Vogogo Inc.

Management Discussion and Analysis

For The Three Months Ended March 31, 2018

This Management's Discussion & Analysis ("MD&A") is intended to provide readers with the information that management ("Management") of Vogogo Inc. ("Vogogo" or the "Corporation") believes is required to gain an understanding of the financial results of the Corporation for the three months ended March 31, 2018 compared to the same period in 2017, and to assess the Corporation's future prospects. Accordingly, certain sections of this report contain forward-looking statements and forward-looking information (collectively, "Forward-Looking Information"), as defined under applicable Canadian securities laws, which are based on current plans and expectations. See under the heading "Special Note Regarding Forward Looking Information". Additional information relating to Vogogo is available in Vogogo's profile on www.sedar.com.

This MD&A, presented and dated as of May 30, 2018, should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the three months ended March 31, 2018 and the audited consolidated financial statements and related notes for the years ended December 31, 2017 and 2016.

All currency amounts in the accompanying financial statements and this MD&A are in Canadian dollars unless otherwise noted.

Special Note Regarding Forward Looking Information

Certain statements in this MD&A, other than statements of historical fact, may include Forward-Looking Information that involves various risks and uncertainties. These can include, without limitation, statements based on current expectations involving a number of risks and uncertainties related to all aspects of the online payment processing industry as well as those factors set forth under the heading "*Risk Factors*" in the Annual Information Form. These risks and uncertainties may have a material impact on future prospects and may cause actual results to differ from information contained herein. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. These forward-looking statements are based on the estimates and opinions of Management on the dates they are made and are expressly qualified in their entirety by this notice. Since actual events and results could differ materially, the reader is cautioned not to place undue reliance on any Forward-Looking Information. The Corporation assumes no obligation to update Forward-Looking Information should circumstances or Management's estimates or opinions change, except as required by law.

Business Overview

Vogogo was created to become a specialized payment processing business with associated risk management capability. The Corporation spent recent years developing and launching technologies that enabled secure and compliant online transaction processing for businesses.

During the first half of 2016, following a strategic review process announced by Vogogo, the board of directors of the Corporation (the "Board") decided to discontinue payment-processing operations in order to preserve the Corporation's cash position. The Corporation advised its remaining clients that it would cease to process payments by September 30, 2016. Prior to making this determination, the Board reviewed strategic alternatives that focused on increasing shareholder value, which included, but were not limited to, a modified plan for continuing the business; the sale or combination of Vogogo's payment and risk management assets to or with another firm; a strategic vend-in, amalgamation, reverse amalgamation or similar transaction; a sale of one or more corporate assets; and/or a strategic business combination or strategic partnership. Ultimately, the Board concluded that suspending all operations and seeking a suitable vend-in opportunity was in the best interests of the Corporation and its shareholders.

Subsequent events

Crypto 205 Acquisition

On April 3, 2018, the Corporation acquired all of the issued and outstanding shares of Crypto 205 Inc. (the "Acquisition"). Crypto 205 Inc. ("Crypto 205") is now a wholly-owned subsidiary of the Corporation which is engaged in the business of mining for cryptocurrencies for its own account, as a service for third party customers and within mining pools, together with corresponding support services. Pursuant to the Acquisition, the Corporation acquired all of the issued and outstanding shares of Crypto 205 from its former shareholders in exchange for an aggregate of 130,000,000 non-voting, convertible series 1 preferred shares in the capital of Vogogo (the "Preferred Shares"). In connection with the Acquisition, the Corporation was also assigned a shareholder loan in exchange for a cash payment of $5 million (1).

The terms of the Preferred Shares provide, among other things, that they: (i) are non-voting; (ii) are convertible into common shares of the Corporation ("Common Shares") on a one for one basis, subject to customary adjustments; (iii) are eligible to participate in dividends if and when declared on the Common Shares; (iv) have priority rights on liquidation; and (v) are subject to a restriction that no holder of the Preferred Shares may convert into a number of Common Shares that would result in such holder beneficially owning greater than 9.9% of the Common Shares. The terms of the preferred shares issued by the Corporation to the former shareholders of Crypto 205 Inc. provide that such preferred shares are convertible immediately upon the holder providing sixty-one days prior written notice. The holders of the preferred shares have contractually agreed not to dispose of any underlying common shares issued on conversion of the preferred shares held on closing of the Acquisition (the "Underlying Common Shares") until 3 months after the closing date, at which point they may elect to dispose of up to 25% of the Underlying Common Shares and up to an additional 25% of the Underlying Common Shares after each of October 3, 2018, January 3, 2019 and April 3, 2019.

(1) The cash payment of $5 million was transferred in trust to a law firm before March 31, 2018 and has been included in cash and cash equivalents as cash held in trust as at March 31, 2018.

Proposed Transaction

On April 19, 2018, the Corporation announced the signing of a definitive agreement to acquire 14,000 newly installed cryptocurrency mining machines plus supporting infrastructure, in a state of the art facility near Montreal. Upon closing, the Company will also enter into a lease agreement for the facility, which has available power such that the Company can add a further 8,000 mining machines, which would result in a total of 26,125 mining machines being operated by the Corporation.

The purchase price of $46 million CAD is payable as $36 million in cash plus a $10 million promissory note payable to the vendor. The note bears interest at 8% per annum, for a two year term, with monthly interest payments during the term of the loan. Principal is repayable as $5 million on the first anniversary date of the loan and $5 million at maturity. The promissory note is secured by the mining machines and other assets acquired. The transaction is expected to close on or around June 15, 2018.

On May 15, 2018, the Corporation announced that it has filed a preliminary short form prospectus in connection with a fully marketed offering of up to 30,000 units (the "Units") at a price of $1,000 per Unit ("Issue Price") for gross proceeds of up to $30,000,000 (the "Offering"). The Offering is being conducted by Canaccord Genuity Corp. ("Canaccord"). On May 16, 2018, the Corporation amended the agreement to make it fully underwritten, with Canaccord such that Canaccord agreed to act as the lead underwriter and sole bookrunner for the Offering on behalf of a syndicate of underwriters including Beacon Securities Limited (the "Underwriters").

Each Unit will be comprised of $1,000 principal amount of senior unsecured extendible non--redeemable convertible debentures ("Convertible Debentures") and 1,000 warrants ("Warrants") of the Corporation.Each Convertible Debenture will entitle the holder to convert the principal amount into 2,000 common shares ("Shares") of the Company at a conversion price of $0.50 per Share. Each Warrant is exercisable for for one Share at a price of $0.70 per Share. In addition, the Corporation has agreed to grant the Underwriters an option (the "Over-Allotment Option") to purchase up to an additional 4,500 Units on the same terms and conditions as the Offering, exercisable any time, in whole or in part, up to 30 days after the Closing Date (as hereinafter defined) of the Offering. If the Over-Allotment Option is exercised in full, the total gross proceeds to Vogogo will be up to $34,500,000.

On May 15, 2018, the Corporation filed its Annual Information Form (“AIF”) and a preliminary short form prospectus for the Offering and on May 16, 2018, the Corporation filed an amended and restated preliminary short form prospectus for the amended Offering. Both are available under the Corporation’s profile on SEDAR at www.sedar.com

The Corporation’s head office address is PO Box 34023, Westbrook PO, Calgary, Alberta T3C 3W2 and the registered office address is 4600, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1.

On April 4 and May 7, 2018, the Corporation issued 6,595,951 and 6,000,000 stock options at an exercise price of $0.35 and $0.455 each respectively.

Subsequent to March 31, 2018, 2,400,000 share purchase warrants with an exercise price of $0.13 were exercised for a total of $312,000.

In addition to information contained herein, further details concerning the Corporation are provided in the historical financial statements and related management’s discussion and analysis, as well as the annual information form and preliminary short for prospectus which have been filed under the profile of the Corporation at www.sedar.com.

The Focus for 2018

The Corporation has taken the strategic decision to focus on the business of mining for cryptocurrencies for its own account, as a service for third party customers and within mining pools, together with corresponding support services. In order to execute and realize success in this new direction, the Corporation acquired the shares of Crypto 205, a corporation with a state of the art cryptocurrency mining facility. Further to this acquisition, the Corporation entered into a definitive agreement and secured financing to acquire another cryptocurrency mining operation which if completed, would provide the Corporation with approximately 1% of the entire bitcoin hashrate. The Corporation is focused on successfully executing and operating these two facilities and continues to look for opportunities and verticals to expand into in the cryptocurrency space.

BASIS OF PRESENTATION

This MD&A of the results of operations should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018 and the audited consolidated financial statements for the years ended December 31, 2017 and 2016.

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board on May 30, 2018.

NON-IFRS MEASURES

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore, may not be comparable with calculation of similar measures for other entities and should be considered non-IFRS measures. These measures are described and presented in order to provide information regarding the Corporation's financial results, liquidity and ability to generate funds to finance its operations. These measures are identified and presented, where appropriate, together with reconciliations to the equivalent IFRS measures. However, they should not be used as an alternative to IFRS measures because they may not be consistent with calculations of other companies. These non-IFRS measures, and certain operational definitions used by the Corporation, are further explained below.

Cash Flow Used In Operations

Cash flow used in operations is defined as the cash generated or used in operating activities including working capital related to operating activities. It is calculated by adding non-cash items to the net income or loss and then adding or deducting working capital sources or uses related to operating activities.

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	March 31 2018 $	March 31 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss from continuing operations	**(152,778)**	(748,713)
Add back (deduct) items not involving cash:		
Stock-based compensation	**-**	128,430
	(152,778)	(620,283)
Changes in non-cash working capital items:		
Trade and other receivables	**(10,818)**	(17,985)
Prepaid expenses and deposits	**(73,928)**	3,669
Trade and other payables	**(77,800)**	295,643
Net cash flows used in operating activities	**(315,324)**	(338,956)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of warrants	**403,000**	-
Net cash flows from financing activities	**403,000**	-
Net increase (decrease) in cash and cash equivalents for the period	**87,676**	(338,956)
Cash and cash equivalents, beginning of the period	**12,796,056**	7,908,963
Cash and cash equivalents, end of the period	**12,883,732**	7,570,007
Cash and cash equivalents consists of the following:		
Cash held in banks	**283,732**	219,682
Cash held in trust	**5,000,000**	-
Guaranteed investment certificates	**7,600,000**	7,350,325
	12,883,732	7,570,007

SUMMARY OF FINANCIAL AND OPERATIONAL RESULTS

The following tables set forth unaudited condensed interim consolidated financial data prepared in accordance with IFRS for the three months ended March 31, 2018 and 2017, respectively.

Financial Snapshot

	Three Months Ended	
($)	**March 31, 2018**	**March 31, 2017**
Total expenses	**199,567**	754,558
Loss	**152,778**	748,713
	As at March 31, 2018	**As at December 31, 2017**
Working capital (current assets less current liabilities)	**12,861,718**	12,611,496
Total assets	**13,008,741**	12,836,319
Total liabilities	**147,023**	224,823

Summary of Quarterly Results

The following table presents unaudited selected financial data for each of the last eight quarters up to March 31, 2018.

($)	**Mar 31, 2018**	**Dec 31, 2017**	**Sept 30, 2017**	**June 30, 2017**	**Mar 31, 2017**	**Dec 31, 2016**	**Sept 30, 2016**	**June 30, 2016**
Total assets	13,008,741	12,836,319	6,935,495	7,010,366	7,773,903	8,148,556	6,618,097	10,668,049
Net working capital	12,861,718	12,611,496	6,840,417	6,916,384	6,991,870	7,612,153	5,213,825	6,528,077
Total liabilities	147,023	224,823	95,078	93,982	782,033	536,403	1,404,272	4,131,947
Revenue	-	-	-	-	-	224,862	31,338	254,495
Net loss and comprehensive loss	(152,778)	(521,495)	(204,208)	(203,073)	(748,713)	(602,639)	(1,041,344)	(1,932,999)
Basic and diluted loss per Share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	(0.04)

Comprehensive loss for the three months ended March 31, 2018 decreased to $0.15 million compared to $0.75 million for the same period in 2017. The lower quarterly loss was the result of lower general and administrative and stock-based compensation expenses compared to the same period in 2017 as the Company discontinued its operations during the second half of 2016.

RESULTS OF OPERATIONS

General and Administrative

($)	March 31, 2018	March 31, 2017
General and administrative expenses	**199,567**	626,128

General and administrative ("G&A") expenses consist primarily of personnel costs, processing costs and overhead expenses relating to the Corporation's human resource, finance, legal, regulatory and administrative functions. For the three months ended March 31, 2018, G&A expenses decreased to $199,567, a decrease of $426,561 when compared to the same period in 2017. Included in the previous quarter G&A is an accrual for the settlement of a legal claim that was finalized after the previous quarter end. The terms of this settlement have been agreed to be kept confidential.

Without this one time settlement of a legal claim G&A for the quarter ended March 31, 2017, G&A expenses were comparable to the same period this year.

For the first quarter of 2018, 67% of G&A expenses related to personnel, consulting, professional fees and rent while, for the same period in 2017, 24% of G&A expenses related to personnel, consulting, professional fees and rent.

Liquidity and Capital Resources

The Corporation optimizes its capital structure with a view to ensuring a strong financial position to support its growth prospects. The Corporation's capital structure is made up of share capital, warrants, contributed surplus, accumulated other comprehensive income and deficit as equity components. The Corporation strives to maximize the value associated with its capital. In order to maintain or adjust its capital structure, the Corporation may from time to time issue shares and adjust its spending.

($)	March 31, 2018	December 31, 2017
Share capital	**35,583,735**	35,074,123
Warrants	**2,342,721**	2,449,333
Contributed surplus	**6,058,639**	6,058,639
Deficit	**(31,123,377)**	(30,970,599)
Total capital	**12,861,718**	12,611,496

The Corporation is not subject to externally imposed capital requirements and the Corporation's overall strategy with respect to capital risk management remained unchanged during the years presented.

Related party transactions

(a) The Corporation currently considers its key management personnel to be its directors, Chief Executive Officer and Chief Financial Officer. Key management compensation is composed of salary and benefits, stock-based compensation and consulting fees paid to key management and companies controlled by key management. During the three months ended March 31, 2018, key management compensation amounted to $59,448 (2017 - $155,267), split between general and administrative, sales and marketing, development and operations, and stock-based compensation expenses, based on work performed. Key management compensation of $59,448 (2017 - $39,948) has been included in general and administrative expenses and $Nil (2017 - $115,319) has been included in stock-based compensation.
Total personnel expenses for employees, consultants, directors and management included in expenses in the consolidated statement of loss total $69,450 (2017 - $61,925) for the three months ended March 31, 2018.

(b) As at March 31, 2018, the Corporation had $Nil (December 31, 2017 - $69,751) in trade and other payables owing to former key management personnel.

Off-Balance Sheet Arrangements

At the date of this MD&A, the Corporation had no off-balance sheet arrangements.

Outstanding share capital

Vogogo is authorized to issue an unlimited number of preferred shares without nominal or par value and an unlimited number of common shares. The table below lists the securities outstanding as at:

(Number)	**May 30, 2017**	March 31, 2018
Common shares	**137,995,137**	135,595,137
Preferred shares	**130,000,001**	-
Stock options	**18,485,951**	5,890,000
Share purchase warrants	**55,410,000**	57,810,000

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make judgments in applying its accounting policies, including estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets and liabilities at the reporting date, and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments; estimates and assumptions that the Corporation has made in the preparation of its condensed interim consolidated financial statements.

1) Areas of Judgment

(a) Business combinations

Determining whether an acquisition should be accounted for as a business combination or represents an asset purchase requires judgment on a case by case basis, depending on management's assessment as to whether the acquisition meets the definition of a business.

2) Assumptions and Critical Estimates

(a) Stock-based compensation and warrants

The amounts recorded relating to fair value of stock options and warrants are based on estimates of future volatility in the Corporation's share price, expected lives of options and warrants, the risk-free interest rate, and other relevant assumptions. Volatility is estimated based on the average price volatility of common shares of a comparative group of companies over the preceding period equaling the expected lives of the Corporation's options and warrants.

(b) Tax assets and liabilities

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the periods in which such determinations were made.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation's risk management policies are established to identify, analyze and manage the risks faced by the Corporation and to implement appropriate procedures to monitor risks in adherence with established controls. Risk management policies and systems are reviewed periodically in response to the Corporation's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Corporation's use of financial instruments include credit risk, liquidity risk and market risk. These risks, and the actions taken to manage them, include:

(a) Fair value

Due to the short-term nature of trade and other receivables, deposits and trade and other payables, the Corporation determined that the carrying amounts of these financial instruments approximate their fair value.

(b) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions, trade and other receivables and deposits. The maximum exposure to credit risk is equal to the carrying value of the Corporation's cash and cash equivalents, cash held in trust, trade and other receivables and deposits.

The Corporation minimizes credit risk associated with its cash balance substantially by dealing with major financial institutions in Canada. Trade and other receivables consist primarily of accrued interest receivable on the guaranteed investment certificates issued by the Corporation's Canadian bank.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will incur difficulties meeting its financial obligations as they come due. As at March 31, 2018, the Corporation has cash and cash equivalents of $12,883,732 (December 31, 2017 - $12,796,056) and has a positive net working capital position of $12,861,718 (December 31, 2017 - $12,611,496) in order to manage liquidity risk. Trade and other payables are expected to be paid in the next year.

(d) Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies, other than the functional currency of the Corporation, will fluctuate due to changes in foreign currency exchange rates. As at March 31, 2018, the Corporation's exposure to currency risk is limited to cash and cash equivalents denominated in US $55,210 (December 31, 2017 - US $77,839). A 1% change in the exchange rate between the Canadian and US dollar would have a trivial impact on the net income and cash flows of the Corporation.

(e) Interest rate risk

Interest rate risk is the risk that the fair value and cash flows associated with the Corporation's interest bearing financial assets and liabilities will fluctuate due to changes in market interest rates. As March 31, 2018, the Corporation is not exposed to interest rate cash flow risk.

RISK FACTORS

The Company's current operations are focused on cryptocurrencies and, at present, such activities are limited to cryptocurrency mining. The risks that the Company faces are primarily those faced by cryptocurrency miners, in particular those set out below.

The Company's cryptocurrency inventory may be exposed to cybersecurity threats, flaws in code and hacks

As with any other computer code, flaws in the cryptocurrency codes 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. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have been relatively rare. The Company's cryptocurrency inventory may also be lost or severely reduced as a result of flaws in the cryptocurrency code. Further, there may be fraud or security failures of the cryptocurrency exchanges on which the Company's cryptocurrencies are exchanged, resulting in closures of the cryptocurrency exchanges or complete losses of the Company's cryptocurrency balance.

The Company is exposed to risk from system failures or inadequacies

The Company's operations are dependent on its ability to maintain its equipment in effective working order and to protect its systems against cyber security breaches, damage from fire, natural disaster, power loss, telecommunications failure or similar events. Security procedures implemented by the Company are technical and complex, and the Company depends on the security procedures to protect the storage, acceptance and distribution of data relating to its inventory of cryptocurrencies and the digital wallets into which the Company deposits its cryptocurrencies. The Company's security procedures may not protect against all errors, software flaws (i.e., bugs) or vulnerabilities. Defects in the security procedures may only be discovered after a failure in the Company's safekeeping and storage of its inventory of cryptocurrencies. While the Company will continually review and seek to upgrade its technical infrastructure and provide for certain system redundancies and backup power to limit the likelihood of systems overload or failure, any damage, failure or delay that causes interruptions in the Company's operations could have a material and adverse effect on the Company's business.

The Company is exposed to risk of equipment breakdown of defects

The Company has agreed to purchase 14,000 cryptocurrency mining machines in the 828 Acquisition. The Company has not yet tested or inspected such machines. While it is a condition to the closing of the 828 Acquisition that these cryptocurrency mining machines are operational and that they meet agreed specifications, it is possible that after closing, serious defects or deficiencies are discovered in such machines which would make it difficult or impossible for the Company to meet its expected operational levels, which could result in a material and adverse effect on the Company's business.

The Company may not be able to acquire mining equipment at favorable prices

There can be no guarantee that the Company will be able to source mining machines required to scale the Company's business plan at prices that are favorable to the Company or at all.

Regulatory charges or actions may alter the nature of an investment in the Company or restrict the use or cryptocurrencies in a manner that adversely affects the Company's operations

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies, with certain governments deeming them illegal while others have allowed for their use and trade. On-going and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate. The effect of any future regulatory change on the Company or any cryptocurrency that the Company may mine is impossible to predict, but such change could be substantial and adverse to the Company. Governments may in the future curtail or outlaw the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments may result in restrictions on the acquisition, ownership, holding, selling, use or trading in the Company's s hares. Such restrictions could result in the Company liquidating its Bitcoin inventory at unfavorable prices and may adversely affect the Company's shareholders. For example, government officials in South Korea and China have taken steps to regulate cryptocurrency and cryptocurrency exchanges. In 2017, the South Korea Financial Services Commission placed restrictions on initial coin offerings, and in January 2018 announced a ban on trading through South Korean based cryptocurrency accounts by foreigners. Like South Korea, the People's Bank of China banned initial coin offerings in September 2017 and subsequently issued a publication in February 2018 citing its commitment to monitoring and blocking domestic access to cryptocurrency exchanges. Such restrictions, including the possibility or contemplation of such restrictions, may adversely affect the Company's operations or the market price of the Company's securities.

Cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore he more exposed to fraud and failure

To the extent that cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in cryptocurrency prices. Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. For example, during the past three years, a number of cryptocurrency exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed cryptocurrency exchanges were not compensated or made whole for the partial or complete losses of their account balances in such cryptocurrency exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges 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.

Acceptance and/or widespread use of cryptocurrency is uncertain

Currently, there is relatively small use of Bitcoins and/or other cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect the Company's operations, investment strategies, and profitability. As relatively new products and technologies, Bitcoin, the Bitcoin network, and its other cryptocurrency counterparts 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 cryptocurrency demand is generated by speculators and investors seeking to profit from the short-term or long-term holding of cryptocurrencies. The relative lack of acceptance of cryptocurrencies 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 cryptocurrencies 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 Company's operations, investment strategies, and profitability. The ability to use cryptocurrencies is also limited by the willingness of others to accept it as payment as no law requires companies or individuals to accept them as a form of payment for goods and services. In the event that no company or individual is willing to accept cryptocurrencies as payment, they will not have any value and the Company's operations will be negatively impacted.

Regulatory changes may result in unanticipated expenses

The Company may be required to comply with regulations that may cause the Company to incur additional expenses, possibly affecting an investment in the Company in a material and adverse manner. Compliance with such regulations may result in additional recurring or in extraordinary and non-recurring expenses that may be disadvantageous to the Company and its operations.

The Company is exposed to risk of loss of access to power

The Company's operations are dependent on its ability to maintain a consistent and economical source of power in order to run its cryptocurrency mining assets. While the Company believes its sources of power are reliable and its backup power limits the likelihood of power interruptions, any suspension of its power supply or failure in its backup power supply could result in a material and adverse effect on the Company's business. In March 2018, Quebec Hydro, the provincial supplier of electricity, imposed a moratorium on all requests for additional power from cryptomining companies while it reviews the industry. While there is no immediate impact on the Company's current operations or on those planned after the 828 Acquisition, the Company understands that possible responses from Quebec Hydro may include demanding higher electricity rates from cryptomining companies or the imposition of other requirements as a condition to using large amounts of electricity, such as minimum employment commitments. Increased rates or other costs associated with accessing power could materially reduce the margins that the Company generates, materially reducing its profit and cash flows and thereby adversely impacting the Company's shareholders.

Price Fluctuations

The price of cryptocurrency has fluctuated widely over the past three years. There is no assurance that cryptocurrency will maintain long-term value in terms of purchasing power in the future or that the acceptance of cryptocurrency payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of cryptocurrency declines, the value of an investment in the Company will likely decline. Further, the price of the Company's securities and the overall success of the Company is tied to the price of cryptocurrency, which is outside of the Company's control.

The value of cryptocurrencies may be subject to momentum pricing risk

Momentum pricing typical is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency 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 cryptocurrencies, 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 Company's Bitcoin inventory and thereby affect the Company's shareholders.

Banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment

A number of companies that provide Bitcoin and/or other cryptocurrency-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 cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide Bitcoin and/or other cryptocurrency-related services have, and may continue to have, in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies, or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing Bitcoin and/or other cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of the Company's Bitcoin inventory.

Increase in Electricity Rates

If electricity rates in Canada, the United States or other jurisdictions where the Company may conduct operations in the future increase by a substantial amount, or if the Company is unable to negotiate favourable electricity rates in connection with the operation of its business, the operating costs of the Company would likely increase which could adversely affect its profitability and deployment of capital.

Reliance on Key Personnel

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. Any loss of the services of such individuals or the Company's inability to attract and retain additional highly skilled employees could have a material adverse effect on the Company's business, operating results or financial condition.

To operate successfully and manage its potential future growth, the Company must attract and retain highly qualified managerial, financial and technological personnel. The Company is expected to face intense competition for qualified personnel in these areas. If the Company is unable to hire and retain additional qualified personnel in the future to develop its business, then its financial condition and operating results could be adversely affected.

The impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain

Crises may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of the Company's Bitcoin inventory. The possibility of large-scale purchases of cryptocurrencies in times of crisis may have a short-term positive impact on the prices of said cryptocurrencies. Crises in the future may erode investors' confidence in the stability of cryptocurrencies and may impair their price performance which would, in turn, adversely affect the Company's investments. As an alternative to fiat currencies that are backed by central governments, cryptocurrencies such as Bitcoin, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of Bitcoins either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect the Company's operations and profitability.

The further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate

The use of cryptocurrencies 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 cryptocurrencies 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 Company's operations. The factors affecting the further development of the industry, include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency 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 cryptocurrencies generally.

The Company may be required to sell its cryptocurrencies to pay for maintaining its mining datacenters

The Company may sell its cryptocurrencies to meet its current obligations and to pay for all expenses incurred in operating the Company's business, irrespective of then-current cryptocurrency prices. Consequently, the Company's cryptocurrencies may be sold at a time when the price is low, resulting in a negative effect on the Company's profitability.

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

The Company competes with other users and/or companies that are mining cryptocurrencies and other potential financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to the Company. Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly which could limit the market for the Company's shares and reduce their liquidity.

The need for permits and licenses may negatively impact growth or expenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that Company will be able to obtain all necessary licenses and permits that may be required or when they are required, slowing the anticipated growth of the Company's assets and operations and increasing expenses.

The Company's cryptocurrencies may be subject to loss, theft or restriction on access

There is a risk that some or all of the Company's cryptocurrencies could be lost or stolen. Access to the Company's cryptocurrencies could also be restricted by cybercrime (such as a denial of service ("**DoS**") attack) against a service at which the Company maintains a hosted online wallet. Any of these events may adversely affect the operations of the Company and, consequently, its investments and profitability. The loss or destruction of a private key required to access the Company's digital wallets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to the Company's digital wallets could adversely affect its investments. To the extent such private keys are lost, destroyed or otherwise compromised, the Company will be unable to access its cryptocurrencies and such private keys will not be capable of being restored by network. Any loss of private keys relating to digital wallets used to store the Company's Bitcoins could adversely affect its investments and profitability.

Incorrect or fraudulent cryptocurrencies transactions may be irreversible

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. As a result, any incorrectly executed or fraudulent cryptocurrency transactions could adversely affect the Company's investments. Cryptocurrency transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency 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 cryptocurrency or a theft of cryptocurrency generally will not be reversible and the Company may not be capable of seeking compensation for any such transfer or theft. Although the Company's transfers of cryptocurrencies 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 Company's cryptocurrencies could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

Cryptocurrencies are not covered by deposit insurance

Transactions using cryptocurrencies are not covered by deposit insurance, unlike banks and credit unions that provide guarantees or safeguards.

If the award of cryptocurrencies 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 cryptocurrencies awarded for solving a block in the Bitcoin 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 cryptocurrencies and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of the relevant cryptocurrency that could adversely impact the Company's Bitcoin 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 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 the network as a means of payment and existing users may be motivated to switch between cryptocurrencies or back to fiat currency. Decreased use and demand for cryptocurrencies may adversely affect their value and result in a reduction in the market price of cryptocurrencies. If the reward of cryptocurrencies for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the blockchain could be slowed temporarily. A reduction in the processing power expended by miners could increase the likelihood of a malicious actor or botnet obtaining control in excess of 50 percent of the processing power active on the blockchain, potentially permitting such actor or botnet to manipulate the blockchain in a manner that adversely affects the Company's mining activities. If the reward of cryptocurrencies 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 50 percent of the processing power. Any reduction in confidence in the confirmation process or processing power of the network may adversely impact the Company's mining activities, inventory of cryptocurrencies, and future investment strategies.

The price of cryptocurrencies may be affected by the sale of cryptocurrencies by other vehicles investing in cryptocurrencies or tracking cryptocurrency markets

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

Risk related to technological obsolescence and difficulty in obtaining hardware

To remain competitive, the Company will continue to invest in hardware and equipment at the datacenters required for maintaining the Company's mining activities. Should competitors introduce new services/software embodying new technologies, the Company recognizes its hardware and equipment and its underlying technology may become obsolete and require substantial capital to replace such equipment. The increase in interest and demand for cryptocurrencies has led to a shortage of mining hardware as individuals purchase equipment for mining at home. Equipment in the datacenters will require replacement from time to time.

Risks related to insurance

The Company intends to insure its operations in accordance with technology industry practices. However, given the novelty of cryptocurrency mining and associated businesses, such insurance may not be available, uneconomical for the Company, 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 Company.

Intellectual property rights claims may adversely affect operations

Third parties may assert intellectual property claims relating to the holding and transfer of cryptocurrency and their source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the cryptocurrency network's long-term viability or the ability of end users to hold and transfer cryptocurrency may adversely affect an investment in the Company. As a result, an intellectual property claim could adversely affect the business and affairs of the Company.

The Company's business strategy presents risks

As part of the Company's business strategy, it has sought and will continue to seek new opportunities in the cryptocurrency mining industry. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates, negotiate acceptable arrangements or other partnerships as well as arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues or is pursuing, on favorable terms, or that any acquisitions or business arrangements completed will ultimately result in a favorable outcome for the Company. The Company may be subject to growth-related risks. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Liquidity and Additional Fund Requirements

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the reduction, delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Common Shares. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Conflicts of Interest

Certain of the officers and directors of the Company 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 Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Dividends

To date, the Company has not paid any dividends on its outstanding securities and the Company does not expect to do so in the foreseeable future. Any decision to pay dividends on the Company's shares will be made by the Board of Directors.

Tax loss carryforwards

The Company has tax loss carryforwards of approximately $24 million that relate to the business it carried on historically, which are available to reduce future income taxes payable. While Management believes that the current business should be able to utilize such tax loss carryforwards to reduce taxes payable in the future, there can be no certainty that Canada Revenue Agency will not reject such use by the Company. If Canada Revenue Agency is successful in denying the use of tax loss carryforwards, the Company will pay more in tax in the future, reducing its cash flows and net income.

Litigation can be costly and result in distractions form the business

The Company may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If the Company is unable to resolve these disputes favorably, it may have a material adverse effect on the Company. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company's brand. Securities litigation as well as potential future proceedings, could result in substantial costs and damages and divert the Company's management's attention and resources. Any decision resulting from any such litigation that is adverse to the Company could have a negative impact on the Company's financial position.

Competition with other cryptocurrency companies

The Company will compete with other cryptocurrency and distributed ledger technology businesses. The Company's operations, investment strategies and profitability may be adversely affected by competition from other cryptocurrencies or financial vehicles. Market, financial , and other conditions beyond the Company's control could also adversely impact the business and affairs of the Company. Further, the algorithm for cryptocurrencies may change, resulting in the Company losing its competitive advantage.

Forward-Looking Statements May Prove Inaccurate

Prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks, and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See under the heading "*Special Note Regarding Forward-Looking Information*".

Conflicts of Interest

Conflicts of interest, if any, that arise will be subject to and governed by the procedures prescribed by the Act, which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation to disclose his/her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the Act.

Absence of Cash Dividends

The Corporation has not paid any cash dividends to date on the common shares and there are no plans for such dividend payments in the foreseeable future.