



MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended June 30, 2022 and 2021
As at August 29, 2022

This Management Discussion and Analysis (“MD&A”) has been approved in accordance with a resolution of the Board of Directors of Cypherpunk Holdings Inc. (“Cypherpunk” or, the “Company”) dated August 29, 2022. It should be read in conjunction with the interim condensed consolidated financial statements of the Company as at and for the nine months ended June 30, 2022 and 2021.

ABOUT CYPHERPUNK HOLDINGS INC.

Cypherpunk is a publicly traded company that is listed on the Canadian Securities Exchange (CSE) under the ticker HODL.

The Company is an actively managed crypto investment company. The core tenets of its investment thesis are privacy, self-sovereignty, and digital property rights (the “Thesis”). Cypherpunk executes its Thesis through two lines of effort:

- (1) Utilization of treasury for yield generation.
- (2) Diversification and risk management

As at June 30, 2022, the Company had total assets of \$23.2 million and net book value of \$20.9 million. The Company’s cryptocurrency holdings consisted of 8.02 million USD Coins (“USDC”) with a value of \$8.02 million.

SIGNIFICANT EVENTS IN THE NINE MONTHS ENDED JUNE 30, 2022

Overview

- Total assets decreased \$8.1 million to \$23.2 million (26%)
- Net book value decreased \$6.8 million to \$20.9 million (25%)
- Decreases due primarily to the general decline in cryptocurrency prices since September 30, 2021

Treasury Management and Diversified Yield Generation

Treasury Management – During the nine months ended June 30, 2022 the Company initiated treasury management strategies that utilized option trading and hedging strategies to generate yield on the Company’s cryptocurrency holding and reduce downside risk. The treasury management strategies were discontinued in June, 2022.

Cryptocurrencies - During the nine months ended June 30, 2022, through cash purchases and sales, coin swaps, dividends and interest, the Company’s BTC holdings decreased by 401.58 BTC to nil and its ETH holdings decreased 311.89 ETH to nil ETH from September 30, 2021.

Active Investments

During the nine months ended June 30, 2022, the Company acquired 25 Bitmain S19J Pro miners (the “Equipment”) which each produce 100 terahashes per second for total consideration of \$376,819. The Equipment has been leased to MineOn LLC, which will host and operate the machines in Iowa, USA for Cypherpunk pursuant

to a managed mining and profit-sharing agreement.

Private Equity and Venture Capital

Highlights

- \$4.2 million in realized gains through the sale of 2 million Animoca shares
- \$1.4 million decrease in investments since September 30, 2021
- \$473,460 realized loss on Sixty-Six Capital Inc.
- Investments in GOAT, Panxora, 168 Trading Ltd., Isla Capital, and Lucy Labs

In August 2021, the Company acquired 2 million shares of Animoca Brands Corporation Limited (“Animoca”) for total consideration of \$2.0 million. Animoca is a private Australian company operating in the digital entertainment, blockchain and gamification sectors. During the nine months ended June 30, 2022, the Company sold 2 million Animoca shares realizing a gain of \$4.2 million on its Animoca investment in the interim condensed consolidated statement of comprehensive income.

During the nine months ended June 30, 2022, the Company sold 3,642,000 of Sixty-Six Capital Inc. (“Sixty-Six”) to hold nil shares and recognized a realized loss of \$113,129 in the interim condensed consolidated statements of comprehensive income.

The Company also closed investments in its portfolio of investments as presented below.

The Company's investments in equity instruments are classified as FVTPL and are carried at fair value. The detail is as follows:

	Quantity	June 30, 2022	Quantity	September 30, 2021
168 Trading Ltd. (a)	-	\$ 439,553	-	-
Animoca Brands Corporation Limited (b)	-	-	2,000,000	\$ 3,023,460
Chia Network Inc. (c)	19,860	557,721	19,860	551,999
GOAT Gaming Pte Ltd. (d)	176,470	259,435	-	-
ISLA Digital Strategies SP (e)	-	631,985	-	-
Lucy Labs Flagship Offshore Fund SPC (f)	-	645,690	-	-
NGRAVE.IO (g)	138,966	148,419	-	-
Panxora Management Corporation (h)	-	-	-	-
Sixty-Six Capital Inc. - Shares (i)	-	-	3,642,000	\$ 473,460
Streetside Development, LLC	1,429	126,516	1,429	126,516
zkSNACKS Limited - Shares (j)	4,500	445,028	4,500	445,027
		\$ 3,254,346		\$ 4,620,462

- (a) During the nine months ended June 30, 2022, the Company invested \$635,776 (US\$500,000) in two funds managed by 168 Trading Limited, a Gibraltar based Private Fund trading cryptocurrency and related derivatives.
- (b) During the three months ended September 30, 2021, the Company purchased 2,000,000 shares of Animoca Brands Corporation Limited (“Animoca”) (2021 – nil) for a total cost of \$2,000,242 (2021 – \$nil). During the nine months ended June 30, 2022, the Company sold all of its Animoca shares to hold nil, recognizing a gain of \$4,212,365 (2021 - \$nil) in the interim condensed consolidated statements of comprehensive income.
- (c) During the year ended September 30, 2021, pursuant to the Company’s Simple Agreement for Future Equity (“SAFE”) investment in Chia Network Inc. (“Chia”), the Company received 19,806 shares of Series B Stock priced at US\$15.15 per share. The Company also exercised its participation rights and acquired 600 common shares of Chia at a price of US\$21.21.

- (d) During the nine months ended June 30, 2022 the Company acquired a 176,470 subscription shares of GOAT Gaming Pte Ltd. for consideration of US\$200,000 priced at US\$1.13333 per subscription share.
- (e) During the nine months ended June 30, 2022, the Company invested \$319,722 (US\$250,000) in 2,455.5354 Class B common shares of the AB Digital Strategies Fund managed by UK FCA-regulated Isla Capital.
- (f) During the nine months ended June 30, 2022, the Company invested \$636,075 (US\$500,000) in Lucy Labs Flagship Offshore Fund Crypto Rising tide portfolio.
- (g) During the nine months ended June 30, 2022, the Company's convertible loan to NGRAVE (note 7) was converted into common shares of NGRAVE pursuant to its convertible loan agreement which resulted in the Company receiving 138,966 NGRAVE common shares at a deemed price of EUR 0.7936.
- (h) During the nine months ended June 30, 2022 the Company invested 6 Bitcoin with Panxora Management Corporation ("Panxora"), the Bitcoin were returned to the Company and sold prior to June 30, 2022.
- (i) During the nine months ended June 30, 2022, the Company sold 3,642,000 (2021 - nil) of Sixty Six Capital Inc. ("Sixty Six") to hold nil shares and recognized a realized loss of \$113,129 (2021 - \$nil) in the interim condensed consolidated statements of comprehensive income.
- (j) During the six months ended December 31, 2021, the Company acquired 4,500 shares in zksNACKS Limited for \$337,500 U.S. Dollars resulting in a 4.5% stake in the company. There was no change in the ownership interest in 2021. During the year ended September 30, 2021, the Company received 2.7 Bitcoin with a value of \$121,574 as a dividend from zksNACKS Limited which has been recorded in the consolidated statements of comprehensive income.

COVID-19

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. To date, the Company's operations have remained stable as the pandemic continues to progress and evolve but it is difficult to predict the full extent and duration of resulting operational and economic impacts for the Company, which are expected to impact a number of reporting periods. This uncertainty impacts judgements made by the Company, including those relating to determining the recoverable values of the Company's non-current assets.

OVERALL PERFORMANCE

Overview

- Cash position of \$10.7 million (September 30, 2021 - \$876,757)
- Cryptocurrency holdings of \$8.02 million, consisting entirely of USDC (September 30, 2021 - \$24.4 million)
- Total assets of \$23.2M (September 30, 2021 - \$31.2 million)
- Repayment of \$1.2 million of debt
- Net book value of \$20.9 million (September 30, 2021 - \$27.8 million)
- Decreases due primarily to decreases in cryptocurrency prices offset by the gain realized on the disposition of Animoca shares of \$4.2 million

SELECTED ANNUAL INFORMATION

Selected audited annual information for the three most recently completed years, all reported under IFRS, are as follows:

Year ended September 30,	2021	2020	2019
Total assets	\$ 31,230,861	\$ 6,855,628	\$ 5,547,267
Shareholders' equity	27,841,541	6,669,514	5,433,384
Income	406,819	556,808	(2,395,959)
Net income	(1,174,497)	(159,417)	(3,093,850)
EPS	\$ (0.01)	\$ (0.00)	\$ (0.03)
Comprehensive income	7,419,378	377,009	2,909,492

SELECTED QUARTERLY INFORMATION

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

	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20
	\$	\$	\$	\$	\$	\$	\$	\$
Realized gain (loss) on investments	574,967	3,637,399	(113,120)	-	-	(3,910)	-	170,546
Unrealized gain (loss) on investments	(1,808,405)	(4,386,673)	4,715,936	1,071,164	(188,431)	(36,420)	(595,510)	826,030
Expenses	-	56,092	961,353	580,010	1,297,118	456,193	433,995	526,668
Income (loss) before taxes	(912,970)	(1,873,965)	3,687,237	476,284	(1,460,542)	(348,227)	(1,028,012)	471,314
Tax Recovery	-	-	-	1,186,000	-	-	-	231,000
Income (loss) for period	(912,970)	(1,873,965)	3,687,237	1,662,284	(1,460,542)	(348,227)	(1,028,012)	701,687
Net income (loss) per share (basic and diluted)	\$ (0.01)	\$ (0.01)	\$ 0.02	\$ 0.01	\$ (0.01)	\$ -	\$ (0.01)	\$ 0.01
Items that will not be reclassified to profit or loss	(11,052,834)	(210,700)	1,733,636	5,573,022	(10,935,268)	10,402,125	6,621,996	548,498
Tax that may be reclassified to profit or loss				(3,068,000)	-	-	-	(233,013)
Total comprehensive income (loss)	(11,965,804)	(2,084,665)	5,420,873	4,167,306	(12,395,810)	10,053,898	5,593,984	1,017,172
Total assets	23,177,160	34,250,965	37,230,469	31,230,861	23,487,650	35,223,067	12,556,303	6,855,628
Net book value	20,998,362	32,168,113	33,828,505	27,841,541	23,115,447	34,985,129	12,556,303	6,669,514

In the quarterly periods, the main items are the unrealized gains or losses from the adjustments to fair value of investment holdings and cryptocurrencies, the latter recognized in other comprehensive income (loss). There is also income earned from interest earned on the bank accounts, investments, and from lease and profit-sharing agreements. In the last fiscal year, the Company changed its accounting policy for its cryptocurrency holdings, as a result all realized and unrealized gains and losses on its cryptocurrency holdings are recorded in other comprehensive income (loss), which is a component within equity and described in note 1 of the consolidated financial statements for the year ended September 30, 2021.

Results of Operations

Comparison of the three months ended June 30, 2022 and 2021

The total comprehensive income for the three months ended June 30, 2022 ("Q3") increased \$430,006 to a loss of \$11,965,804 compared to a total comprehensive loss of \$12,395,810 for the three months ended June 30, 2021 ("Q3-21"). The main reasons for the variance are as follows:

- In Q3 there was an unrealized loss on investments of \$1,808,405 (2021 - \$188,431) mainly due to the reversal of unrealized gains in the Company's Animoca share price in Q3.
- In Q3 there was a realized gain on investments of \$574,967 (2021 - \$nil), primarily from the sale of the Company's remaining interest in Animoca.

- In Q3 total expenses were \$56,092 (2021 – \$1,297,118)
 - Employment termination costs of \$nil in Q3 (2021 – \$477,500).
 - Foreign exchange gain of \$604,943 in Q3 (2021 – loss of 19,169) due to the composition of investments in foreign currencies and the appreciation of the US dollar in Q3.
 - Professional fees were \$37,535 (2021 – 236,400) due to increased litigation expenses associated with employment termination costs and the annual general meeting.

Comparison of the nine months ended June 30, 2022 and 2021

The total comprehensive income for the nine months ended June 30, 2022 (the “Period”) decreased \$11,398,427 to a loss of \$8,146,355 compared to total comprehensive income of \$3,252,072 for the nine months ended June 30, 2021 (the “Prior Period”). The main reasons for the variance are as follows:

- During the Period investment income of \$3,435,164 (2021 – investment loss of \$649,475)
- During the Period, total expenses of \$2,534,863 (2021 - \$2,187,306), mainly due to:
 - Stock compensation in the Period of \$1,293,176 (2021 - \$270,707)
 - Employment termination costs of \$nil during the Period (2021 – \$477,500)
- In the Period other comprehensive loss was \$9,046,657 (2021 – income of \$6,088,853) mainly due to a decline in cryptocurrency prices during the Period compared to an appreciation of cryptocurrency prices during the Prior Period.

FINANCIAL AND CAPITAL MANAGEMENT

Outstanding Share Data

At June 30, 2022

Common shares outstanding:	160,070,718
Options to purchase common shares:	14,050,000
Warrants:	27,573,442

At August 29, 2022

Common shares outstanding:	160,070,718
Options to purchase common shares:	14,050,000
Warrants:	27,573,442

Cash Flow

For the nine months ended June 30, 2022, the net cash inflow is \$9,808,543 due to \$10,998,766 of net cash received from investing activities, offset by \$14,417 of cash used in operations and \$1,175,806 used in financing activities. For the nine months ended June 30, 2021, the net cash inflow is \$8,996,035 mainly due to the private placement financings that raised \$12,058,392 net of issue costs and \$582,500 from the exercise of warrants, offset by \$1,407,382 of cash used in the operating activities and \$2,237,475 of cash used in investing activities.

FINANCIAL RISK FACTORS

Capital Management

The Company manages and adjusts its capital structure, 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 are 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. The Company is not subject to capital restrictions other than described in note 12.

There were no changes in the Company's approach to capital management during the nine months ended June 30, 2022.

Safeguarding of Cryptocurrency Assets

The Company retains one third-party custodian (the "Custodian") to safeguard its cryptocurrency assets; Coinbase Custody Trust Company, LLC ("Coinbase") to hold the Company's Bitcoin, Ethereum and USD Coin cryptocurrency assets. The Custodian is responsible for holding and safeguarding the Company's cryptocurrency assets and has not appointed a sub-custodian to hold certain cryptocurrency assets.

Coinbase, located at 200 Park Avenue South, Suite 1208, New York, NY 10003, is regulated by the New York Department of Financial Services (NYDFS) and operates as an independently capitalized entity. Coinbase is a fiduciary under § 100 of the New York Banking Law and is licensed to custody its clients' digital assets in trust on their behalf. As a New York state-chartered trust, Coinbase is held to the same fiduciary standards as national banks and is a qualified custodian for purposes of § 206(4)-2(d)(6) of the Advisers Act, commonly called the custody role.

Cypherpunk is not aware of anything with regards to the Coinbase's operations that would adversely affect the Company's operations and there are no known security breaches or other similar incidents involving the custodian as a result of which the Company's cryptocurrency assets have been lost or stolen. Coinbase holds 100% of the Company's bitcoin holdings and carries an annually renewed commercial crime policy, with Coinbase Global Inc., Coinbase's parent company, as the named insured. In the event of a bankruptcy or insolvency Cypherpunk will enforce its rights under the Custodial Services Agreement through Arbitration under the laws of the State of New York, and will be in contact with Coinbase's Regulator, the New York State Department of Financial Services, as well as Coinbase's named insurer.

The due diligence Cypherpunk performed on Coinbase included confirmation that an annual SOC 1 audit report pertaining to internal controls over financial reporting, as well as an annual SOC 2 audit report pertaining to controls related to operations and compliance were completed by Coinbase, a review of negative news related to Coinbase, and a review of online training and tutorials offered by Coinbase.

The Company utilizes several trading platforms to purchase and sell its cryptocurrency assets and derivatives.

Gemini Trust Company LLC ("Gemini") is utilized to purchase and sell Bitcoin and Ethereum cryptocurrency assets. Gemini is responsible for receiving deposits of US dollars, or cryptocurrency, and enabling trades on an order book-based exchange. The Company has a policy to not store Cryptocurrency assets on the Platform for extended periods of time, and assets are stored on Gemini only for as long as is practically required to execute trades. Furthermore, the Company has a policy to not leave in excess of \$2,000,000 U.S. Dollars of assets on Gemini at any given time. This limit is subject to change based on management's risk assessment of Gemini.

Gemini, located at 315 Park Avenue South, 18th Floor, NY, USA, is regulated by the New York Department of Financial Services (NYDFS) and operates as fiduciary under § 100 of the New York Banking Law and is licensed to custody its clients' digital assets in trust on their behalf. As a New York state-chartered trust, Gemini is held to the same fiduciary standards as national banks and is a qualified custodian for purposes of § 206(4)-2(d)(6) of the Advisers Act, commonly called the custody role.

Cypherpunk is not aware of anything with regards to the Gemini's operations that would adversely affect the Company's operations and there are no known security breaches or other similar incidents involving the custodian as a result of which crypto assets have been lost or stolen. The due diligence Cypherpunk performed on Gemini included receiving confirmation that an annual SOC1 audit report pertaining to internal controls over financial reporting as well as an annual SOC 2 audit report pertaining to controls related to operations and compliance were completed by Gemini. A review of negative news related to Gemini and a review of online training and tutorials offered by Gemini were also completed.

The Company utilizes the third-party trading platform, B2C2 OTC Ltd. ("B2C2") as an OTC desk for derivatives. B2C2 is used to purchase and sell Bitcoin and Ethereum cryptocurrency assets and as a cryptocurrency liquidity provider. B2C2 is responsible for providing liquidity for OTC derivatives. The Company has a policy not to store Cryptocurrency assets on B2C2 for extended periods, and assets are stored on B2C2 only for as long as is practically required to execute trades. Acquired by Japanese financial group SBI in 2020, B2C2 OTC Ltd. remains a standalone company headquartered in the UK, with offices in the US and Japan, located at 86-90 Paul Street, London, United Kingdom. B2C2 is no longer registered with the FCA as part of the Temporary Registration Regime. B2C2 does not undertake any spot cryptoasset exchange transactions with clients, and all such transactions will be handled by the U.S. entity, B2C2 USA, Inc, or by the Cayman Islands entity, B2C2 Overseas Ltd. B2C2 is not related to the Company, and The Company is unaware of anything concerning B2C2's operations that would adversely affect its ability to obtain an unqualified audit opinion on its audited financial statements. Cypherpunk's due diligence on B2C2 included deep research on the company regarding its website, founders, investors, and products. A review of news related to B2C2 was also completed.

The Company utilizes the trading platform provided by Wintermute Trading Ltd ("Wintermute", the "Platform") to purchase and sell its cryptocurrency assets. The Platform is responsible for receiving deposits of US dollars, or cryptocurrency, and providing liquidity in various cryptoassets and certain derivatives referencing cryptoassets. The Company has a policy to not store Cryptocurrency assets on the Platform for extended periods, and assets are stored on the Platform only for as long as is practically required to execute trades. Wintermute is headquartered in the UK, with offices in the US and Singapore. It was founded in July 2017 and is neither authorised nor regulated by any regulatory authority. Any party trading with Wintermute Trading Ltd may not benefit from the protections typically provided when trading with regulated entities, such as any compensation or ombudsman schemes. Wintermute Trading Limited is registered with the Financial Conduct Authority ("FCA") as a Cryptoasset firm and complies with the Money Laundering, Terrorist Financing and Transfer for Funds (Information on the Payer) Regulations 2017 as amended. The Firm Reference Number is 928764. The Company is aware of the situation between Wintermute and the Optimism Foundation, whereby 20 million OP tokens were allocated to Wintermute from the Foundation's fund but were lost in the process due to an error from Wintermute's side. However, the Wintermute team has committed to buying back the tokens lost and has remedied the situation. Furthermore, there is no evidence that Wintermute was affected by the contagion caused by large third-party liquidations and insolvencies within the crypto industry. The due diligence Cypherpunk performed on Wintermute included research on the company regarding its website, founders, investors, and products. A review of negative news related to Wintermute's online training and tutorials was also completed.

The Company utilizes the third-party trading platform, LedgerPrime Digital Asset Opportunities Fund, LLC ("LedgerPrime") as an over-the-counter desk for derivatives. LedgerPrime Digital Asset Opportunities Fund, LLC, located at 152 Madison Ave, New York, NY 10016, United States, is regulated by and registered with the U.S. Securities and Exchange Commission (SEC). The Company is not aware of anything with regards to LedgerPrime's operations that would adversely affect their ability to obtain an unqualified audit opinion on its audited financial statements. LedgerPrime is not related to the Company. The Company is not aware of any security breaches or other similar events involving LedgerPrime as a result of which crypto assets have been lost or stolen.

The Company utilizes the third-party trading platform, GGC International Limited ("Genesis") as an over-the-counter desk for derivatives. Genesis is a wholly owned subsidiary of Digital Currency Group Inc. Genesis is used to purchase and sell Bitcoin and Ethereum cryptocurrency assets and is used as a cryptocurrency liquidity provider. Genesis is responsible for providing liquidity for over-the-counter derivatives. The Company has a policy to not store Cryptocurrency assets on Genesis for extended periods of time, and assets are stored on Genesis only for as long as is practically required to execute trades. Genesis is not related to the Company. . The Company is aware that Genesis suffered significant losses due to exposure to third party creditors in the third quarter of 2022 and has filed suit to recover those losses. The Company is not aware of any security breaches or other similar events involving Genesis as a result of which crypto assets have been lost or stolen.

Risk Disclosures

Exposure to credit, interest rate, cryptocurrency and currency related 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, cryptocurrency 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 period end balances represented by exchanges.

As at June 30, 2022, the Company holds \$10,705,300 in cash and cash equivalents at high credit quality financial institutions and \$8,022,512 in USD Coins held mainly at custodians regulated by the New York Department of Financial Services. The Company's due diligence procedures around exchanges and custodians utilized throughout the period 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 periods.

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, which 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 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 air drop, 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 airdrops.

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 June 30, 2022, 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 \$359,724.

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 June 30, 2022 is \$14,430,779 (2021 – \$2,620,462). Sensitivity to a plus or minus 10% change in the foreign exchange rates would result in a foreign exchange gain/loss of \$ \$1,443,078 (2021 - \$262,462).

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 June 30, 2022, the Company had cash and cash equivalents balance of \$ \$10,125,013 (2021 - \$876,757) to settle accounts payable and accrued liabilities of \$ \$296,799 (2021 - \$1,507,320). 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 fair value of the Company's loan payable and cash and cash equivalents are not materially different from the carrying values given the short term nature.

Recurring fair value measurements (financial and non-financial assets)

(i) Fair value hierarchy

The Company records certain financial instruments or assets on a recurring fair value basis as follows:

Recurring fair value measurements - June 30, 2022	Level 1	Level 2	Level 3
Financial assets at fair value through FVTPL			
Listed equity investments	\$ -	\$ -	\$ -
Equity investment	-	-	-
Other equity investments	-	-	3,287,709
Non financial assets at fair value through other comprehensive income			
Convertible loan receivable	-	-	-
Cryptocurrencies	-	8,022,512	-
Cryptocurrencies loaned posted as collateral	-	-	-
	\$ -	\$ 8,022,512	\$ 3,287,709

Recurring fair value measurements - September 30, 2021	Level 1	Level 2	Level 3
Financial assets at fair value through FVTPL			
Listed equity investments	\$ 473,460	\$ -	\$ -
Equity investment	-	3,023,460	-
Other equity investments	-	-	1,123,542
Non financial assets at fair value through other comprehensive income			
Convertible loan receivable	256,112	-	-
Cryptocurrencies	-	20,334,429	-
Cryptocurrencies posted as collateral	-	4,021,203	-
	\$ 729,572	\$ 27,379,092	\$ 1,123,542

The Company defines its fair value hierarchy as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g., other public markets) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Company exercised significant due diligence and judgement and determined that this presence and availability of this market was the most advantageous market and utilised the pricing available in the market as an estimate of the fair value of the investment. In addition, The Company's cryptocurrencies, convertible loan, and assets held as collateral are classified as Level 2 determined by taking the price from www.coinmarketcap.com as of 24:00 UTC.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) *Valuation techniques used to determine fair values:*

Specific valuation techniques used to fair value financial instruments, specifically those that are not quoted in an active market. These are development stage companies, as such the Company utilised a market approach:

- a) The use of quoted market prices in active or other public markets
- b) The use of most recent transactions of similar instruments
- c) Changes in expected technical milestones of the investee
- d) Changes in management, strategy, litigation matters or other internal matters
- e) Significant changes in the results of the investee compared with the budget, plan, or milestone

(iii) *Transfers between levels 2 and 3*

There were no transfers between levels 2 and 3 during the nine months ended June 30, 2022 and 2021.

(iv) *Valuation inputs and relationships to fair value*

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements (see above for valuation techniques adopted):

Description	Fair Value		Unobservable	Range of inputs
	June 30, 2022	September 30, 2021	Inputs	June 30, 2022
Unlisted equity investments	\$ 3,287,709	\$ 1,123,542	Timeline for milestones	N/A

(vi) Valuation processes

The Investment Committee includes a team that performs the valuations of all items required for financial reporting purposes, including level 3 fair values. This team collaborates with the chief financial officer (“CFO”) and the audit committee (“AC”). Discussions of valuation processes and results are held between the CFO, AC, and the valuation team at least once every three months which is in-line with the Company’s reporting requirements. The main Level 3 inputs derived and evaluated by the Company’s team are the timeline for expected milestones and assessment of the technical matter relating to the technology.

The Company performed a sensitivity analysis on the carrying value of its Level 3 assets and noted that a 20% decrease would result in a \$387,637 decrease in fair value.

Accounting Policies

This MD&A should be read in conjunction with the Company’s interim condensed consolidated financial statements and notes as at and for the nine months ended June 30, 2022 and 2021. For additional information on the Company’s significant accounting policies, methods and critical accounting estimates and judgments used in preparation of the Company’s 2022 interim condensed consolidated financial statements and notes, please refer to Note 2 of the audited interim condensed consolidated financial statements as at June 30, 2022.

The interim condensed consolidated financial statements as at June 30, 2022 and 2021 are presented on a going concern basis.

The preparation of financial statements in compliance with IFRS requires the Company’s management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company’s assets, liabilities, income, and expenses. Actual results may differ from those estimates.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

See note 16 of the interim condensed consolidated financial statements for the period ended June 30, 2022.

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 June 30, 2022, should be read in conjunction with the interim condensed consolidated financial statements for the nine months ended June 30, 2022 and 2021. Additional information can be accessed through the Company's public filings at www.sedar.com.

Management's Responsibility for Financial Information

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

Management's Report on Internal Control over Financial Reporting

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed under applicable securities regulations is recorded, processed, summarized, and reported within the times specified. Management regularly reviews the Company's disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in cost effective control systems to prevent or detect all misstatements due to error or fraud.

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of interim condensed consolidated financial statements for external purposes in accordance with IFRS. The design of any system of controls and procedures is based, in part, upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

During the nine months ended June 30, 2022, the Company's employees began working remotely from home due to Company COVID-19 protocols. This change has required certain processes and controls that were previously done or documented manually, to be completed and retained in electronic form. Despite the changes required by the current environment, there have been no significant changes in the Company's internal controls over financial reporting during period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

"Antanas Guoga"

Chief Executive Officer

August 29, 2022

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-months ending June 30, 2023 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.