment were both issued before KRBV had filed its 2016 tax return and as such are based on incomplete information. Based on tax professionals' advice, management is of the opinion that the reassessed amount payable of 3.3 million euros continues to be an over assessment. The 2016 tax return has since been filed and management believes that this issue will be resolved when the Netherlands tax authority has the opportunity to review all the facts. As a result, no provision has been made for this reassessment in the consolidated financial statements as at September 30, 2018.

KRBV dividend and Netherlands withholding tax

On May 2, 2017, the board of directors of KRBV approved a dividend in the amount of US$3 million to the Company which is the sole shareholder of KRBV. The withholding tax on this transaction of US$150,000 (CAD$204,000) was remitted to the Netherlands tax authorities during the third quarter of 2017.

Former Chief Executive Officer Claim

In October 2017, Mr. Grant Edey, the former Chief Executive Officer, filed a $775,000 claim for severance and damages against the Company. The Company believes the severance is not appropriate and the amount claimed is not probable to be paid. No provision has been made for the claim in the consolidated financial statements.

Selected Quarterly Information

The below selected quarterly information summarizes the financial information for the last eight quarters. The information has been prepared on a going concern basis; therefore, the previously reported information on liquidation basis of Q1 2017 through Q4 2018 has been adjusted accordingly.

[Chart follows on next page]

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	Sep-18	Jun-18	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
	$	$	$	$	$	$	$	$
Interest income	11,242	6,744	11,876	10,736	11,515	10,273	10,550	97,060
Gain on conversion of investment	1,883,932	-	-	-	-	-	-	-
Loss on FVTPL investments	(532,918)	-	-	-	-	-	-	-
Foreign exchange loss (gain)	25,346	(20,795)	(34,191)	(6,372)	49,652	28,943	(61,354)	37,660
Legal expenses	8,942	14,213	8,850	5,000	3,901	196,864	285,032	327
Restructuring costs	-	-	-	-	-	-	160,036	265,709
Stock-based compensation	-	391,761	-	-	-	-	-	-
Other General expenses	197,363	71,306	79,985	70,614	105,913	585,773	331,174	182,402
Income tax expense (recovery)	-	-	(212,873)	-	(813,203)	384,000	(148,855)	-
Net gain (loss)	1,130,605	(449,741)	170,105	(58,506)	665,252	(1,185,307)	(555,483)	(389,038)
Net gain (loss) per share (basic and diluted)	0.01	0.00	0.00	0.00	0.00	(0.01)	0.00	0.00
Other comprehensive income (loss)	(1,381,963)	1,381,963	-	-	-	365,243	-	-
Total comprehensive income (loss)	(251,358)	932,222	170,105	(58,506)	665,252	(820,064)	(555,483)	(389,038)
Total current assets	4,100,729	4,707,344	4,722,243	7,033,927	7,077,011	7,012,094	8,545,784	9,059,832
Total current liabilities	126,939	126,820	85,764	69,578	56,181	274,290	1,607,780	2,355,446
Total assets	8,421,368	8,883,685	7,307,568	7,121,277	7,166,386	7,103,493	8,598,035	9,375,905

The income results from the interest earned on the bank accounts and the guaranteed investment certificates (GIC). It fluctuates over the quarters due to changes in the cash balances. Other income in Q4 2018 reflects the $1,883,932 gain on conversion of Arctic Blockchain Ltd. debentures to shares and warrants of Hydro66; subsequently, there was a $532,918 loss for the fair value adjustment of such investments which are classified as FVTPL.

Legal costs in 2016 are mainly related to the international arbitration and settlement with the Government of Mongolia; in the year 2017 the legal costs are mainly related to the subsequent termination of the arrangement with Arden. In the fiscal year 2018 the legal costs are related to the claim of Mr. Grant Edey, the former CEO of the Company.

Restructuring costs in the year 2017 of $425,745 are mainly composed of $214,896 of consultants and audit expenses, $163,500 of severance and other employee expenses in addition to $47,349 of legal expenses; all of these expenses are related to the voluntary liquidation and dissolution decision of November 2016, which was subsequently reversed in May 8, 2017.

The foreign exchange results fluctuate over the quarters mainly due to the variances in the foreign exchange rates mainly of the US dollar and for the variance of the cash balances denominated in such currency.

Other general expenses variances are mainly composed of salaries and wages and corporate and administrative expenses. During the current year there is a continuous reduction of these expenses which is also the trend for the forecasted short-term as a result of the actions taken to reduce them to a minimum level.

The main component of total assets of the Company is cash and the long-term investments. Total assets variances in Q3 and Q4 2018 are mainly due to the fair value adjustments of the Hydro66 Holdings Corp. shares and warrants received on conversion of the Arctic Blockchain Ltd. debentures.

Results of Operations

Comparison of the three months ended September 30, 2018 and 2017

The net income for the fourth quarter of 2018 was $1,130,605 compared to a net gain of $281,001 for the same period of 2017. The variances are summarized as follows:

- In Q4 2018 there is $1,883,982 gain on conversion of the investment in Hydro66 and $532,918 loss on the fair value variance of such investments. The variance is recorded in the operations due to the classification of the investments as FVTPL.
- In Q4 2018 legal expenses of $8,942 are $190,830 higher than the $181,888 credit in Q4 2017. A reversal of over accrued fees regarding the termination of the arrangement with Arden was included in Q4 2017.
- In Q4 2018, the $190,398 general corporate expenses are $54,063 lower than the $244,461 of the same period of the year 2017 due to the planned decrease of all the general and administrative expenses with respect to the expenses incurred in the previous year partially offset by $67,198 retroactive payment of EHT regarding the year 2017.
- In Q4 2018, salaries and wages including director fees are $6,965 versus $47,242 in the same period of the year 2017 mainly due to the termination of the Company employees at the beginning of the current fiscal year.
- In Q4 2018 there is a $25,346 foreign exchange loss versus $49,652 loss in Q4 2017 due to the effect of the variance of the US dollar on the net monetary assets balance in foreign currency.

Comparison of the years ended September 30, 2018 and 2017

The net income for the year ended September 30, 2018 is $792,463 compared to a net loss of $1,464,576 for the year 2017. The variances are summarized as follows:

- In 2018, there is $1,883,982 gain on conversion of the investment in Hydro66 and $532,918 loss on the fair value variance of such investments. The variance is recorded in the operations due to the classification of the investments as FVTPL.
- In 2018, there is $40,598 of interest income against $129,398 in 2017, due to the lower short-term investment balances in the current year.
- In 2018, the legal expenses of $37,005 are $449,119 lower than 2017 mainly due to legal fees regarding the offer from Arden Holding Ltd. to buy the Company and legal expenses regarding the liquidation process of the Company both incurred in 2017.
- In 2018, the general corporate expenses are $236,820 lower than the same period of the year 2017 mainly due to the planned decrease of all the general and administrative expenses until a new business direction is implemented. This

decrease was partially offset by $67,198 of retroactive EHT regarding 2017 recorded in the current year.
- In 2018, the salaries and wages, which include the director fees, are $57,427 versus $606,601 in the year 2017 mainly due to the termination of the Company employees at the beginning of the current fiscal year.
- In 2018, the stock-based compensation is $391,761 due to the granting of 5 million options in June 2018. There was no stock options issuance in the year 2017.
- In 2017, there are $425,745 of restructuring costs which are not applicable in the current year.
- In 2018, there is $36,012 of foreign exchange gain versus $54,901 loss in 2017 due to the effect of the variance of the US dollar on the net monetary assets balance in foreign currency.
- In the current year, there is a $212,873 recovery of current income tax based on an under provision for tax recovery recorded in 2017; in the previous year the recorded claim was $402,058 in addition to a deferred income tax recovery of $176,000.

Financial and Capital Management

Outstanding share data at September 30, 2018

Common shares outstanding:	90,166,482
Options to purchase common shares:	5,000,000

Cash Flow

For the year ended September 30, 2018, the net operating cash inflow was $2,406,158 mainly due to the $5 million proceeds on sale of the GICs and the $614,931 of tax refund collected from CRA, partially offset by the $2.9 million used in the investment additions and $0.3 million of operative expenses, compared to the $72,759,488 net operating cash inflow of the year 2017.

Financial Instruments and Financial Risks

As at September 30, 2018, the Company's financial instruments consist of cash and cash equivalents, and current and non-current financial assets. The risk exposure related to these holdings is described below.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. This risk is mitigated by the fact that as at September 30, 2018, the Company had cash and cash equivalents and short-term investments of $4,072,322 to cover liabilities of $126,939, excluding the deferred tax liability. The Company has positive working capital and besides the investment agreement described in the Note 7 of the financial statement does not have any contractual obligations, including those in the nature of long-term debt, capital lease obligations, operating leases, purchase obligations or other long-term obligations.

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company is exposed to credit risk from its cash and cash equivalents and short and long-term investments, the maximum exposure of which is represented by the carrying amounts reported on the consolidated statement of financial position. This risk is mitigated by using major banks in Canada and the Netherlands that are of high credit quality as determined by rating agencies.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risks: currency risk, interest rate risk and price risk. The Company is exposed to currency and price risks at September 30, 2018. Interest rate risk is minimal at this time.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market currency rates.

The Company is exposed to currency risk because it maintains cash and bank accounts denominated in Euros (EUR) and U.S. dollars (USD). The Company undertakes transactions denominated in these currencies and is exposed to foreign exchange risk arising from such transactions.

The Company currently does not engage in foreign currency hedging. As at September 30, 2018, with other variables unchanged, a 10% variance of the EUR and USD exchange rates against the CAD would have a net effect in net income by approximately $120,536.

Equity risk

The investments classified as level two are comprised of the 5,000,000 Shares and the 5,000,000 Warrants of Hydro66 Holdings Corp.

The shares have a fair value of $3,450,000 at September 30, 2018. The fair value of the shares is determined using the stock price of Hydro66 Holdings Corp. which is listed under the trading symbol "SIX". On September 30, 2018, the share price was $0.69. The Company performed a sensitivity analysis on the fair value of the shares and noted that a 20% decrease in share price would result in a $690,000 decrease in the fair value of the shares.

The warrants have a fair value of $401,014 at September 30, 2018. The fair value of the warrants is determined using the Black-Scholes option pricing model and is updated at the end of each period. At September 30, 2018 the following assumptions were used to assign the fair value: volatility of 27%, a risk-free interest rate of 1.01% and a share price of $0.69. The Company performed a sensitivity analysis on the fair value of the warrants and noted that (i) a change of 20% to the volatility would result in a $99,081 decrease in the fair value of the warrants (ii) a change of 20% to the risk share price would result in a $264,669 decrease in the fair value of the warrants. Changes in other inputs will not result in a significantly higher or lower fair value measurement.

Investments classified as Level Three consist of the US$300,000 (CAD$388,350) invested for a Simple Agreement for Future Equity (“SAFE”) with Chia Network. The fair value of the SAFE at September 30, 2018 was determined using the consideration paid for the SAFE on July 9, 2018. The Company performed a sensitivity analysis on the consideration paid and noted that a 20% decrease would result in a $73,917 decrease in the fair value of the SAFE.

Subsequent to year end, the market value of Hydro66 investments has experienced a significant decline in value by approximately $2.3 million to $1.5 million. $1.9 million of this decline relates to the value of the shares in Hydro66 and $0.4 million of this decline relates to the value of the Hydro66 warrants held. As disclosed in the significant estimates (see Note 7 of the financial statements) and market price risk (see Note 16 of the financial statements) the valuation of investments is subject to fluctuations in value. The Company will continue to review the status of this investment and consider further valuation adjustments in the next reporting period.

Accounting Policies

This MD&A should be read in conjunction with Khan’s consolidated financial statements and notes as at and for the period ended September 30, 2018 and 2017. For additional information on Khan’s significant accounting policies and methods used in preparation of Khan’s 2018 consolidated financial statements and notes, please refer to Note 2 to consolidated financial statements.

The consolidated financial statements as at September 30, 2018 and 2017 are presented on a going concern basis.

The preparation of Khan’s financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Khan evaluates these estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Actual amounts could differ materially from those estimates and assumptions. Khan’s critical accounting estimates are discussed later in this MD&A.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements with the exception of an indemnification agreement with the independent third party that purchased the Company’s subsidiary, Khan Resources Bermuda Ltd. on August 17, 2016. The Company has indemnified the purchaser against certain contingencies. The indemnity is capped at $2 million and expired on August 16, 2017. Khan has not recognized this indemnity in its consolidated financial statements because management judged that the probability that the indemnity would be utilized was remote and this judgement proved to be correct.

Transactions with Related Parties

During the year, there is a charge of $90,000 (2017- $Nil) from Laramide Resources Ltd., a Company having a director Mr. Marc Henderson and officer Dennis Gibson, in common with Khan Resources Inc. for office space rent and other shared expenditures paid on behalf of the Company. In addition, Laramide Resources Ltd. paid $41,845 of certain expenses on behalf of the Company which were subsequently reimbursed to Laramide Resources Ltd. At September 30, 2018, there is $5,480 of net accounts payable to Laramide Resources Ltd. (September 30, 2017 - $Nil).

During the year, there is a $6,250 charge for tax services provided by Sadhra & Chow LLP, in which Mr. Michael Sadhra, a director of the Company, is a tax partner (2017 - $Nil). There is no outstanding balance of payable to Sadhra & Chow LLP at September 30, 2018 and 2017.

During the year there is a $30,000 charge for consulting services provided by Mohammed Adham, a director and Chief Investment Officer of the Company. At September 30, 2018 there is $13,560 (2017 - $Nil) of accounts payable to this related party.

During the year there is a $30,000 charge for consulting services provided by Dominic Frisby, a director of the Company. At September 30, 2018 there is $6,000 (2017 - $Nil) of accounts payable to this related party.

During the year there is a $17,230 charge for legal services by a firm of which Eric Lowy, the corporate secretary of the Company, is a partner (2017 - $Nil). At September 30, 2018 there is $13,311 of accounts payable to this related party (2017 - $Nil).

During the fiscal year ended September 30, 2017, certain directors, officers and employees of the Company exercised all outstanding share options as at December 31, 2016 acquiring 1,500,000 shares for total proceeds of $698,000. Included with these shares were 200,000 shares and proceeds of $91,000 from Carandian Corporation, an entity that provided the CFO services to the Company.

Proposed Transactions

There are no significant transactions that are awaiting the approval of the Board of Directors at the date of this MD&A.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below.

Estimates

i. Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the balance sheet. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

ii. Fair value of financial assets and liabilities

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques including discounted cash flow models. The Company's current financial assets and financial liabilities are derived from active markets so there is no need to use valuation techniques.

Judgments

Going concern assumption

The going concern assumption is a fundamental principle in the preparation of financial statements. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. Accordingly, unless the going concern assumption is inappropriate in the circumstances of the entity, assets and liabilities are recorded on the basis that the entity will be able to realize its assets, discharge its liabilities, and obtain refinancing (if necessary) in the normal course of business. The assessment of an entity's ability to continue as a going concern is the responsibility of the entity's management.

The consolidated financial statements as at September 30, 2018 and 2017 and for the periods then ended have been prepared on a going concern basis of accounting due to the termination of the liquidation plan (see Notes 1 and 2 to the consolidated financial statements as at September 30, 2018).

Risks Factors

The Company has previously described certain risks associated with the liquidation plan but with that plan now terminated, those risks no longer exist. Other risks which the Company is not aware of or which the Company currently deems to be immaterial may surface and have a material adverse impact on the Company's business income and financial condition.

Other Information

This discussion and analysis of the financial position and results of operation as at September 30, 2018 should be read in conjunction with the consolidated financial statements for the periods ended September 30, 2018 and 2017. Additional information can be accessed through the Company's public filings at www.sedar.com.

Management's Responsibility For Financial Information

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with IFRS. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Disclosure controls and procedures

Management has designed and evaluated the effectiveness of our disclosure controls and procedures and the internal controls on financial reporting and have concluded that, based on our evaluation, they are sufficiently effective as of September 30, 2018 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

Management's Report on Internal Control over Financial Reporting

Management is responsible for certifying the design of the Company's internal control over financial reporting ("ICFR") as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings" and CSA staff notice 52-316 – "Certification of Design of Internal Control over Financial Reporting".

Our Internal Control over Financial Reporting is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. Internal Control over Financial Reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of our assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors;
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Chief Financial Officer, has evaluated the design of the Company's internal controls over financial reporting as of September 30, 2018 pursuant to the requirements of Multilateral Instrument 52-109. The Company has designed appropriate internal controls over financial reporting for the nature and size of the Company's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS except as noted herein. There have been no changes in internal control over financial reporting during the period ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Marc Henderson
Interim Chief Executive Officer
January 24, 2019

Forward-Looking Statements

Certain statements included or incorporated by reference in this MD&A, including information as to the future financial or operating performance of the Company, its subsidiaries and its projects, constitute forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "schedule" and similar expressions identify forward-looking statements. This MD&A includes, but is not limited to, forward-looking statements regarding: the Company's ability to meet its working capital needs for the twelve-month year ending September 30, 2019 and statements regarding the Company's critical accounting estimates. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Such factors include, among others, risks relating to additional funding requirements, political and foreign risk, uninsurable risks, competition, environmental regulation and liability, government regulation, currency fluctuations, recent losses and write-downs and dependence on key employees. See "Risk and Uncertainties" section of this MD&A. Due to risks and uncertainties, including the risks and uncertainties identified above, actual events may differ materially from current expectations. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Forward-looking statements are made as of the date of this MD&A and the Company disclaims any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events or results or otherwise.