Q1 2022

bluesky
DIGITAL ASSETS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2022

(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

MAY 30, 2022

www.blueskydigitalassets.com

BTC LISTED ON CSE™

BTCWF TRADED ON OTCQB

The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Bluesky Digital Assets Corp. ("Bluesky" or the "Corporation") and the financial performance for three months ended March 31, 2022. This information in this MD&A is prepared as of May 30, 2022 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the three months ended March 31, 2022, as well as the audited consolidated financial statements for the year ended December 31, 2021 and the related management's discussion and analysis (the "Annual MD&A"). The unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

This MD&A, and specifically the "Outlook" section contains or incorporates forward-looking statements within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, revenue, earnings, changes in cost and expenses, capital expenditures and other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only the Corporation's expectations, estimates and projections regarding future events. Although the Corporation believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.The forward-looking statements contained in this MD&A are made as at the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, Bluesky Digital Assets Corp., does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise. For a description of material factors that could cause the Corporation's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks related to our business".

Company

Bluesky Digital Assets Corp, is building a high value digital currency enterprise. The Corporation currently mines Bitcoin and Ether and the Corporation is developing value-added technology services for the digital currency market, such as proprietary technology solutions. Offering a complete ecosystem of value-creation, the Corporation is targeting reinvesting appropriate portions of its digital currency mining profits back into its operations. A percentage of the profit will be invested in the development of a proprietary Artificial Intelligence ("AI") based technology. Overall, the Corporation takes an approach that enables the Corporation to scale, and respond to changing conditions, within the still-emerging Blockchain industry. The Corporation is poised to capture value in successive phases as this industry continues to scale.

The Corporation was incorporated under the laws of the Province of Ontario on June 1, 2006 and the Corporation's registered office is located at First Canadian Place, 100 King Street West, Suite 5700, Toronto, Ontario M5X 1C9. The Corporation's financial year end is December 31. The Corporation's common shares are listed and trade in Canada on the Canadian Securities Exchange ("CSE") under the trading symbol "BTC" and the Corporation's common shares trade in the United States on the OTC Markets QB Exchange ("OTCQB") under the trading symbol "BTCWF".

Overview and Outlook

The Corporation achieved a corporate milestone in Q1 of 2022 as Total Assets on the Corporation's balance sheet amounted to $10,421,295 CAD. The stated total of $10,421,295 CAD in Total Assets marks the first time ever in the Corporation's history that the Corporation has crossed over the $10,000,000 CAD threshold in Total Assets, as an additional $1,701,106 CAD was added to the Corporation's Total Assets ledger in the three-month period. On December 31, 2021, the Corporation had an audited total of $8,720,189 CAD in Total Assets and exited Q1 2022 with $10,421,295 CAD in Total Assets.

Q1, 2022 was a turbulent quarter for the Cryptocurrency sector, and for most of the Technology sectors in general, and due to this, the Corporation wasn't immune to the headwinds presented in Q1, as the Corporation experienced a decrease in its gross mining revenue over Q1, 2021's gross mining revenue totals. Total gross mining revenue came in at $580,583 CAD in Q1 2022 vs. the $710,312 CAD that was mined in Q1 of 2021. Despite the headwinds, the Corporation still managed to decrease its quarterly loss 42% over the loss posted in Q1 of 2021.

The factors that caused the decline in gross mining revenue included the pullback in the valuation of cryptocurrencies in Q1, 2022 vs. the valuations of cryptocurrencies recorded in Q1 of 2021. The decline in gross mining revenue was also due to the Corporation's decision to move some of its key mining production assets from its current Canadian based mining facility to its new mining facility in the State of Texas which caused a decline in production as the equipment that was moved from Canada to Texas was offline for moving and installation / reactivation purposes.

The primary rationale for moving some of the Corporation's key mining production assets from Canada to Texas is the fact that Texas offers lower utility costs over the Corporation's Canadian based operations and that the Texas based operations can expand its total electrical capacity to 175 MW vs. Canada, where the Canadian based operations are currently capped at 2 MW. The Corporation expects to have up to 10 MW available to it in late July of 2022, and the Corporation has planned to allocate 1 MW towards the operation of the Corporation's 50% working interest / ownership of a Bitmain Antbox Liquid Cooling System (the "Antbox") which will house a combined 195 S19 Pro+ Hyd ASIC Miners which are hydro / liquid cooled. It is anticipated that the Antbox will increase the Corporation's Bitcoin mining capacity by an additional 16 to 18.5 PH/s which will amount to an additional 26 to 30 BTC per year, which will approximately double the Corporation's current Bitcoin mining capacity as the Corporation mined 29 BTC in fiscal 2021. The Corporation will continue to pursue avenues and opportunities to build additional production and additional scale.

Q1 Financial Information

The following table shows selected results of operations for the three months ended March 31, 2022 compared to the same the month periods for the four years prior. All figures presented in the table below are stated in CAD Dollars.

	Q1 2022	Q1 2021	Q1 2020	Q1 2019	Q1 2018
Total revenues	580,583	710,312	121,511	254,224	302,335
Total loss and comprehensive loss for the period	(734,127)	(1,263,233)	(371,735)	(223,722)	(184,590)
Earning / Loss per share from continuing operations	(0.01)	(0.04)	(0.02)	(0.00)	(0.01)
Total assets	10,421,295	5,711,988	2,340,362	7,874,117	8,071,818
Total liabilities	(3,733,438)	(635,082)	(641,879)	(3,301,284)	(3,418,028)

Revenue from continuing operations for the three months ended March 31, 2022 was $580,583 CAD compared to $710,312 CAD earned in the same period in the prior year which represented a year over year decrease of 18% and was primarily driven by the factors stated in the "Overview and Outlook" section of this MD&A. Total liabilities amounted to $3,733,438 CAD of which $1,906,455 CAD is due to Warrant liabilities. The Warrant liability is not payable in cash, nor is the liability due in cash. Should the Warrants that are recorded in the Warrant liability not be exercised by the holders of the Warrants, the Warrant liability will expire and be written to $Nil. Should the Warrants that are recorded in the Warrant liability become exercised, the proceeds will be recorded as cash. Without the $1,906,455 CAD Warrant liability, Total liabilities amounted to $1,826,983 CAD. From 2018 to 2020, revenue from continuing operations was categorized into four segments – Digital Assets Mining, Merchant banking (Interest), Advisory Services and Rental. Commencing in fiscal 2021, the Corporation had one operating segment which is Digital Currency Mining. Moving forward into fiscal 2022, and beyond, the Management Team of the Corporation doesn't foresee or expect any revenue to be generated from Merchant Banking (Interest), Advisory Services or Rental segments as the Corporation has fully transitioned itself away from its legacy Merchant Banking business model and has retired these segments.

December 31, 2021, represented the third fully completed year of Digital Currency Mining for the Corporation. The following table below shows the results of the Corporation's Digital Currency Mining operations for three months ended March 31, 2022 compared to the same period for the two years prior.

All figures presented in the table below are stated in CAD Dollars.

	2022	2021	2020
Total revenue from digital currency mined	580,583	710,312	5,415
Total revenue Increase / (decrease) in $ vs. the same period in the prior year	(129,729)	704,897	-
Total revenue Increase / (decrease) in % vs. the same period in the prior year	(18%)	13,017%	-
Average amount mined per month stated in $	193,528	236,771	1,805
Site operating costs	(398,823)	(173,903)	(132,211)
Site operating cost per month average stated in $	(132,941)	(57,968)	(44,070)
Gross profit / (loss) (Depreciation on equipment not included in these totals)	181,760	536,409	(126,796)
Depreciation on equipment	(616,255)	(118,770)	(60,098)
Gross profit (loss) from digital currencies mining operations	(434,495)	417,639	(186,894)
Gross profit increase / (decrease) in $ vs. the same period in the prior year	(1,039,028)	604,533	-
Gross profit increase / (decrease) in % vs. the same period in the prior year	(204%)	323%	-

Quarterly Results

The following table shows our results of operations for the last eight quarters.

All figures presented in the table below are stated in CAD Dollars.

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Digital Assets Mining Revenue	580,583	1,116,169	1,047,909	851,813	710,312	183,158	198,264	182,500
Net Income (Loss)	(734,127)	(1,750,595)	(649,820)	(2,701,818)	(1,263,233)	(870,093)	(198,234)	(191,476)
Income (Loss) per share	(0.01)	(0.02)	(0.02)	(0.11)	(0.04)	(0.05)	(0.01)	(0.01)
Cash	1,401,895	854,377	3,304,851	1,734,215	1,785,077	1,075,495	325,996	455,610

Results of Operations

The following table shows the results of operations for the three months ended March 31, 2022 compared to the same period last year.

All figures presented in the table below are stated in CAD Dollars.

	Q1 2022	Q1 2021
Revenue		
Digital currency mined	$ 580,583	$ 710,312
Cost of revenue		
Site operating costs	(398,823)	(173,903)
Depreciation	(616,255)	(118,770)
Gross profit (loss)	(434,495)	417,639
Operating expenses		
General and administration	$ 365,268	$ 419,705
Gain on sale of digital currencies	25,085	(32,955)
Share-based payments	337,189	1,709,000
Total operating expenses	727,542	2,095,750
Loss before other items	(1,162,037)	(1,678,111)
Unrealized (loss) on investments	(56,259)	164,816
Realized (loss) on investments	-	269,149
Foreign exchange (loss) gain	(2,721)	-
Gain on revaluation of warrant liability	634,780	-
Loss before income taxes	$ (586,237)	$ (1,244,146)
Total loss for the period	$ (586,237)	$ (1,244,146)
Other comprehensive income **Items that will not be reclassified subsequently to income**		
Revaluation of digital currencies, net of tax	(147,890)	(19,087)
Other comprehensive income for the period	(147,890)	(19,087)
Total loss and comprehensive loss for the period	$ (734,127)	$ (1,263,233)
Basic and diluted net loss per share		
Basic and diluted net loss per share	(0.01)	(0.04)
Basic and diluted net loss per share - continued operations	(0.01)	(0.04)
Weighted average number of common shares outstanding	51,590,517	33,836,819

Revenue from continuing operations for the three months ended March 31, 2022 was $580,583 CAD compared to $710,312 CAD earned in the same period in the prior year which represented a year over year decrease of 18% and was primarily driven by the factors stated in the "Overview and Outlook" section of this MD&A.

Digital Currencies Held

Fiscal 2021 represented the first year that the Corporation commenced building a reserve of unsold digital currencies. Prior to fiscal 2021, the Corporation would sell and convert all its mined Bitcoin into cash, to pay for the operational costs associated with the Corporation's Bitcoin mining and for other operational and corporate related expenses. The following two tables below show the number of digital currencies held by the Corporation, and the continuity of the digital currencies and the valuation of the Corporation's digital currencies reserve for three months ended March 31, 2022 and for the year ended December 31, 2021.

All figures presented in the table below are stated in CAD Dollars.

	As At March 31, 2022	As At December 31, 2021
Bitcoin	$ 1,118,750	$ 967,166
Ethereum	1,559,555	1,440,276
Total Valuation	$ 2,678,305	$ 2,407,442

All figures presented in the table below are stated in CAD Dollars.

	# of BTC	Amount	# of ETH	Amount	Total
Balance, December 31, 2020	-	-	-	-	-
Currency mined *	30	1,732,678	588	1,993,525	3,726,203
Received from exercise of options	-	3,000	-	-	3,000
Currency traded for cash	(13)	(827,590)	(278)	(894,652)	(1,722,240)
Gain on sale of digital currencies	-	48,027	-	105,360	153,387
Revaluation adjustment (1)	-	11,051	-	236,041	247,092
Balance, December 31, 2021	17	$ 967,166	310	$ 1,440,276	$ 2,407,442
Currency mined *	4	239,925	90	340,658	580,583
Disposal of currency	-	(3,240)	-	-	(3,240)
Currency traded for cash	(1)	(67,479)	(20)	(66,026)	(133,505)
Loss on sale of digital currencies	-	(13,274)	-	(11,811)	(25,085)
Revaluation adjustment	-	(4,348)	-	(143,542)	(147,890)
Balance, March 31, 2022	20	$1,118,750	380	$1,559,555	$2,678,305

*Denotes that both BTC and ETH have been rounded to the nearest full number.

(1) Digital currencies held are revalued each reporting period based on the fair market value of the price of Bitcoin and Ethereum on the reporting date. As at March 31, 2022, the prices of Bitcoin and Ethereum were $56,932 CAD and $4,103 CAD, resulting in total revaluation loss of $147,890 CAD recorded to other comprehensive loss.

<u>For The Three Months Ended March 31, 2022 and 2021</u>

The table below shows revenue from continuing operations from the three months ended March 31, 2021, compared to the same period in the prior year.

All figures presented in the table below are stated in CAD Dollars.

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Increase / (decrease) in $	Increase / (decrease) in %
Revenue				
Digital currency mined	$ 580,583	$ 710,312	$ (129,729)	(18%)
Total Revenue	$ 580,583	$ 710,312	$ (129,729)	(18%)

Revenue from continuing operations for the three months ended March 31, 2022 was $580,583 CAD compared to $710,312 CAD earned in the same period in the prior year which represented a year over year decrease of 18% and was primarily driven by the factors previously stated in the "Overview and Outlook" section of this MD&A.

The following table shows the total operating expenses for the year ended December 31, 2021, compared to the same period in the prior year.

All figures presented in the table below are stated in CAD Dollars.

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Increase / (decrease) in $	Increase / (decrease) in %
Operating expenses				
General and administration	$ 365,268	$ 419,705	$ (54,437)	(13%)
Gain on sale of digital currencies	25,085	(32,955)	58,040	176%
Share-based payments	337,189	1,709,000	(1,371,811)	(80%)
Total operating expenses	$ 727,542	$ 2,095,750	$ (1,368,208)	468%

Total operating expenses for the three months ended March 31, 2022 amounted to $727,542 CAD compared to $2,095,750 CAD for the three months ended March 31, 2021 representing a decrease of 65%.

Liquidity & Capital Resources

The following table summarizes cash flows from the year ended December 31, 2021, compared to the same period in the prior year.

All figures presented in the table below are stated in CAD Dollars.

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net cash (used in) operating activities	$ (574,740)	$ (29,927)
Net cash (used in) provided by investing activities	(1,058,124)	(2,366,345)
Net cash (used in) provided by financing activities	2,182,478	3,105,854
Net change in cash	549,614	709,582
Cash, beginning of period	854,233	1,075,495
Exchange differences on cash	(1,952)	-
Cash, end of year	$ 1,401,895	$ 1,785,077

As at March 31, 2022, the Corporation had total current assets of $4,830,367 CAD to meet its total current liabilities of $1,611,455 CAD. To successfully pursue its Digital Currency Mining model, the Corporation plans to continue to raise equity, and possibly debt, in order to pursue, and possibly complete, additional deals and build scale. The ability of the Corporation to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Corporation. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Corporation. If additional financing is raised by the issuance of shares from the treasury of the Corporation, control of the Corporation may change and shareholders may suffer dilution. If adequate financing is not available, the Corporation may be required to sell its interests in some or all of its assets / holdings and / or reduce or terminate some or all of its operations.

Additional Disclosures

Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

I**ncome, value added, withholding and other taxes**

The Corporation is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Corporation's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Corporation's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations.

The Corporation's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Fair value/impairment of notes receivable, accounts and other receivables

The recoverability of notes receivable, accounts and other receivables is assessed when events occur indicating impairment. Recoverability is based on factors that may include failure to pay interest on time, failure to pay the principal, termination of advisory agreements and other factors. The Company assesses expected credit losses at each reporting date. An impairment loss is recognized in the period when it is determined that the carrying amount of the assets will not be recoverable. Refer to Note 7 in the financial statements for further details.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Fair value of investment in securities not quoted in an active market or private company investments

Where the fair values of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Estimated useful life of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of property, plant and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at each reporting date and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property, plant and equipment in the future.

Warrant liability

The Corporation uses Black-Scholes method to determine the fair value of the warrant liability. The Black-Scholes method requires significant judgement in determining the fair value such as volatility and risk-free rate. A change in these inputs could lead to significant change in the fair value of the warrant liability.

Income from digital currency mining and digital currency valuation

The Corporation recognizes income from digital currency mining from the provision of transaction verification services within digital currency networks, commonly termed "cryptocurrency mining". As consideration for these services, the Corporation receives digital currency from each specific network in which it participates ("coins"). Income from digital currency mining is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt. The coins are recorded on the statement of financial position, as digital currencies, at their fair value less costs to sell and remeasured at each reporting date. In fiscal 2020, all coins received were promptly sold for Canadian Dollars and as at December 31, 2020 the Company held no coins as all coins were converted into cash. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit or loss. There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital currencies and management has exercised significant judgement in determining appropriate accounting treatment for the recognition of income from digital currency mining for mining of digital currencies. Management has examined various factors surrounding the substance of the Corporation's operations, including the stage of completion being the completion and addition of a block to a blockchain and the reliability of the measurement of the digital currency received.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

The Corporation has adopted the following new standards, along with any consequential amendments, effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions.

IAS 23 – Borrowing Costs ("IAS 23") was amended in April 2018 to clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRS 16 – Leases ("IFRS 16") specifies how to recognize, measure, present and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17, the new lease standard continues to require lessors to classify leases as operating or finance.

IFRS 16 was applied retrospectively for annual periods beginning on or after January 1, 2019. During the year ended December 31, 2019 and prior to January 1, 2019, the Corporation entered into two leases, all of which have been accounted for under the new standard using a modified retrospective approach with an adoption date of January 1, 2019

Standards, amendments and interpretations not yet effective:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020.

Many are not applicable or do not have a significant impact to the Corporation and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Corporation.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IFRS 10 – Condensed interim consolidated financial statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

Financial Instruments

Financial assets and financial liabilities as at March 31, 2022.

All figures presented in the table below are stated in CAD Dollars.

	Assets & liabilities at amortized cost
Cash	1,401,895
Accounts and other receivables	5,013
Investments	92,804
Accounts payable & accrued liabilities	(1,545,656)
Loans payable	(70,000)

Liquidity Risk

Liquidity risk is the risk that the Corporation is not able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through the management of its capital structure and financial leverage. As at March 31, 2022, the Corporation's current liabilities totaled $ 1,611,455 CAD (2021 - $ 1,035,706 CAD) and cash totaled $1,401,895 CAD (2021 - $ 854,233 CAD). The Corporation generates cash flow from the proceeds of the sales of its Bitcoin and Ethereum holdings. The Corporation manages liquidity risk by reviewing the amount of cash available, to ensure that it can meet its current obligations. There is no guarantee that the Corporation will be able to continue to meet its current obligations.

Currency Risk

The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Corporation operates in Canada and a portion of its loans receivable and investments are in United States dollars. A significant change in the currency exchange rates between the United States dollar relative to the Canadian dollar could have an effect on the Corporation's results of operations, financial position or cash flows. The Corporation has not hedged its exposure to currency fluctuations.

Contractual Obligations and Commitments

The Corporation is party to certain management contracts. These contracts contain aggregate minimum commitments of $360,000 CAD (December 31, 2020 - $360,000) and additional contingent payments of approximately $388,320 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Corporation may become party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision is recorded in the consolidated financial statements. Where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of any such matters may require the Corporation to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Corporation be unsuccessful in its defense or settlement of one or more of legal actions or other claims, there could be a materially adverse effect on the Corporation's financial position, future expectations, and cash flows. Since the adoption of IFRS 16 on January 1, 2019, the Company no longer include lease agreements in commitments. Lease agreements are accounted for right-of-use assets and financial lease liabilities,

Fair value of financial instruments

The Company has determined the carrying values of its financial instruments as follows:

i. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short-term nature of these instruments.

ii. Notes receivable, long-term notes receivable and long-term investments are carried at amounts in accordance with the Corporation's accounting policies as set out in Note 3 of the audited consolidated financial statements.

The following table illustrates the classification and hierarchy of the Corporation 's financial instruments, measured at fair value in the consolidated statements of financial position as at March 31, 2022 and December 31, 2021.

All figures presented in the table below are stated in CAD Dollars.

Investments, fair value	March 31, 2022	Year Ended December 31, 2021
Publicly traded investments	92,804	149,834
Totals	92,804	149,834

Outstanding share data

As at March 31, 2022, the Corporation had 59,191,814 Common Shares issued and outstanding, 493,020 Preferred "Class – A" shares issued and outstanding and 1,250 Preferred "Class – B" shares issued and outstanding. In addition, the Corporation had 31,006,312 Common Share Purchase Warrants outstanding priced at between $0.08 and $2.00 and 4,859,166 Stock Options entitling the holder to acquire an additional Common Share by paying $0.25 to $1.44 per Common Share. As at May 2, 2022, the Corporation had 65,252,420 Common Shares issued and outstanding, 493,020 Preferred "Class – A" shares issued and outstanding and 1,250 Preferred "Class – B" shares issued and outstanding. In addition, the Corporation has 40,743,000 Common Share Purchase warrants outstanding priced at between $0.15 and $2.00 and 4,875,835 Stock Options entitling the holder to acquire an additional Common Share by paying $0.15 to $1.44 per Common Share.

Transactions with Related Parties

As at March 31, 2022 the Corporation did not enter into any transactions in the ordinary course of business with related parties that are not subsidiaries of the Corporation.

Compensation of key Management personnel of the Corporation

The remuneration of directors and other members of key management personnel during the period is displayed in the table below.

All figures presented in the table below are stated in CAD Dollars.

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Management fees	$ 127,741	$ 170,000
Consulting and other professional fees	11,268	9,361
Share-based payments	337,189	1,250,769
	$ 476,756	$ 1,430,130

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, including any directors (executive and non-executive) of the Corporation.

Off Balance Sheet Arrangements

The Corporation has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Proposed Transactions

The Corporation is not party to any proposed transactions that have not been disclosed elsewhere in this MD&A.

Risks Related To Our Business & Our Industry

The Corporation has a limited operating history

The Corporation has a limited operating history, its financial position is not robust, and the Corporation lacks consistent profitable operations to date. The Corporation has incurred net losses since inception and may continue to incur net losses while it builds its business and as such, it may not achieve or maintain profitability. In the year ended December 31, 2020, the Corporation changed its business to "Digital Assets Mining" from "Merchant Banking". The timeframe that the Corporation has been in the Digital Assets Mining space is very short compared to its competitors. The Corporation's limited operating history in Digital Assets Mining also makes it difficult to evaluate the Corporation's business and prospects, and there is no assurance that the business of the Corporation will grow or that it will become profitable. Because of the Corporation's limited operating history in Digital Assets Mining, it is difficult to extrapolate any meaningful projections about the Corporation's future. The Corporation's competitors are significantly better funded than the Corporation. This could prove detrimental in that the Corporation may not have the funds to attract to build the business. There is no assurance that our revenues will continue to grow.

Historically incurred significant losses and our financial situation creates doubt whether we will continue as a going concern

During the three months ended March 31, 2022, the Corporation realized a net loss of ($734,127) CAD compared with a net loss of ($1,244,146) CAD for the three months ended March 31, 2021, As at March 31, 2022, the Corporation had a working capital of $1,401,895 and total assets of $10,421,295. For the three months ended March 31, 2021, the Corporation had $ 854,233 CAD in cash and total assets of $2,018,290 CAD. There are no assurances that the Corporation will be able to achieve a level of revenue adequate to generate sufficient cash flow from operations or obtain additional financing through private placements, public offerings and/or bank financing necessary to support our working capital requirements. To the extent that funds generated from any private placements, public offerings and/or bank financing are insufficient, the Corporation will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on acceptable terms. The Corporation may periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. If adequate working capital is not available, the Corporation may be forced to discontinue operations, which would cause investors to lose their entire investment.

There are risks to the Bitcoin and Ethereum networks

The open-source structure of the Bitcoin and Ethereum and any other crypto assets' network protocol means that the core developers of the networks and other contributors are generally not directly compensated for their contributions in maintaining and developing the network protocol. A failure to properly monitor and upgrade any of the network protocols could damage the network. In addition, the governance behind such networks is generally considered to be decentralized (meaning, not within the control of centralized parties) and any governance failures may also cause damage to the network.

The Corporation's crypto asset inventory may be exposed to cybersecurity threats and hacks

As with any other computer code, flaws in the crypto assets' source codes and keys have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Although discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have historically occurred somewhat regularly, more recently, they have been becoming relatively rarer.

There is a risk that some or all of the Corporation's coins could be lost or stolen. Access to the Corporation's coins could also be restricted by cybercrime (such as a denial of service ("DDoS") attack) against a service at which the Corporation maintains a hosted online wallet. Any of these events may adversely affect the operations of the Corporation and, consequently, its investments and profitability.

The loss or destruction of a private key required to access the Corporation's digital wallets may be irreversible. The Corporation's loss of access to its private keys or its experience of a data loss relating to the Corporation's digital wallets could adversely affect its investments.

Compared with traditional and existing centralized financial systems, the financial system of crypto assets is relatively new and has only limited history. Online crypto asset exchanges and trades therein operate with comparatively little regulation and are particularly liable to platform failures and fraudulent activities, which may have an effect on underlying prices of crypto assets. In fact, many of the largest online crypto asset exchanges have been compromised by hackers. Furthermore, in certain decentralized protocols, it may be difficult or impossible to verify the identity of a transaction counterparty necessary to comply with any applicable anti-money laundering, countering the financing of terrorism, or sanctions regulations or controls.

Regulatory changes or actions may alter the nature of an investment in the Corporation or restrict the business of the Corporation and the use of crypto assets in a manner that adversely affects the Corporation's operations

As crypto assets have grown in both popularity and market size, governments around the world have reacted differently to crypto assets with certain governments deeming them illegal, while others have allowed their use and trade (with or without additional regulatory requirements). On-going and future regulatory actions or requirements may alter, perhaps to a materially adverse extent, the ability of the Corporation to continue to operate.

The effect of any future regulatory change on the Corporation or any crypto assets that the Corporation may mine is impossible to predict, but such change could be substantial and adverse to the Corporation.

Governments may in the future curtail or outlaw the acquisition, use or redemption of crypto assets or the activity of mining crypto assets. Ownership of, holding, mining or trading in crypto assets may also be considered illegal and subject to sanction, or subject to heightened regulatory requirements. Governments may in the future take regulatory actions that may increase the cost and/or subject crypto asset companies (including mining companies, such as the Corporation) to additional regulation, or prohibit or severely restrict the right to acquire, own, hold, sell, mine, use or trade crypto assets or to exchange crypto assets for fiat currency. By extension, similar actions by governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in the Common Shares. Such a restriction could result in the Corporation liquidating its Ethereum, Bitcoin or other crypto asset inventory at unfavorable prices and may adversely affect the Corporation's shareholders.

The value of crypto assets may be subject to volatility and momentum pricing risk

Digital asset prices are highly volatile, can fluctuate substantially and are affected by numerous factors beyond the Corporation's control. Various forces including global supply and demand, interest rates, exchange rates, inflation or deflation, and global political, regulatory and economic conditions affect crypto assets. The profitability of the Corporation is directly related to the current and future market price of Bitcoin and Ethereum; in addition, the Corporation may not be able to liquidate its inventory of digital assets at its desired price if required. A rapid decline in the market price for Bitcoin or Ethereum or any other crypto assets could negatively impact the Corporation's future operations. The Corporation has not hedged the conversion of any of its sales of Bitcoin or Ethereum. Bitcoin and Ethereum both have a limited history and the fair value historically has been volatile. Historical performance of Bitcoin and Ethereum is not indicative of their future price performance.

Crypto assets' market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of crypto assets, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of the Corporation's crypto asset inventory and thereby affect the Corporation's shareholders.

If crypto assets' prices should decline and remain at low market levels for a sustained period while network difficulty does not decrease proportionally, the Corporation could determine that it is not economically feasible to continue activities.

Volatility may have an impact on the value of the Corporation's inventory of currencies. The Corporation will act to reduce this risk by combining daily sales of crypto assets and converting part of the balance of the excess profits into U.S. dollars, Canadian dollars, and/or other investment assets, and a number of crypto assets that will ensure coverage of current operating expenses and capital expenditures in order to hedge the risk of volatility with regard to the Corporation's expenses.

To the extent that other vehicles investing in coins or tracking crypto asset markets form and come to represent a significant proportion of the demand for coins, large redemptions of the securities of those vehicles and the subsequent sale of coins by such vehicles could negatively affect crypto asset prices and therefore affect the value of the inventory held by the Corporation.

There is risk to Bitcoin halving

The current global Bitcoin network rewards miners 6.25 Bitcoin per block, which is approximately 900 Bitcoin per day. The next halving is expected to occur at some point in the year 2024. This halving may have a potential impact on the Corporation's profitability at the reward level of 3.125 coins. Based on the fundamentals of Bitcoin mining and historical data on Bitcoin prices and the network difficulty rate after a halving event, it is unlikely that the network difficulty rate and price would remain at the current level when the Bitcoin rewards per block are halved. The Corporation believes that although the halving would reduce the block reward by 50%, other market factors such as the network difficulty rate, mining fees and the price of Bitcoin would change to offset the impact of the halving sufficiently for the Corporation to maintain profitability. Nevertheless, there is a risk that a future halving will render the Corporation unprofitable and unable to continue as a going concern.

Crypto asset trading platforms are relatively new and under heightened regulatory scrutiny and may be exposed to regulatory risk, fraud and failure

To the extent that crypto asset trading platforms (often referred to as "crypto asset exchanges") are involved in fraud, are subject to enforcement prosecution for failure to adhere to regulatory requirements, or experience security failures or other operational issues, this could result in a reduction in prices of crypto assets. Crypto assets' market prices depend, directly or indirectly, on the prices set on these platforms and other venues, which are new and under heightened regulatory scrutiny. During the past three years, a number of crypto asset trading platforms have been closed or the subject of prosecution due to fraud, the failure to adhere to regulatory requirements, business failure or security breaches. In many of these instances, the customers of these closed platforms are not compensated or made whole for the partial or complete losses of their account balances. While smaller platforms are less likely to have the infrastructure and capitalization that provide larger platforms with additional stability, larger platforms may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action. Such actions may adversely affect the Corporation, not only due to its effect on the price of various crypto assets, but because the Corporation's crypto assets may be custodied at various crypto platforms or venues from time to time.

Malicious actors or botnet obtaining control of more than 50% of the processing power on the Bitcoin Network and Ethereum Network

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on the Bitcoin Network, it may be able to alter the Blockchain on which the Bitcoin Network and most Bitcoin transactions rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new Bitcoins or transactions using such control. The malicious actor could "double-spend" its own Bitcoins (i.e., spend the same Bitcoins in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintains control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the Bitcoin Network or the Bitcoin community did not reject the fraudulent blocks as malicious, reversing any changes made to the Blockchain may not be possible. Although there are no known reports of malicious activity or control of the Blockchain achieved through controlling over 50% of the processing power on the network, it is believed that certain mining pools may have exceeded the 50% threshold. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of Bitcoin transactions. To the extent that the Bitcoin ecosystem, including developers and administrators of mining pools, do not act to ensure greater decentralization of Bitcoin mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the Bitcoin Network will increase, which may adversely affect an investment in the Corporation.

Possibility of less frequent or cessation of monetization of crypto assets

A decision by the Corporation to cease conversion of crypto assets to fiat or to covert crypto assets to fiat less frequently can increase the risk that the crypto assets held by the Corporation will decrease in value and can also increase the risk of loss or theft of crypto assets.

The Corporation may be adversely impacted if there is a failure in the internal control systems, policies, and/or procedures of the Corporation or others

Internal controls over the safeguarding of cryptographic keys relating to digital wallets are procedures that are designed to provide reasonable assurance that transactions involving crypto assets are properly authorized, crypto assets are appropriately safeguarded including against unauthorized or improper use, and transactions are properly recorded and reported. As part of its mining operation, the Corporation publishes the public key information relating to various digital wallets that it uses (including to receive crypto assets as rewards), but it must safeguard the private keys relating to such digital wallets (the private keys allow a user to, among other things, access and transfer the applicable crypto assets). The failure to properly safeguard the private keys presents many risks, including that crypto assets may be improperly transferred. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the safe keeping of the keys, crypto assets and wallets held by the Corporation or on the Corporation's behalf (including with custodians). Any failure in the Corporation's internal controls or in the internal controls maintained at third parties (including custodians) who manage private keys on the Corporation's behalf may have a material adverse impact on the crypto assets, investments, trading strategies and profitability of the Corporation.

In respect of the Corporation's internal processes, the Chief Operating Officer of the Corporation handles all wallets and keys (both public and private) involved in the mining process, including with mining pools, and is involved in the transferring of any crypto assets that are received as rewards from the mining process to accounts held by the Corporation at a designated crypto asset trading platform. The President / CEO of the Corporation is solely involved in handling the Corporation's account held at the crypto asset trading platform, including to convert any crypto assets to fiat. As such, both the President and Chief Operating Officer possess relevant knowledge and control of various public and private keys, wallet information, the crypto assets and the funds relating to the Corporation. To the extent a private key is lost, destroyed, disclosed to the wrong person or otherwise compromised or misused and no backup of the private key is accessible, the Corporation may be unable to access the Corporation's assets held in the related digital wallet and the private key and/or related crypto assets may not be capable of being recovered or restored.

There is risk that the Corporation may not be able to complete its audit

There is increased audit risk for the Corporation's auditors in the area of auditing the existence and ownership rights of crypto asset holdings. If the Corporation's auditors deem the audit risk too high, there is risk that the current auditors would withdraw from the audit which, in turn, would increase the risk of the Corporation's ability to comply with the requirement for reporting annual audited financial statements as part of its ongoing continuous disclosure requirements as a publicly listed company. There is no certainty that the Corporation's independent auditor will be able to complete its audit of the Corporation. Similarly, the Corporation may not be able to retain a successor independent auditor to satisfy its ongoing continuous disclosure obligations or an auditor that is qualified in the digital asset industry.

Banks may not provide banking services, or may cut off banking services, to businesses that provide crypto asset-related services or that accept crypto assets as payment

A number of companies that provide Bitcoin and/or other crypto asset-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to Bitcoin and/or other crypto asset-related companies (e.g., crypto mining companies) or companies that accept crypto assets for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide crypto asset-related services have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of crypto assets as a payment system and harming public perception of crypto assets or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of crypto assets as a payment system and the public perception of crypto assets could be damaged if banks were to close the accounts of many or of a few key businesses providing Bitcoin and/or other crypto asset-related services. This could decrease the market prices of crypto assets and adversely affect the value of the Corporation's crypto asset inventory.

Crypto asset network difficulty and impact of increased global computing power poses risk to the Corporation

Network difficulty is a measure of how difficult it is to solve the cryptographic hash that is required to validate a block of transactions and earn a crypto asset reward from mining. If the network difficulty increased at a significantly higher rate than the Corporation's hashrate and the price of crypto assets did not increase at the same rate as network difficulty, then the profitability of the Corporation's operations would be significantly affected. There can be no assurance that crypto asset prices will increase in proportion to the rate of increase of network difficulty as network difficulty is subject to volatility in growth.

The Corporation has economic dependence on regulated terms of service and electricity rates

The Corporation's operations are dependent on its ability to maintain reliable and economical sources of power to run its crypto assets' mining assets. The Corporation conducts mining in the Province of Québec, which has regulated electrical power suppliers and there can be no assurance that electricity will continued to be provided to the Corporation or can be provided on terms which are economic for the Corporation's current and future operations, anticipated growth, and sustainability.

It is possible that hydro utility providers could elect to ban providing electricity to the Corporation's active operations and it is possible for a hydro utility provider to renege on its contractual obligations between itself and the Corporation. Should this occur, it could severely impact the Corporation's ability to operate and possibly the Corporation's ability to continue in this industry space. A hydro ban could be initiated by the hydro provider themselves or either a government could mandate that hydro utility providers cannot service entities in this industry space.
Bitcoin and Ethereum mining consumes large amounts of electrical power and as such, the Corporation will be dependent on its suppliers for the continual supply of power at rates that make mining operations efficient and profitable. Disruption in the power supply will have immediate financial

consequences to the Corporation, and if prolonged, result in material losses in Bitcoin earnings, adversely impact the price of Bitcoin and/or Ethereum, and additional expenses that may be incurred to replace or rectify the power supply.

The Corporation is subject to political and regulatory risk

The Corporation's primary properties are located in the Province of Québec and will be subject to changes in political conditions and regulations within such jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude could adversely affect the Corporation's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on price controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, electricity use and safety. For example, crypto asset mining involves considerable computing power, which is likely to increase. This computing power necessitates a high consumption of energy. Although the energy costs used by the Corporation are typically determined and controlled by a regulator, there is no certainty that tariffs or other regulatory costs will not be imposed, which may reduce the profitability of mining cryptographic currencies.

On-going and future regulatory changes or actions may alter the nature of an investment in the Corporation or restrict the use of crypto assets in a manner that adversely affects the Corporation's operations. The effect of any future regulatory change on the Corporation or any crypto assets that the Corporation may mine is impossible to predict, but such change could be substantial and adverse to the Corporation. The jurisdictions in which the Corporation operates may in the future curtail or outlaw, the acquisition, use, mining or redemption of crypto assets.

The Corporation may require permits and licenses

The operations of the Corporation may require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required.

Server failure could pose a threat to the Corporation's business

There is a risk of serious malfunctions in servers or central processing units and/or their collapse. The Corporation utilizes a team of experts that enables, among other things, control, management and reporting of malfunctions in real time, which enables ongoing control over the operation of the equipment, including its cooling. While malfunctions in central servers, or central processing units can only occur on a specific server farm or part of it or for short periods of time, such server crashes or failures may cause significant economic damage to the Corporation.

Further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in crypto assets is subject to a variety of factors that are difficult to evaluate

The use of crypto assets to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of crypto assets in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may adversely affect the Corporation's operations. A significant portion of crypto assets' demand may be attributable to speculation. The failure of retail and commercial marketplaces to adopt crypto asset payment methods may result in increased volatility and/or a reduction in market prices, either of which may adversely impact the Corporation's operations and profitability. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of crypto assets;
- Governmental and quasi-governmental regulation of crypto assets and their use, transfer, mining or restrictions on or regulation of access to and operation of the network or similar crypto asset systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of Bitcoin specifically and crypto assets generally.

As relatively new products and technologies, crypto assets and their underlying networks have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of crypto assets' demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of crypto assets. The relative lack of acceptance of crypto assets in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. A lack of expansion by crypto assets into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in their market prices, either of which could adversely impact the Corporation's operations, investment strategies, and profitability.

Possibility of the Ethereum algorithm transitioning to proof of stake validation

Proof of stake is an alternative method in validating crypto asset transactions. Should the Ethereum algorithm shift from a proof of work validation method to a proof of stake method, mining Ethereum would require less energy and may render the Corporation less competitive as other miners are able to mine Ethereum with lower energy requirements.

The Corporation may be required to sell its inventory of crypto assets to pay suppliers

The Corporation may sell its inventory of crypto assets to pay necessary expenses, irrespective of then-current crypto asset prices. Consequently, the Corporation's inventory of crypto assets may be sold at a time when the price is low, resulting in a negative effect on the Corporation's profitability.

The Corporation's operations, investment strategies, and profitability may be adversely affected by competition from other methods of investing in crypto assets

Regulation of crypto assets outside of Canada has led some mining companies to consider Canada as a jurisdiction in which to operate. This may increase competition to the Corporation; however, the Corporation believes that only a few competitors exist that can compete with the speed and cost effectiveness of the Corporation's current operations and buildout capabilities. Nevertheless, the Corporation's assumptions with respect to its competitors could be inaccurate and the Corporation may face unexpected competition in the form of a new entrant in the marketplace. Such competition could erode the Corporation's expected market share and could adversely impact the Corporation's profitability. Increased competition could result in increased network computing resources and consequently increased hash difficulty.

The Corporation will need to develop and maintain its facilities

The continued development of existing and planned facilities is subject to various factors, and may be delayed or adversely affected by such factors beyond the Corporation's control, including delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment into existing infrastructure, shortages in materials or labour, defects in design or construction, diversion of management resources, insufficient funding, or other resource constraints. Actual costs for development may exceed the Corporation's planned budget. Delays, cost overruns, changes in market circumstances and other factors may result in different outcomes than those intended.

The Corporation could be in violation of laws, including securities laws

The Corporation, its custodians, trading platforms and mining pools are subject to various laws, regulations and guidelines. The Corporation intends to comply with all relevant laws, regulations and guidelines. However, there is a risk that the Corporation's interpretation of laws, regulations and guidelines, including, but not limited to applicable securities laws and applicable stock exchange rules and regulations may differ from those of others, and the Corporation and its custodians, trading platforms and mining pools operations may not be in compliance with such laws, regulations and guidelines. In addition, achievement of the Corporation's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of regulatory compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals required by the Corporation may significantly delay or impact the development and operations of the Corporation's business, and could have a material adverse effect on the business, results of operations and financial condition of the Corporation. Any potential non-compliance could cause the business, financial condition and results of the operations of the Corporation to be adversely affected. Furthermore, any amendment to or replacement of the securities laws and/or its regulations or other applicable rules and regulations governing the activities of the Corporation and its custodians, trading platforms and mining pools operations may cause adverse effects to the Corporation's operations. The risks to the business of the Corporation and its custodians, trading platforms and mining pools operations associated with the decision to amend or replace applicable securities laws and/or stock exchange policies could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Regulatory and compliance issues with third parties (including crypto asset trading platforms and banks)

Canadian securities regulators have been notifying crypto asset trading platforms that currently offer trading in derivatives or securities to users in Canada, that they must bring their operations into compliance with securities law or face potential regulatory action. Such securities regulators have the authority to, among other things, cease trade or take other steps to hinder or halt the operations of platforms that operate in Canada, including on an interim or temporary basis. Although unlikely, it is possible that the various trading platforms or venues that the Corporation currently uses to hold its digital assets with, including for the purposes of converting the digital assets into fiat currencies (Canadian Dollars), could be subject to such regulatory action by Canadian securities regulators. Furthermore, due to the ever-evolving developments and sentiments relating to the industry, it is possible that Canadian financial institutions, which include banks, credit unions, trust companies and merchant banks, may elect not to allow entities that are involved in this industry space to transact with them. Any such action could result in any of the Corporation's banking accounts to be frozen for an unspecified amount of time or closed which could have a negative effect on the Corporation's operating capabilities

The Corporation could be subject to claims from investors

Given the nature of the Corporations activities, claims or complaints may occasionally be made against us by investors or others in the normal course of our business. The legal risks to which the Corporation, its directors, executive officers, employees or agents are exposed to in this respect include potential liability for violation of securities laws, breach of fiduciary duty and other possible claims. Some violations of securities laws or other industry regulations by the Corporation or one of its directors, executive officers, employees or agents may give rise to civil liability, fines, sanctions, expulsion from a self-regulatory organization or even suspension or revocation of our right to carry on business. The Corporation may incur significant legal fees in defending ourselves against this potential liability.

Incorrect or fraudulent coin transactions may be irreversible

Crypto asset transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect the Corporation's investments. Incorrectly executed transactions may be the result of computer or human error, despite rigorous controls to prevent such errors.

Coin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, crypto asset transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the Blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible and the Corporation may not be capable of seeking compensation for any such transfer or theft. Although the Corporation's transfers of coins will regularly be made by experienced members of the management team, it is possible that, through computer or human error, or through theft or criminal action, the Corporation's coins could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations.

As the number of coins awarded for solving a block in the Blockchain decreases, the incentive for miners to continue to contribute processing power to the network will transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the Blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for the relevant coins and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of the relevant crypto assets that could adversely impact the Corporation's crypto asset inventory and investments.
In order to incentivize miners to continue to contribute processing power to the network, the network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. This transition could be accomplished either by miners independently electing to record on the blocks they solve only those transactions that include payment of a transaction fee or by the network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. If transaction fees paid for the recording of transactions in the Blockchain become too high, the marketplace may be reluctant to accept network as a means of payment and existing users may be motivated to switch between crypto assets or back to fiat currency. Decreased use and demand for coins may adversely affect their value and result in a reduction in the market price of coins.

If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce collective processing power, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the Blockchain until the next scheduled adjustment in difficulty for block solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent of the processing power. Any reduction in confidence in the confirmation process or processing power of the network may adversely impact the Corporation's mining activities, inventory of coins, and future investment strategies.

Reliance on third party mining pool service providers for mining revenue payouts may adversely affect investments

The Corporation currently relies on mining pools that support crypto assets (including Bitcoin and Ethereum) to receive mining rewards and fees from the network. In general, mining pools allow miners to combine their computing and processing power, which allows them to increase their chances of solving a block and getting a reward from the given blockchain network. The rewards, distributed proportionally based on the Corporation's contribution to the pool's overall mining power, are distributed by the pool operator. Should the pool operator or its computer system experience difficulty, including downtime due to a cyber-attack, software malfunction, fraud/misconduct or other similar issues, it will negatively impact the Corporation's ability to mine and receive revenue. The Corporation may have recourse against the mining pool operator if the proportion of the reward paid out to the Corporation is incorrect, other than to leave the pool. If the Corporation is unable to consistently obtain accurate proportionate rewards from the mining pools, the Corporation may experience reduced rewards for its efforts, which would have an adverse effect on the business and operations.

Lack of third party software to monitor hash power to assess the completeness of the revenue allocated from the mining pool

The Corporation currently uses mining pool to mine Bitcoin. These maintains an immutable record that shows block reward, your work rate and transaction fee. The Corporation has access to this information. However, the Corporation does not have third party software to monitor the hash power to help assess the completeness of the revenue allocated from the mining pool. Without the use of third party software, the Corporation must rely on the information provided by Slush Pool to assess the completeness of the revenue allocated from the mining pool. Such lack of third party assessment of the Corporation's hash power could have a material adverse effect on the ability of the Corporation to accurately confirm the completeness of the revenue allocated from the mining pool, which could have an adverse effect on the business, prospects or operations of the Corporation and potentially the value of any crypto assets the Corporation may mine relative to the expenses the Corporation expends to mine such crypto assets

Material risks and uncertainties associated with custodians of crypto assets

The Corporation uses various third parties to custody its crypto assets. Such parties may or may not be subject to regulation by governmental agencies or other regulatory or self-regulatory organizations and may not have the appropriate registration to operate. While not currently anticipated, the Corporation could have a high concentration of its digital assets in one location or with one custodian, crypto asset trading platform or wallet provider, which may be prone to losses, including arising out of hacking, loss of passwords, compromised access credentials, malware, cyberattacks or fraud. Certain parties may not indemnify the Corporation against any losses of digital assets or may not have full insurance over the assets under custody. Digital assets held by these parties s may be transferred into "cold storage" in which case there could be a delay in retrieving such digital assets. The Corporation may also incur costs related to the third-party custody and storage of its digital assets. Any security breach, incurred cost or loss of digital assets associated with the use of a custodian could materially and adversely affect the Corporation's investment and trading strategies, the value of its assets and the value of any investment in the Corporation.

Risk related to technological obsolescence and difficulty in obtaining hardware

To remain competitive, the Corporation will continue to invest in hardware and equipment at its facilities required for maintaining the Corporation's mining activities. Should competitors introduce new services/software embodying new technologies, the Corporation recognizes its hardware and equipment and its underlying technology may become obsolete and require substantial capital to replace such equipment. There can be no assurance that mining hardware will be readily available when the need is identified. Equipment in the Corporation's facilities will require replacement from time to time. Shortages of graphics processing units may lead to unnecessary downtime as the Corporation searches for replacement equipment to ensure their facilities are running smoothly. Moreover, there can be no assurance that new and unforeseeable technology, either hardware-based or software-based, will not disrupt the existing crypto asset industry. For example, the arrival of quantum computers, which are capable of solving certain types of mathematical problems fundamental to crypto assets more quickly and efficiently than traditional computers, may have a significant effect on the crypto asset industry.

The Corporation may not be able to obtain insurance on favorable rates or at all

The Corporation intends to insure its operations in accordance with technology industry practice. However, given the novelty of crypto asset mining and associated businesses, such may be unavailable or uneconomic for the Corporation, or the nature or level may be insufficient to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Corporation.

The Corporation's business may be subject to environmental regulations and liabilities

All of the Corporation's operations may be subject to environmental regulations, which can make operations expensive or prohibitive. The continued evolvement of environmental regulations may lead to the imposition of stricter standards, more diligent enforcement, and heavier fines and penalties for noncompliance. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations or cause delays in the development of mining projects. The Corporation may be subject to potential risks and liabilities associated with pollution of the environment through its use of electricity to mine crypto assets. In addition, environmental hazards may exist on a property in which the Corporation directly or indirectly holds an interest which are unknown to the Corporation at present which have been caused by previous or existing owners or operators of the property which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. To the extent the Corporation is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Corporation. If the Corporation is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Corporation.

Increase in carbon taxes could negatively impact the Corporation's operations

Bitcoin and Ethereum mining is energy intensive and has a significant carbon footprint. Increases in the tax payable on carbon emissions related to the Corporation's operations could significantly increase the Corporation's cost of doing business and could have a material adverse effect on the Corporation's business, results of operations and financial condition. While the Corporation currently uses wind power as a source of power for its existing operations, there are no assurances that the Corporation will be able to effectively and efficiently, or at all, source its power needs with cost efficient and reliable alternative renewable energy sources.

General Risks

Pandemic and COVID-19

The Corporation cautions that current global uncertainty with respect to the spread of the COVID-19 virus ("**COVID-19**") and its effect on the broader global economy may have a significant negative effect on the Corporation. While the precise impact of the COVID-19 virus on the Corporation remain unknown, rapid spread of the COVID-19 virus may have a material adverse effect on global economic activity, and can result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, ability to visit the Corporations facilities, results of operations and other factors relevant to the Corporation.

Reliance on key personnel

The Corporation's success will also depend in large part on the continued service of its key operational and management personnel, including executive staff, research and development, engineering, marketing and sales staff. Most specifically, this includes its CEO, CFO and COO. The Corporation faces intense competition for these professionals from its competitors, customers and other companies throughout the industry. Any failure on the Corporation's part to hire, train and retain a sufficient number of qualified professionals could impair the business of the Corporation.

Management of Growth

The Corporation has recently experienced, and may continue to experience, rapid growth in the scope of its operations. This growth has resulted in increased responsibilities for the Corporation's existing personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Corporation will need to continue to implement and improve its operational, financial and management information systems, as well as hire, manage and retain its employees and maintain its corporate culture including technical and customer service standards. There can be no assurance that the Corporation will be able to manage such growth effectively or that its management, personnel or systems will be adequate to support the Corporation's operations.

Conflicts of Interest

Certain officers and directors of the Corporation are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Corporation will be required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest which they may have in any project or opportunity of the Corporation. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter. In determining whether or not the Corporation will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

Need for financing in order to grow the business

From time to time, in order to expand operations the Corporation will need to incur additional capital expenditures. These capital expenditures are intended to be funded from third party sources, including the incurring of debt and/or the sale of additional equity securities. In addition to requiring additional financing to fund capital expenditures, the Corporation may require additional financing to fund working capital, sales and marketing, general and administrative expenditures and operating losses. The incurrence of debt creates additional financial leverage and therefore an increase in the financial risk of the Corporation's operations. The sale of additional equity securities will be dilutive to the interests of current equity holders. In addition, there can be no assurance that such additional financing, whether debt or equity, will be available to the Corporation or that it will be available on acceptable commercial terms. Any inability to secure such additional financing on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Corporation.

Global economic conditions may adversely affect our industry, business and results of operations

The Corporation's overall performance depends, in part, on worldwide economic conditions which historically is cyclical in character. The United States and Canada have largely worked its way out of an economic recession while other key international economies continue to be impacted by a recession, characterized by falling demand for a variety of goods and services, restricted credit, going concern threats to financial institutions, major multinational companies and medium and small businesses, poor liquidity, declining asset values, reduced corporate profitability, extreme volatility in credit, equity and foreign exchange markets and bankruptcies.

Risks related to our shareholders and purchasing common and preferred shares

Our shares may continue to be subject to illiquidity because our Common Shares and "Class – A" Preferred Shares may continue to be thinly traded. There are also continuing eligibility requirements for companies listed on public trading markets. If we are unable to satisfy the continuing eligibility requirements of any such market, then our Common Shares and "Class – A" Preferred Shares may be delisted. This could result in a lower trading price for both our "Class – A" Preferred Shares and Common Shares and may limit your ability to sell them, any of which could result in you losing some or all of your investments. Our "Class – B" Preferred Shares are currently not listed on any stock exchange and therefore have very limited market. It is possible that our "Class – B" Preferred Shares may never qualify for listing onto a stock exchange.

No dividends have been paid on our Common Shares

We have never paid cash dividends on our Common Shares and do not presently intend to pay any cash dividends on our Common Shares in the foreseeable future. Investors should not look to dividends as a source of income. In the interest of reinvesting initial profits back into our business, we do not intend to pay cash dividends in the foreseeable future on our Common Shares. Consequently, any economic return will initially be derived, if at all, from appreciation in the fair market value of our Common Shares, and not as a result of dividend payments. We have the right to accrue the dividends on our "Class – A" & "Class – B" Preferred Shares and do not have to make payments.

Expectations to issue more shares in an equity financing, which may result in substantial dilution

Our articles of incorporation authorize the Corporation to issue an unlimited amount of Common Shares and to issue up to 10% of our common share total as Preferred Shares. Any equity financing effected by the Corporation may result in the issuance of additional securities without stockholder approval and may result in substantial dilution in the percentage of both our Common Shares or our Preferred Shares held by our then existing stockholders. Moreover, Preferred Shares and Common Shares issued in any equity financing transaction may be valued on an arbitrary or non-arm's length basis by our management, resulting in an additional reduction in the percentage of Common Shares and Preferred Shares held by our then existing stockholders. Our board of directors has the power to issue any or all of such authorized but unissued shares without stockholder approval. To the extent that additional Common Shares or Preferred Shares are issued in connection with a business combination or otherwise, dilution to the interests of our stockholders will occur and the rights of the holders of Common Shares might be materially adversely affected.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has not entered into any derivative contracts to manage this risk. The Corporation will be exposed to interest rate changes on its investments that are expected to pay interest, and any credit facilities it may have that bear interest at a floating rate. Changes in the prime lending rate would affect earnings and could adversely affect the Corporation's profitability.

Additional Information

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

Bluesky Digital Assets Corp.
CSE: BTC | OTCQB: BTCWF

First Canadian Place
100 King St W, Suite 5700
Toronto, Ontario
M5X 1C9

www.blueskydigitalassets.com

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