CYPHERPUNK HOLDINGS INC

(Formerly Khan Resources Inc.)

Management Discussion and Analysis

For the years ended September 30, 2019 and 2018
As at January 21, 2020

This Management Discussion and Analysis ("MD&A") has been approved in accordance with a resolution of the board of directors dated January 21, 2020. It should be read in conjunction with the consolidated financial statements of the Company as at and for the years ended September 30, 2019 and 2018.

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.".** On February 4, 2019, the Company's common shares commenced trading on the Canadian Securities Exchange under the trading symbol "HODL". No action is required by existing shareholders with respect to the name change. Certificates representing common shares of Khan will not be affected by the name change and need not be exchanged.

This name change reflects the Company's new business direction which is to be a Canadian-based Company that invests in digital currencies and in technologies and protocols, which enhance or protect privacy, as well as freedom and trust. Its strategy is to make targeted investments and acquisitions of businesses and assets with strong privacy, often within the blockchain ecosystem, including select cryptocurrencies. The Company believes privacy will be an increasingly strong narrative across the technology sector going forward.

The stated mission of Cypherpunk Holdings is "to build the world's leading privacy-focused investment vehicle." More details, and the latest company presentation, can be found at the company website: https://cypherpunkholdings.com/

In the current fiscal year, the Company has invested in three blockchain technology entities and has completed transactions in both Bitcoin "BTC" and Monero "XMR" digital currencies.

Strategic Investments

On November 20, 2019, the Company announced it has acquired 4.5% of the outstanding ordinary shares of zkSnacks Limited ("zkSnacks") for an aggregate purchase price of USD$337,500. The products of zkSnacks include Wasabi Wallet which is an opensource, non-custodial, privacy-focused Bitcoin wallet for desktop use. In addition, the Cypherpunk Holdings' Chief Investment Officer, Moe Adham, has joined zkSnacks' board of directors.

Katana Cryptographic Ltd. - On May 30, 2019, the Company invested $126,516 in Katana Cryptographic Ltd., a company that has developed an advanced and secure mobile bitcoin wallet.

Chia Network Inc. - On July 9, 2018, the Company invested USD$300,000 (CAD$397,290) 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.

Hydro66 Holdings Corp. – In March 2018, the Company made a $2.5 million investment in convertible debentures of Arctic Blockchain Ltd., which in June 2018, became Hydro66 Holdings Corp., through a reverse takeover, and resulted 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.

Cryptocurrencies - As at September 30, 2019, the Company's cryptocurrency inventory consists of 179.9 Bitcoins with a market value of $1,975,762.

Appointment of Chief Executive Officer

On November 4, 2019, the Company announced it appointed Dominic Frisby as Chief Executive Officer replacing Marc C. Henderson who had been serving as interim Chief Executive Officer. Both Mr. Frisby and Mr. Henderson will continue to serve as directors of the Company.

Change of Director and Appointment of Officers, Directors and Chief Economist

On June 11, 2018, the Company announced it appointed Mohammed Adham as Chief Investment Officer "CIO" and on August 14, 2018, at the last Annual Shareholders Meeting, also elected Mr. Adham to the Board of Directors.

On June 6, 2018, the Company added Dominic Frisby to the Board of Directors. Mr. Frisby 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.

On February 13, 2019, the Company announced that Jon Matonis had joined the Company as Chief Economist. Mr. Matonis is a monetary economist with a particular focus on non-political digital currencies and privacy technologies.

Appointment of Auditors

On July 10, 2019, the Company appointed Davidson & Company LLP as the auditors for the Company, replacing RSM Canada LLP, the former auditors.

Granting of Stock Options

On June 1, 2018, the Company granted a total of 5,000,000 options to certain directors, officers and consultants of the Company to buy common shares at an exercise price of $0.10 each and expire on June 1, 2023. On February 13, 2019, the Company granted 900,000 stock options to a consultant of the Company. These stock options are exercisable at $0.07 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"), subsequently renamed Hydro66 Holdings Corp., 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 CAD$2.5 million of convertible non-interest bearing debentures (the "Debentures") of Arctic as the lead investor in Arctic's private placement offering of Debentures in the aggregate principal amount of CAD$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 CAD$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 CAD$0.75 per share for a year 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 Cypherpunk were converted into 5 million shares and 5 million warrants of Hydro66 Holdings Corp., listed under the trading symbol "SIX".

In the year ended September 30, 2019, the Company sold 400,000 shares of Hydro66 Holdings Corp. originating a realized gain of $118,746. As at September 30, 2019, the Hydro66 Holdings Corp. shares and warrants had a total market value of $1.2 million. The valuation of investments is subject to value fluctuations and the Company will continue to review the status of this investment.

Chia Network Inc.

On July 9, 2018, the Company invested USD$300,000 (CAD $397,290) in 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 best known as the creator of the file-sharing network, BitTorrent.

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 Cypherpunk can, throughout the term of the agreement, participate up to USD$300,000 at a 10% 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.

Chia announced that it had filed a Reg A+ in November 2018 and received a comment letter from the Securities Exchange Commission, "SEC" in February 2019 and plans an IPO. In January 2020, Chia advised that they are close, but still looking for a lead order.

Katana Cryptographic Ltd.

On May 30, 2019, the Company invested $126,516 in Katana Cryptographic Ltd., a private limited company located in the United Kingdom, through the subscription and payment of 1,429 shares representing 1.43% ownership of that company. Katana Cryptographic Ltd.'s main product is Samourai Wallet, which is an advanced and secure mobile bitcoin wallet.

Cryptocurrencies

In the current fiscal year, the Company started to invest in cryptocurrencies, mainly in Bitcoins. As at September 30, 2019, the Company holds 179.9 Bitcoins with a market value of $2 million.

At September 30, 2019, the inventory of Bitcoins had a weighted average acquisition cost of USD$7,648 ($10,083) per unit. The cryptocurrencies have been marked to market at September 30, 2019, based on a bitcoin fair value of USD$8,294 ($10,984).

Netherlands Preliminary Tax Assessment

On February 15, 2017, the Company received an income tax reassessment from the Netherlands Tax Authority reassessing the Company's subsidiary KRBV for an amount payable of 3.3 million euros ($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. The 2016 tax return has since been filed. It is management's opinion that the assessed amount payable of 3.3 million euros ($5 million) continues to be an over assessment. The Netherlands Tax Authority has again issued a preliminary assessment and the Company has filed a notice of objection to this assessment. Management believes that this issue will be resolved when the

Netherlands Tax Authority has completed a review of all the facts. As a result, no provision has been made for this reassessment in these consolidated financial statements.

Former Chief Executive Officer Claim

In October 2017, Mr. Grant Edey, the former Chief Executive Officer, filed a $775,000 Statement of Claim for severance and damages against the Company and the Company has filed a defense against the claim. The Company believes the severance is not appropriate and the amount claimed is not probable to be paid. The Company continues negotiations with Mr. Edey. No provision has been made for the claim in these consolidated financial statements. In the year ended September 30, 2019 the Company paid $25,000 as an interim settlement ordered by the Court of Ontario.

Selected Quarterly Information

The below selected quarterly information summarizes the financial information for the last eight quarters.

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17
	$	$	$	$	$	$	$	$
Interest income	8,173	5,901	5,940	1,599	11,242	6,744	11,876	10,736
Net realized gain (loss) on cryptocurrencies	(100,885)	119,208	-	-	-	-	-	-
Net unrealized gain (loss) on cryptocurrencies	(522,323)	683,316	903	-	-	-	-	-
Realized gain (loss) on investments	(372)	119,118	-	-	-	-	-	-
Gain on conversion of investments	-	-	-	-	1,883,932	-	-	-
Unrealized gain (loss) on investments	(1,440,763)	1,330,275	(429,250)	(1,996,580)	(532,918)	-	-	-
Expenses	151,650	248,287	222,127	75,827	231,651	456,485	54,644	69,242
Income tax expense (recovery)	-	-	-	-	-	-	(212,873)	-
Net gain (loss)	(2,207,820)	2,009,531	(644,534)	(2,070,808)	1,130,605	(449,741)	170,105	(58,506)
Net loss per share (basic and diluted)	(0.02)	0.02	(0.01)	(0.02)	0.01	0.00	0.00	0.00
Other comprehensive income (loss)	4,461	(322)	(2,067)	2,067	(1,381,963)	1,016,720	-	365,243
Total comprehensive income (loss)	(2,203,359)	2,009,209	(646,601)	(2,068,741)	(251,358)	566,979	170,105	306,737
Total current assets	3,749,153	4,497,581	3,807,046	4,040,637	4,100,729	4,707,344	4,722,243	7,033,927
Total current liabilities	113,883	96,623	82,811	159,713	126,939	126,820	85,764	69,578
Total assets	5,547,267	7,733,366	5,710,345	6,385,401	8,421,368	8,883,685	7,307,568	7,121,277

In the current year, the main gain and losses result from the unrealized loss resulting from the adjustments to fair value of the cryptocurrencies and investment holdings of Hydro66. There are also realized gains on the sale or disposition of the cryptocurrencies, including their conversion to other cryptocurrencies and on sale of investments. There is also interest earned on the bank accounts and the guaranteed investment certificates “GIC” which 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. Increased legal costs in Q3 2019 are mainly due to the claim of Mr. Grant Edey, former CEO of the Company.

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 and cryptocurrencies balances denominated in such currency.

Other general expenses variances are mainly composed of technical consulting, corporate and administrative expenses.

The main component of total assets of the Company is cash, cryptocurrencies and investments. Total assets variances from Q4 2018 to Q4 2019 are mainly due to the fair value decrease of the Hydro66 Holdings Corp. shares and warrants received on conversion of the Arctic Blockchain Ltd. Debentures.

Results of Operations

Comparison of the three-month period ended September *30, 2019 and 2018*

The net loss for the period ended September 30, 2019 is $2,207,820 compared to a net income of $1,130,605 for the same period of the year 2018. The variances are summarized as follows:

- In Q4 2019, there is $100,885 realized loss on conversion of cryptocurrencies. In 2018 there were no cryptocurrencies held by the Company.
- In Q4 2019, there is a $522,323 loss on marked-to-market valuation of the cryptocurrencies held by the Company. In 2018 there were no cryptocurrencies held by the Company.
- In Q4 2019, there is a $1,440,763 unrealized loss on the fair value adjustment of the shares and warrants of Hydro66 versus $532,918 in 2018. The investments are required to be marked-to-market each year-end and the adjustment is recorded in operations.
- In Q4 2019, the total of expenses for $151,650 is $84,095 higher than the $67,555 of Q4 2018, mainly due to the $26,000 of advising cost regarding the tax issue in the Netherlands, $13,000 of additional cost for the services of administration and accounting in the Netherlands subsidiary, $12,000 of higher audit cost accrued in Q4 2019, and $10,278 of higher legal expenses relating to the claim of the former CEO of the Company.
- In Q4 2019, there is $33,732 in foreign exchange gain versus $25,346 loss in Q4 2018, due to the effect of the variance of the US dollar on the net monetary assets balance in foreign currency.

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Selected Annual Information and Results of Operation

The below selected information summarizes the financial information for the last three years.

	2019	2018	2017
	$	$	$
Interest income	21,613	40,598	129,398
Net realized gain on cryptocurrencies	18,323	-	-
Net unrealized Gain on cryptocurrencies	161,896	-	-
Realized gain on investments	118,746	-	-
Gain on conversion of investment	-	1,883,932	-
Unrealized loss on investments	(2,536,318)	(532,918)	-
Expenses	697,891	812,022	2,172,032
Income tax recovery	-	(212,873)	(578,058)
Net gain (loss)	(2,913,631)	792,463	(1,464,576)
Net gain (loss) per share (basic and diluted)	(0.03)	0.01	(0.02)
Other comprehensive income	4,139	-	365,243
Total comprehensive income (loss)	(2,909,492)	792,463	(1,099,333)
Total current assets	3,749,153	4,100,729	7,077,011
Total current liabilities	113,883	126,939	56,181
Total assets	5,547,267	8,421,368	7,166,386

Comparison of the years ended September 30, 2019 and 2018

The net loss for the year ended September 30, 2019 is $2,913,631 compared to a net income of $792,463 for the year 2018. The variances are summarized as follows:

- In 2019, there is $18,323 realized gain on the sales and dispositions of cryptocurrencies, including their conversion to other cryptocurrencies versus $nil in 2018, as there were no such assets in the previous fiscal year.
- In 2019, there is $161,896 gain on marked-to-market valuation of the cryptocurrencies held by the Company versus $nil in 2018, as there were no such assets in the previous fiscal year.
- In 2019, there is a $2,536,318 unrealized loss on the fair value adjustment of the shares and warrants of Hydro66 versus $532,918 in 2018. The investments are required to be marked-to-market each year-end and the adjustment is recorded in operations.

- In 2019, there is $118,746 realized gain on the sale of 400,000 shares of Hydro66 Holdings Corp. versus $nil in 2018, as there were no sales of investments in the previous year.
- In 2019, there is $21,613 of interest income against $40,598 in 2018, due to the lower short-term investment balance in the current year.
- In 2019, general and administrative expenses are $46,822 lower than the expenses of the year 2018, mainly due to the non-recurrent payment of $67,201 for final assessment of EHT in 2018. Such payment was not applicable in 2019.
- In 2019, consulting fees of $180,995 are $46,822 higher than the $99,602 of 2018 mainly due to the fact that the technical consultants were paid in 2019 for the total of the year but in the previous year the consultants started to be paid in May 2018.
- In 2019, the professional fees of $236,665 is $169,410 higher than the $67,255 expenses of 2018 mainly due to the $57,339 increase of legal fees related to the claim of the former CEO of the Company, $49,940 increase of the accrual for audit fees and $26,000 of additional fees paid for the tax issue in the Netherlands subsidiary.
- In 2019, the stock-based compensation is $48,447 which represents the fair value of the 900,000 options granted and vested during the year; in 2018 the stock-based compensation charged was $391,761, which represents the fair value of the 5,000,000 options issued and vested in that year.
- In 2019, there is $13,777 of foreign exchange gain versus $36,012 gain in 2018 due to the effect of the variance of the US dollar on the net monetary assets balance in foreign currency.
- In 2018 and 2019, there is no recognized deferred income tax; although, in 2018 there was a $212,873 recovery due to a favourable adjustment of the income tax return.

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. There was no such item in 2017.
- In 2018, there is $40,598 of interest income against $129,398 in 2017, due to the lower short-term investment balances in 2018.
- In 2018, the general and administrative expenses are lower than the same period of the year 2017 due to the planned decrease of the expenses mainly explained by the termination of the Company employees through the end of 2017 until a new business direction was implemented. This decrease was partially offset by a payment for EHT regarding 2017, recorded in 2018.
- In 2018, the professional fees are lower than 2017 mainly due to the decrease of legal fees which in 2017 included the legal case of the offer from Arden Holding Ltd. to buy the Company and the legal expenses regarding the liquidation process of the Company, such issues were not applicable in 2018.
- In 2018, the director fees also had a decrease as part of the planned reduction of expenses.
- 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 2018.
- 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, 2019 and January 21, 2020

Common shares outstanding:	90,166,482
Options to purchase common shares:	5,900,000

Cash Flow

For the year ended September 30, 2019, the net cash outflow was $2,329,648 mainly due to the disbursements of $1,942,066 for cryptocurrency acquisitions and $620,328 of operating expenses partially offset by $232,746 proceeds from the sale of 400,000 shares of Hydro66 Holdings Corp. In 2018, there was a net inflow of $2,442,170 mainly due to the $5,044,804 sale of short-term investments $614,931 of tax recovery reimbursed by the CRA, partially offset by partially offset by $2,888,350 of cash used in the purchase of investments and the cash used in the operating expenses.

Financial Instruments and Financial Risks

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the investment in cryptocurrencies and blockchain companies. 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. The Company considers capital to be its capital stock, warrant, and stock option components of shareholders' equity.

To effectively manage the Company's capital requirements, the management has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there is sufficient working capital and planned future capital raises to meet its short-term business requirements, taking into account its anticipated cash flow from operations and its holding of cash and cash equivalents and short-term investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended September 30, 2019.

Risk Disclosures

Exposure to credit, interest rate, cryptocurrency and currency risks arises in the normal course of the Company’s business.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into, causing the other party to incur a financial loss. The Company limits its credit risk by placing its cash with high credit quality financial institutions and with cryptocurrency exchanges on which the Company has performed internal due diligence procedures. The Company deems these procedures necessary as some exchanges are unregulated and not subject to regulatory oversight. Furthermore, crypto-exchanges engage in the practice of commingling their clients' assets in exchange wallets. When cryptoassets are commingled transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is risk around the occurrence of transactions or the existence of year end balances represented by exchanges.

As at September 30, 2019, the Company held approximately $1.7 million in cash and cash equivalents at high credit quality financial institutions and approximately $2.0 million in cryptocurrencies at a custodian regulated by the New York Department of Financial Services. The Company's due diligence procedures around exchanges and custodians utilized throughout the year include, but are not limited to, internal control procedures around on-boarding new exchanges or custodians which includes review of the exchanges or custodians anti-money laundering ("AML") and know-your-client ("KYC") policies by the Company's chief investment officer, constant review of market information specifically regarding the exchanges or custodians security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing weekly asset management reports to ensure limits are being followed and having a fail-over plan to move cash and cryptocurrencies held on an exchange or with a custodian in instances where risk exposure significantly changes.

There is no significant credit risk with respect of receivables.

Interest Rate Risk

The Company has no exposure to interest rate risk since there are no outstanding debts or other payables subject to interest charges at the end of the reported years.

Cryptocurrencies Risk

Cryptocurrencies are measured at fair value less cost to sell. Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and political and economic conditions. Further, cryptocurrencies have no underlying backing or contracts to enforce recovery of invested amounts. The profitability of the Company is related to the current and future market price of cryptocurrencies; in addition, the Company may not be able to liquidate its inventory of cryptocurrencies at its desired price if necessary. Investing in cryptocurrencies is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends.

Cryptocurrencies have a limited history, their fair values have historically been volatile and the value of cryptocurrencies held by the Company could decline rapidly. A decline in the market prices of cryptocurrencies could negatively impact the Company's future operations. Historical performance of cryptocurrencies is not indicative of their future performance.

Many cryptocurrency networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from cryptocurrency software programs to confirm transaction activity, each party to the transaction user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency. This process is vulnerable to hacking and malware, and could lead to theft of the Company's digital wallets and the loss of the Company's cryptocurrency.

Cryptocurrencies are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Company.

The cryptocurrency exchanges on which the Company may trade on are relatively new and, in many cases, largely unregulated, and therefore may be more exposed to fraud and failure than regulated exchanges for other assets. Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the Company to recover money or cryptocurrencies being held on the exchange. Further, the Company may be unable to recover cryptocurrencies awaiting transmission into or out of the exchange, all of which could adversely affect an investment of the Company. Additionally, to the extent that the digital asset exchanges representing a substantial portion of the volume in digital asset trading are involved in fraud or experience security failures or other operational issues, such digital asset exchanges' failures may result in loss or less favorable prices of cryptocurrencies, or may adversely affect the Company, its operations and its investments.

Furthermore, crypto-exchanges engage in commingling their client's assets in exchange wallets. When crypto-assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is a risk around the occurrence of transactions or existence of period end balances represented by exchanges.

Loss of Access Risk

The loss of access to the private keys associated with the Company's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possess both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible the Company may be unable to access the cryptocurrency.

Irrevocability of Transactions

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Company may not be capable of seeking compensation.

Hard Fork and Air Drop Risks

Hard forks may occur for a variety of reasons including, but not limited to, disputes over proposed changes to the protocol, significant security breach, or an unanticipated software flaw in the multiple versions of otherwise compatible software. In the event of a hard fork in a cryptocurrency held by the Company, it is expected that the Company would hold an equivalent amount of the old and new cryptocurrency following the hard fork.

Air drops occur when the promoters of a new cryptocurrency send amounts of the new cryptocurrency to holders of another cryptocurrency, so that they will be able to claim a certain amount of the new cryptocurrency for free. The Company may not be able to realize the economic benefit of a hard fork or airdrop, either immediately or ever, for various reasons. For instance, the Company may not have any systems in place to monitor or participate in hard forks or air drops.

Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The Company's investments are susceptible to other market risk arising from uncertainties about future prices of the instruments. The Company moderates this risk through the various investment strategies within the parameters of the Company's investment guidelines.

As of September 30, 2019, management's estimate of the effect on equity to a +/- 10% change in the market prices of the Company's investments, with all other variables held constant, is $172,450.

Foreign Currency Risk

The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currencies giving rise to this risk are primarily the U.S. dollar and the Euro, the balance of net monetary assets in such currencies as of September 30, 2019 is $2,386,256 (2018 - $1,205,362). Sensitivity to a plus or minus 10% change in the foreign exchange rates would affect the net comprehensive loss by $238,626.

Liquidity Risk

The Company is exposed to liquidity risk primarily as a result of its trade accounts payable as well as the risk of not being able to liquidate assets at reasonable prices. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had cash and cash equivalents balance of $1,742,674 (2018 - $4,072,322) to settle current liabilities of $113,883 (2018 - $126,939). All of the Company's trade accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

Fair Value Hierarchy

The Company classifies its fair value measurements with a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 – Financial Instruments; Fair Value Measurement ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

September 30, 2019:	Level One	Level Two	Level Three
Cash and cash equivalents	$ 1,742,674	$ -	$ -
Cryptocurrencies	-	1,975,762	-
Restricted cash	-	52,687	-
Investments	1,196,000	4,696	523,806
	$ 2,938,674	$ 2,033,145	$ 523,806

September 30, 2018:	Level One	Level Two	Level Three
Cash and cash equivalents	$ 4,072,322	$ -	$ -
Restricted cash	-	52,250	-
Investments	3,450,000	401,014	388,350
	$ 7,522,322	$ 453,264	$ 388,350

There have been no transfers between levels 1, 2 or 3 during the reported years.

The Company's cryptocurrencies are classified as Level Two determined by taking the price from www.coinmarketcap.com as of 24:00 UTC.

The Company's investments are classified as Level One, Two or Three depending on the inputs utilized to determine the fair value at year end.

The investments classified as Level One are the 4,600,000 shares of Hydro66. The shares have a fair value of $1,196,000 at September 30, 2019 (2018 - $3,450,000). The fair value of the shares is determined using the stock price of Hydro66 which is listed under the trading symbol “SIX”. On September 30, 2019, the share price was $0.26 (2018 - $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 $239,200 decrease in the fair value of the shares.

The investments classified as Level Two are the 5,000,000 warrants of Hydro66. The warrants have a fair value of $4,696 at September 30, 2019 (2018 - $401,014). The fair value of the warrants is determined using the Black-Scholes option pricing model and is updated at the end of each period.

Investments classified as Level Three consist of the USD$300,000 ($397,290) invested for a SAFE with Chia and USD$100,000 ($126,516) invested for an interest in Katana. The fair value of the SAFE was determined using the consideration paid for the SAFE in July 2018. The fair value of the interest in Katana was determined using the $126,516 consideration paid for that investment in May 2019. The Company performed a sensitivity analysis on the considerations paid for the Level 3 investments and noted that a 20% decrease would result in a $104,761 decrease in their fair value.

The fair value of Level 3 assets is inherently subjective. Because of the uncertainty of fair value of investments that do not have readily ascertainable market values, management's conclusion of fair value for an investment on a date may differ significantly from (1) the fair value conclusions of other knowledgeable market participants and/or (2) prior or subsequently observed transaction prices, including the price paid to acquire, or received to sell, the investment itself.

The following is a reconciliation of Level 3 assets for the year ended September 30, 2019:

	Fair value October 1, 2018	Purchases	Foreign exchange Gain	Fair value September 30, 2019
Chia Network Inc. - SAFE	$ 388,350	$ -	$ 8,940	$ 397,290
Katana Cryptographic Ltd. - Interest	-	126,516	-	126,516
	$ 388,350	$ 126,516	$ 8,940	$ 523,806

Accounts payable and accrued liabilities are measured at amortized cost which also approximates fair value.

Accounting Policies

This MD&A should be read in conjunction with the Company's consolidated financial statements and notes as at and for the year ended September 30, 2019 and 2018. For additional information on the Company's significant accounting policies and methods used in preparation of the Company's 2019 consolidated financial statements and notes, please refer to Note 2 of the consolidated financial statements as at September 30, 2019.

The consolidated financial statements as at September 30, 2019 and 2018 are presented on a going concern basis.

The preparation of Cypherpunk'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. Cypherpunk 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. Cypherpunk's critical accounting estimates are discussed later in this MD&A.

New Accounting Standards Adopted

Cryptocurrencies

The Company's cryptocurrencies are primarily traded in active markets and are purchased with the intent to resell in the near future, generating a profit from the fluctuations in prices or margins. As a result, the Company has determined that its holding of cryptocurrencies should be accounted for under IAS 2, Inventories, and it meets the definition of a commodity broker-trader. Under IAS 2, cryptocurrencies are measured at fair value less cost to sell, with changes in fair value recognized in profit or loss. In accordance with IAS 2, commodity broker-traders are those who buy or sell commodities for others or on their own account. The inventories held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. As these inventories are measured at fair value less costs to sell, they are excluded from only the measurement requirements of IAS 2.

Accountings Standards Issued but not yet Effective

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.
IFRIC 23 – Uncertainty over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Company's related parties include its subsidiary, key management personnel and any entity related to key management personnel that has transactions with the Company. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

During the year there is a charge of $90,000 (2018 - $90,000) from Laramide Resources Ltd., a company having a director and officer, Marc Henderson, and an officer, Dennis Gibson, in common with Cypherpunk, for administrative and financial services and other shared expenditures paid on behalf of the Company. In addition, Laramide Resources Ltd. paid $40,301 of certain expenses on behalf of the Company which were subsequently reimbursed to Laramide Resources Ltd. At September 30, 2019, there is $2,729 of accounts payable to Laramide Resources Ltd. (2018 - $5,480).

During the year Treasury Metals Inc., a company having a director, Marc Henderson, and an officer, Dennis Gibson, in common with the Company, paid $2,180 (2018 - $898) of certain expenses on behalf of the Company. At September 30, 2019, there is $170 (2018 - $898) of accounts payable which was subsequently reimbursed to Treasury Metals Inc.

During the year there is a $4,300 charge for tax services provided by Sadhra & Chow LLP, in which Michael Sadhra, a director and former interim officer of the Company, is a tax partner (2018 - $6,210). At September 30, 2019 and 2018 there is $nil of accounts payable to Sadhra & Chow LLP.

During the year there is a $72,000 (2018 - $30,000) charge for consulting services provided by Mohammed Adham, a director and Chief Investment Officer of the Company. At September 30, 2019, there is $nil (2018 - $13,560) of accounts payable to this related party.

During the year there is a $72,000 (2018 - $30,000) charge for consulting services provided by Dominic Frisby, a director of the Company. At September 30, 2019, there is $nil of accounts payable to this related party (2018 - $6,000).

During the year there is a $29,646 charge for legal services by a firm of which Eric Lowy, the corporate secretary of the Company, is a partner (2018 - $17,230). At September 30, 2019, there is $nil of accounts payable to this related party (2018 - $13,311).

Key Management Compensation

Key management includes the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer and directors of the Company.

The compensation to key management is shown below:

Year ended September 30 - In CAD	2019	2018
Consulting fees	$144,000	$60,000
Director fees	51,717	48,750
Stock-based compensation	-	376,004
	$195,717	$484,754

Other Risk Factors

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. Exposure to credit, interest rate, cryptocurrency and currency risks arises in the normal course of the Company's business.

Other Information

This discussion and analysis of the financial position and results of operation as at September 30, 2019 should be read in conjunction with the consolidated financial statements for the years ended September 30, 2019 and 2018. Additional information can be accessed through the Company's public filings at www.sedar.com.

Management's Responsibility for Financial Information

The Company's consolidated financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The consolidated financial statements were prepared by the Company's management in accordance with IFRS. The consolidated 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 consolidated financial statements are presented fairly in all material respects.

Management's Report on Internal Control over Financial Reporting

As a venture issuer, the Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that the Financial Statements and this MD&A do not contain any untrue statement of a 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 was made, with respect to the period covered by these filings, and that the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings. The certifying officers are also responsible for ensuring processes are in place to provide them with sufficient knowledge to support such representations.

However, in contrast to non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company's certifying officers are not required to make 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 52-109. Accordingly, investors should be aware that inherent limitations on the ability of the Company's certifying officers 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 these annual filings as well as interim filings and other reports provided by the Company under securities legislation.

Dominic Frisby
Chief Executive Officer
January 21, 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 ending September 30, 2020 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.