CLOUD NINE WEB3 TECHNOLOGIES INC.

Management's Discussion and Analysis

For the year ended September 30, 2022

Management's Discussion & Analysis

This Management's Discussion and Analysis (the "MD&A") of the financial condition and results of the operations of Cloud Nine Web3 Technologies Inc. (the "Company" or "Cloud Nine") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended September 30, 2022. The MD&A should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended September 30, 2022, and the notes related thereto (the "Annual Financial Statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and the most recent Annual Information Form ("AIF").

All information in the MD&A is as of January 17, 2023, unless otherwise indicated. The Annual Financial Statements and MD&A have been reviewed by the Company's Audit Committee and approved by the Board of Directors on January 17, 2023.

This MD&A may contain forward-looking statements and should be read in conjunction with the cautionary statement on forward-looking statements at the end of this MD&A. These forward-looking statements are based on assumptions and judgments of management regarding events or results that may prove to be inaccurate resulting from risk factors beyond its control. Actual results may differ materially from the expected results.

The Annual Financial Statements, MD&A, AIF and other information, including news releases and other continuous disclosure documents are available on SEDAR at www.sedar.com or on the Company's website at www.cloud9web3.com.

Significant Events and Corporate Developments During the Quarter

The following is a summary of significant events and transactions that occurred during the quarter ended September 30, 2022:

Appointments

Cloud Nine appointed Anthony Zelen to the Board of Directors effective July 20, 2022.

John Bean was appointed to the Board effective August 29, 2022.

Kulwant Sandher resigned from the Board effective August 23, 2022.

Company Overview

The Company is a technology enabled cryptocurrency mining issuer focused on developing and offering peer-to-peer or decentralized infrastructure products. The Company's current sole product is the Limitless VPN (virtual private network) ("Limitless VPN") which is currently functional and offered to the public.

The Company has not commenced cryptocurrency mining operations but intends to do so shortly. The Company is in the pre-revenue phase as business efforts to date have focused on growing the Company's userbase to generate a sufficient Hash Rate for cryptocurrency mining operations. The Company is not acting as an exchange, not offering coins or tokens, nor is it acting as a platform that facilitates the trading of crypto assets that are securities or instruments or contracts involving crypto assets. As of the date hereof, the Company had 31,159 active registered users of the Company's Limitless VPN. The Company considers active registered users as those persons who provide the Company will full time access to their hardware at a sufficient Hash Rate to generate operations. Those users who do not provide full time access or who have outdated or legacy hardware are not considered active registered users by the Company.

The Company currently offers its product without charge. Instead, users who wish to use its Limitless VPN product are required to agree to the Company's terms of use and privacy policies as described below under the headings "Privacy Policy", "Terms of Use Generally" and "Terms of Use – Limitless VPN". The Company intends to monetize its Limitless VPN product by accessing and utilizing the Hash Rate of the Company's userbase for cryptocurrency mining through a third party or directly with its existing technology. Future monetization through cryptocurrency mining may occur directly or through third parties.

The decentralized web is a concept that proposes the reorganization of the internet in order to remove centralized data hosting services by instead using peer-to-peer infrastructure. Currently, a relatively small number of corporations control a disproportionate amount of online functioning, including control over personal data and activities. In a decentralized ecosystem, proponents believe that content creators and users will have more power, control and revenue channels. While the concept of the decentralized web is in its infancy, proponents like the Company are pursuing their business models by offering peer-to-peer products and promoting educational content that promote the growth of the concept.

Product

The Limitless VPN is a proprietary product owned by the Company and offered to users which relates to the usage of network infrastructure to perform distributed computational processing and to provide the user secure and encrypted connection to the internet. The initial version of the Limitless VPN (www.limitlessvpn.com) was released and available to the public on September 23, 2021.

The Limitless VPN consists of a novel process for utilizing the Hash Rate that computers and mobile devices have to perform distributed computational processing within a network infrastructure while providing secure and encrypted access to the internet. When a user connects to a network infrastructure, which can be implemented either in hardware or software form, a process is used to evaluate the user's unused computational power. One potential embodiment of a hardware - implemented network infrastructure is a connection to a carrier or internet service provider's physical network.

The Company's software intelligently monitors user's computers to check on resource availability and ensure the Company's program never interferes with the main user's day to day activities. As a privacy first company, the Company currently manually checks and validates all sign ups, and is developing a secure algorithm to automate and accelerate the process.

The Company continues to test its crypto-mining capabilities with a small group of users (less than 1,000) to ensure proper testing. The Company has not commenced cryptocurrency mining operations but intends to do so shortly. This user group is to ensure operational stability and troubleshoot tech support issues with our third party monetization relationship with Argent Crypto, an arm's length party.

As the Company expands, it intends to add additional personnel. However, the Company has determined it does not need to do so at this time. Users are not rewarded in crypto, but the Company plans to develop a loyalty and rewards program for power to users that provide above average hash rate.

Limitless VPN - Background

Networks enable the average person to connect to the internet by routing the computer's connection through to network infrastructures located nearby. Historically, there has been little to no encryption and security measures in place to protect the data that is being transferred back and forth between the user's computer to the end server. This means that the connection is easily intercepted. With the evolution of internet tracking tools, random packets of user data now turn into identifiable packets of user data, tracking search history, browsing history, shopping history, communication history and any sort of data consumption. The use of identifiable user data allows big data companies, internet service providers and advertising and marketing agencies to sell and exchange a user's data in order to profit from the information.

Network infrastructures exist to protect user privacy by encrypting packets of data being transferred from the user's connection to the internet. Network infrastructures have both hardware and software implementation as users can own private physical hardware servers or use software implemented network to re-route their connection through an encrypted connection tunnel.

However, the process of setting up and running a personal network infrastructure can be technically challenging and expensive for the average user who simply does not have technical capabilities or resources to implement the solution.

In the recent years, new network infrastructures have been introduced in the market to allow users to plug in a new hardware server and install hardware-specific software to activate or even simply install end user software to connect through a software implemented network with a click of a button through a software graphical user interface.

These new services and products allow users to safely connect through to the internet at a monetary cost. Others may allow for the user to use a service for free, but at the cost of losing true end to end encryption and privacy. Many of these service providers sell the data of the end user to the highest bidder or sell the bandwidth of those connected to the software implemented network or worse, allow other users of the software implemented network to share the user's internet protocol which is your identifiable digital footprint in the network. This can mean that others can conduct activities on the internet that may be traced back to the incorrect, unsuspecting user.

All electronic devices have both a Central Processing Unit (CPU) and a Graphics Processing Unit (GPU). These two devices are central to a computer to be able to carry out the instructions of a computer program and rapidly manipulate and alter memory to create images in a frame buffer to output to a display device, respectively. As computers and mobile devices become more exponentially powerful with increased computational power, the processing power required to perform normal daily tasks have a relatively small increase in contrast to the performance increase. Thus, most end consumers do not require a majority of their processing power at any given time, leaving a large potential of underutilized pool of processing power.

Computational processing has generally been done on singular devices, servers, or enclosed networks. Distributed computational processing is the process of utilizing the computing power throughout the network infrastructure and spreading the workload through the network infrastructure, much like taking an entire puzzle and giving hundreds or thousands of computers small quadrants of the puzzle to solve. By breaking up a large problem to solve into many different quadrants, the puzzle gets solved quicker as the number of computers within the network infrastructure increases the number of solutions being attempted per second.

Cryptocurrencies are digital decentralized currency that uses cryptography as a means to create, transact and verify utilization. Each cryptocurrency has a unique method that defines each unique currency. However, a general common theme requires that the network maintain a public ledger in which new transactions are checked and verified by other members of the network via cryptography. This process is often referred to as mining due to the association of a reward in the form of newly minted cryptocurrency when a mining operation is complete, or solved. Verified transactions and newly created cryptocurrency are documented in the public ledger of each cryptocurrency. Public ledgers serve as an official record of all transaction that happened since the inception of the currency.

Cryptocurrency mining is an embodiment of the distributed computational processing. Cryptocurrency mining generally requires the utilization of physical computational hardware which is often both the CPUs and GPUs. Borrowing from the analogy of the puzzle above, these hardware components are tasked with attempting to fit every single puzzle piece to a single position and does not stop until a puzzle piece fits in that position. Then the computer moves on to the next puzzle position and tries to fit every single puzzle piece into that position, and so on and so forth until the completion of the entire puzzle. A reward is not awarded until the puzzle is complete.

Generally speaking, the average individual computer would take months, if not years, to solve a billion-piece puzzle. However, if multiple computers in a network infrastructure contributed their respective computing power, the puzzle gets solved quicker, and the user receives compensation for their contribution.

Monetization for data storage will be determined on a fee basis calculated whereby the user pays per GB of storage being used/requested. Fees may be offset, and discounts maybe applied for sharing space on a user's own computer in exchange for using decentralized storage space across the network. This model provides value because the service provides a means of offsetting offsite backup and redundancy costs against local hard drive space that a user likely already has but is not using. Regardless of whether a user shares a portion of their hard drive with the network or simply subscribes to offsite storage, a fee will be applied to account for the expense of managing the network and maintaining storage reliability.

Limitless VPN Security

The Limitless VPN currently uses military grade Advanced Encryption Standard (AES) 256-bit encryption protocols and primitives to ensure secure transmission of information across the network. The Company utilizes several protocols within its framework to facilitate secure transmission. Anything stored via decentralized storage among users of the Limitless VPN is secure as it is data is broken down into 'parcels' and stored in multiple locations across the network. Nothing being stored on the user's device can be accessed, as only a fraction of each file is stored on each system. Unpackaging and repackaging is handled via a modified CD erasure coding protocol. Furthermore, personal information and other information of the owner of the computer remains completely isolated from VPN access in the same way that occurs when one connects to the internet using industry standard practices of an internet service provider (in this case, as well, the user's system files remain private). The Limitless VPN adds layers of security and protection against outside data breach attacks for systems who are not otherwise running additional protection software.

Custody and Third Party Platforms

The Company has not commenced cryptocurrency mining operations but intends to do so shortly. Cloud Nine has entered into the Argent Services Agreement with Argent Crypto, an arm's length third party, to provide third-party custody of crypto assets. Argent Crypto is a financial and blockchain services advising firm based in Victoria, British Columbia. Argent Crypto temporarily holds crypto assets in an exchange wallet hosted by Payward Inc., an arm's length financial services company doing business as Kraken Digital Asset Exchange ("**Kraken**"). Kraken has a corporate address located in San Francisco, CA, United States, with a Canadian subsidiary located in Halifax, Nova Scotia.

Argent Crypto can operate as both a payment processor and temporary holder of crypto assets for Cloud Nine in exchange for access to the Hash Rate of the users of Cloud Nine's proprietary Limitless VPN to mine crypto assets. When mining operations are initiated by the Company, any crypto assets collected by Argent Crypto through mining activities will be temporarily held in a Kraken exchange wallet before being converted to fiat currency on the first of every month. The fiat currency would then be split between Cloud Nine and Argent Crypto at a ratio of 93:7 in favour of Cloud Nine. The result is that Argent Crypto will perform all mining, holding, and conversion activities associated with any crypto assets before transferring profits in the form of fiat currency to Cloud Nine. Cloud Nine does not currently mine or hold any crypto assets. The Company has no independent agreement or contract with Kraken, and all services provided by Kraken are facilitated and authorized through Argent Crypto's contractual arrangement with Kraken.

Kraken provides exchange wallet services to Argent Crypto for the period of time between collection of crypto assets and conversion to fiat currency. Argent Crypto uses the Kraken exchange wallet solely for the purpose of temporarily holding crypto assets collected from mining activities and does not use the platform to trade, invest, or purchase crypto assets.

Argent Crypto is not a Canadian financial institution as defined in NI 45-106. Argent Crypto is a non-reporting money services business incorporated under the laws of the Province of British Columbia. There is no provincial regulatory framework for money services businesses in British Columbia, although such businesses are required to register with FINTRAC. Argent Crypto is registered with FINTRAC.

Kraken is not a Canadian financial institution as defined in NI 45-106. Kraken is a U.S.-based crypto firm, placing it within the regulatory framework of the *Bank Secrecy Act*, 31 U.S.C. 5311. Kraken also recently received a Special Purpose Depository Institution ("**SPDI**") Bank Charter from the State of Wyoming, which allows Kraken to house digital currencies alongside fiat currencies under an independent affiliate called "Kraken Bank".[1] Assets held with Kraken Bank will be subject to Wyoming's forward-facing regulatory framework and oversight from the Wyoming Division of Banking.[2]

When operations are initiated by the Company, the amount of crypto assets held by Argent Crypto via Kraken at each reporting period end date will depend on the amount of crypto assets mined by Argent Crypto in the calendar month immediately preceding the respective reporting period end date. In any instance, any crypto assets held by Argent Crypto at the reporting period end date are converted to fiat currency on the first day of the month immediately following the reporting period end date. For example, for the three-month interim reporting period ending on December 31, Argent Crypto will hold, on the reporting period end date, any crypto assets mined using Cloud Nine's Hash Rate from December 1 to December 31. Argent Crypto will then convert all such crypto assets to fiat currency on January 1 and

[1] "SPDI: Special Purpose Depository Institution Bank Charter", https://www.kraken.com/en-us/learn/finance/spdi-bank-charter.
[2] "Frequently asked questions", https://www.kraken.com/bank.

transfer 93% of said fiat currency to Cloud Nine. Any crypto assets collected and held by Argent Crypto during that three-month reporting period are converted to fiat currency and proceeds paid to Cloud Nine prior to the end of the reporting period.

Crypto assets held by Argent Crypto via Kraken are not insured.

Third-Party Custody via Crypto Asset Trading Platform

Cloud Nine may elect to terminate its service agreement with Argent Crypto, and by extension Kraken, and to assume part of the operations previously performed by Argent Crypto. Under such circumstances, and instead of allowing Argent Crypto access to Cloud Nine's Hash Rate to perform crypto mining activities, Cloud Nine will provide its Hash Rate directly to hash rate broker NICEHASH Ltd. ("**NiceHash**"), an arm's length party, which will in turn rent the Hash Rate to other buyers on the platform to mine crypto assets. Cloud Nine will then collect a portion of the rental fee charged by NiceHash, in the form of crypto assets, for use of the Hash Rate. The Company can commence a contractual relationship with NiceHash by agreeing to NiceHash's standard corporate service terms available through its website.

Any crypto assets earned from renting out the Hash Rate will be transferred from a NiceHash wallet (the "**NiceHash Wallet**") to an exchange wallet hosted by Canadian crypto asset trading platform Newton Crypto Ltd. ("**Newton**", or the "**Newton Wallet**") every four hours. The transfer between the NiceHash Wallet and the Newton Wallet will be performed automatically by the NiceHash platform using NiceHash's "pay-per-share" system.[3] NiceHash and Newton are arm's length to the Company. Cloud Nine will then convert any crypto assets held in the Newton Wallet to fiat currency manually at pre-determined intervals to minimize the risk of loss and/or theft of such assets. The intervals will mirror those currently employed by Argent Crypto, such that all crypto assets accumulated in an exchange wallet over the course of a calendar month will be converted to fiat currency on the first day of the following month. The Company's relationship with Newton will be governed by Newton's standard terms of use available on Newton's website.

Newton is a non-reporting crypto asset trading platform with a registered office at Toronto, Ontario, and is extra-provincially registered in British Columbia. NiceHash is a hash rate broker and marketplace headquartered in the British Virgin Islands with an address located at Road Town, Tortola, VG1110.

Newton uses the following sub-custodians upon the deposit, purchase, or withdrawal of crypto assets from the Newton platform:

- Paradiso Ventures Inc., operating as Balance ("**Balance**"), is an arm's length digital asset custody service with a registered office address located at Toronto, Ontario. Balance is registered with FINTRAC as a money services business dealing in virtual currencies.

- Etana Trust Company, doing business as Etana Custody ("**Etana Custody**"), is an arm's length fiat and digital asset custody service with an address located at Denver, Colorado, United States. Etana Custody is a chartered trust company regulated by the Colorado Division of Banking.

- Coinbase Custody Trust Company LLC ("**Coinbase Custody**") is an arm's length digital asset custody service with an address located at New York, New York, United States. Coinbase Custody is licensed

[3] NiceHash, "What is the PPS reward system?", https://www.nicehash.com/support/mining-help/earnings-and-payments/what-is-the-pps-reward-system.

as a limited purpose trust company with the New York Department of Financial Services. Approximately 80% of Newton's total client assets are held in cold storage by Coinbase Custody.[4]

- Fireblocks Ltd. ("**Fireblocks**") is an arm's length digital asset wallet provider incorporated in Delaware and headquartered in New York. They use enterprise-grade multi-layer security and insure assets in storage, transfer, and E&O. Fireblocks is also SOC 2 Type 2 certified and completes regular pen testing from ComSec and NCC Group, and is certified by the ISO in security (ISO 27001), cloud (ISO 27017) and privacy (ISO 27018).[5] In 2021, Fireblocks introduced its global Regulatory Compliance Team to demonstrate their commitment to regulatory compliance and educate banks and financial institutions on digital assets.[6] Fireblocks also works with blockchain organizations to improve regulatory clarity across the globe, including the Association for Digital Asset Markets and Blockchain Association in the US, INATBA in the EU, and Crypto UK. The company's current Regulatory Advisor is former US SEC Chairman Jay Clayton.[7] Approximately 20% of Newton's total client assets are held online in hot wallets secured by Fireblocks.[8]

- Newton has licensed software from Digital Services Limited (trading as CoinCover) ("**CoinCover**"), an arm's length party to the Company, to provide additional security for keys to crypto assets held by Newton using Fireblocks, including key pair creation, device access recovery and account access recovery. CoinCover is based in the United Kingdom and is regulated by the U.K. Financial Conduct Authority.

The Company has no independent agreement or contract with the sub-custodians listed above, and all services provided by Newton that involve such sub-custodians are facilitated and authorized through Newton's contractual arrangement with each sub-custodian.

NiceHash uses the following sub-custodians to host and manage the NiceHash Wallet, including holding, storing and transferring funds:

- BitGo Holdings, Inc. ("**BitGo**") is an arm's length digital asset trust company that provides institutional digital asset custody services. BitGo is a Delaware corporation with headquarters at 2443 Ash Street, Palo Alto, California, 94306, United States. BitGo provides both hot wallet access and cold storage. For hot wallet access, BitGo uses "leading institutional grade, multi-signature wallets" which comply with SOC 2 Type 2 certification and are protected by third-party key recovery service insurance.[9] BitGo's cold storage is performed by BitGo Trust Company, which is a chartered trust company in South Dakota (and in New York for New York clients only). BitGo Trust Company is also a "qualified custodian", meaning it is a regulated entity that has a fiduciary duty to its clients and meets rigorous regulatory standards and audits that help protect client funds against loss, theft, or misuse.[10]

- Fireblocks is an arm's length digital asset wallet provider incorporated in Delaware and headquartered in New York. They use enterprise-grade multi-layer security and insure assets in

[4] Newton Relationship Disclosure, "Custodial Arrangements", https://www.newton.co/relationship-disclosure.
[5] Fireblocks Security, https://www.fireblocks.com/platforms/security/.
[6] Fireblocks Blog, https://www.fireblocks.com/blog/building-out-our-regulatory-compliance-team/.
[7] Fireblocks About, https://www.fireblocks.com/about/.
[8] Newton Risk Disclosure, Section 4(b), https://www.newton.co/risk-disclosure.
[9] BitGo Wallet Platform, https://www.bitgo.com/services/custody/wallet-platform.
[10] BitGo Blog, "Not All Custody Is Created Equal: A Guide to Choosing the Right Custodian", https://blog.bitgo.com/not-all-custody-is-created-equal-a-guide-to-choosing-the-right-custodian-9823d48a26d8.

storage, transfer, and E&O. Fireblocks is also SOC 2 Type 2 certified and completes regular pen testing from ComSec and NCC Group, and is certified by the ISO in security (ISO 27001), cloud (ISO 27017) and privacy (ISO 27018).[11] In 2021, Fireblocks introduced its global Regulatory Compliance Team to demonstrate their commitment to regulatory compliance and educate banks and financial institutions on digital assets.[12] Fireblocks also works with blockchain organizations to improve regulatory clarity across the globe, including the Association for Digital Asset Markets and Blockchain Association in the US, INATBA in the EU, and Crypto UK. The company's current Regulatory Advisor is former US SEC Chairman Jay Clayton.[13]

- NICEX Ltd. ("**NiceX**") is an arm's length cryptocurrency exchange created by NiceHash. NiceX has an address located at Road Town, Tortola, British Virgin Islands. NiceX secures wallets and private keys using AES-256 encryption and backs all crypto assets with full reserves.[14] Cloud Nine's activities involving NiceX will be limited to dealing in virtual assets as a medium of exchange, and are therefore outside the regulatory remit of the BVI FSC and other pertinent securities regulation pursuant to the FSC Guidance.[15]

The Company has no independent agreement or contract with the sub-custodians listed above, and all services provided by NiceHash that involve such sub-custodians are facilitated and authorized through NiceHash's contractual arrangement with each sub-custodian.

Newton provides an exchange wallet in which Cloud Nine will temporarily hold crypto assets received in exchange for renting out Cloud Nine's Hash Rate on the NiceHash platform. Cloud Nine will convert any crypto assets held in the Newton Wallet to fiat currency on the first day of each calendar month.

NiceHash provides a marketplace in which users can buy and sell hash power necessary for crypto mining activities. Cloud Nine will offer its Hash Rate for rent on the NiceHash platform and receive compensation from NiceHash in the form of crypto assets paid by other NiceHash users for use of the Hash Rate. NiceHash also provides an online wallet to hold crypto assets prior to transfer and conversion to fiat currency in the Newton Wallet.

Neither Newton nor NiceHash is a Canadian financial institution as defined in NI 45-106. Newton does hold fiat cash currency on clients' behalf in an account at a Canadian financial institution that is a qualified custodian for cash under applicable securities laws, separate and apart from Newton's own assets.[16]

When mining operations are initiated by the Company, the amount of crypto assets held by Newton at each reporting period end date will depend on the amount of crypto assets received from NiceHash in the calendar month immediately preceding the respective reporting period end date. In any instance, any crypto assets held by Newton at the reporting period end date will be converted to fiat currency on the first day of the month immediately following the reporting period end date. For example, for the three-month interim reporting period ending on December 31, Newton will hold, on the reporting period end date, any crypto assets received from NiceHash from December 1 to December 31. Cloud Nine will then convert all such crypto assets to fiat currency on January 1 and transfer all proceeds to a banking account at a Canadian financial institution. Any crypto assets collected and held in the Newton Wallet in during

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[11] Fireblocks Security, *supra* note 9.
[12] Fireblocks Blog, *supra* note 10.
[13] Fireblocks About, *supra* note 11.
[14] NiceX Security, https://www.nicex.com/security.
[15] Padarin, Michael and Daniel Moore, *supra* note 2.
[16] Newton Relationship Disclosure, *supra* note 8.

that three-month reporting period are converted to fiat currency and transferred out of the Newton Wallet prior to the end of the reporting period.

There will be no crypto assets held by NiceHash at any reporting period end date. Any crypto assets earned from renting out the Hash Rate will be transferred from the NiceHash Wallet to the Newton Wallet every four hours. The transfer between the NiceHash Wallet and the Newton Wallet will be performed automatically by the NiceHash platform using NiceHash's "pay-per-share" system.[17]

Newton, in its Terms of Use, makes no representations or warranties as to whether deposits are insured or whether each sub-custodian provides insurance or coverage limits. Newton has obtained a guarantee from CoinCover for 100% of the client assets held with sub-custodian Fireblocks, excluding losses arising from the gross negligence, willful misconduct or fraud of an employee or representative of Newton. The guarantee covers the theft or loss of crypto assets and also includes a software technology solution which monitors and limits transactions and prevents funds from being maliciously taken from Fireblocks wallets. The total aggregated cover amount under the CoinCover guarantee is currently over US$19.5 million and the coverage amount is reviewed periodically by Newton.[18] Additionally, sub-custodian Coinbase Custody maintains US$320 million of insurance (pre-incident and overall) which covers losses of assets held by Coinbase Custody on behalf of its customers due to third party hacks, copying or theft of private keys, insider theft, or dishonest acts by the Coinbase Custody's employees or executives and loss of keys.[19] Newton expressly limits its liability in all other instances of theft and loss in its Terms of Use. Cloud Nine aims to mitigate this risk by converting crypto assets to fiat currency at regularly scheduled intervals, thus reducing the amount of crypto assets held in the Newton Wallet over time.

Treatment of assets in the event of an insolvency or bankruptcy of a custodian

The Company is not aware of any specific protocols relating to the treatment of assets in the event of an insolvency or bankruptcy of either Argent Crypto or Kraken. In the event of an insolvency or bankruptcy of Argent Crypto, the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, or *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, will apply as required. Kraken will be subject to the *United States Bankruptcy Code* (U.S.C. Title 11) and *Federal Rules of Bankruptcy Procedure*, subject to certain exemptions under the California Code of Civil Procedure § 703.

The Company is not aware of any specific protocols relating to the treatment of assets in the event of an insolvency or bankruptcy of either Newton or NiceHash. In the event of an insolvency or bankruptcy of Newton, the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, or *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, will apply as required. Insolvency or bankruptcy of NiceHash will be governed by the British Virgin Islands *Insolvency Act* 2003 and the British Virgin Islands *Insolvency Rules* 2005.

Due diligence on the custodian

With regards to NiceHash, the Company has reviewed the NiceHash website generally at https://www.nicehash.com/ and https://www.nicehash.com/about, as well as the Terms of Use publicly available at https://www.nicehash.com/terms, the security features at https://www.nicehash.com/security. The Company can monitor the status of NiceHash at https://status.nicehash.com/, and has identified alternate services that may be used in the event the

[17] NiceHash, *supra* note 7.
[18] Newton Terms of Use, "Depositing Digital Assets, Transactions and Third-Party Custody", https://www.newton.co/terms-of-use.
[19] Newton Risk Disclosure, Section 4(c), https://www.newton.co/risk-disclosure.

NiceHash service is disrupted or fails.

With regards to Kraken, the Company has reviewed the Kraken website generally at https://www.kraken.com/why-kraken and https://blog.kraken.com/about/, as well as the Terms of Service publicly available at https://www.kraken.com/legal, the security features at https://www.kraken.com/features/security, and details regarding Kraken Bank and its SPDI Bank Charter at https://www.kraken.com/en-us/learn/finance/spdi-bank-charter. The Company can monitor the status of Kraken at https://status.kraken.com/.

Security breaches or other similar incidents involving custodians

The Company is not aware of any security breaches or other similar incidents involving either Argent Crypto or Kraken which resulted in the loss or theft of crypto assets.

The Company is not aware of any security breaches or other similar incidents involving Newton in which crypto assets have been lost or stolen. A cybersecurity breach involving one of Newton's sub-custodians occurred in April 2021, although which sub-custodian in particular was not disclosed. The breach did not cause any loss to Newton customers. At the time, Newton announced that it was halting trading on its platform to allow the sub-custodian to remedy the breach. Newton further announced that the breach was unlikely to affect Newton users in any event as the platform stores the majority of customer assets in cold storage and only keeps a limited amount of funds in hot wallets to facilitate withdrawals.[20]

On December 6th, 2017, NiceHash was hacked for 4,736 Bitcoin ("**BTC**"). At the time, the stolen BTC was worth roughly $70 million (in USD). The attacker was able to obtain a NiceHash employee's credentials via a spear phishing email and was able to perform lateral movement within the NiceHash data center via the stolen VPN credentials. NiceHash immediately reported the incident to law enforcement, as well as hired LIFARS, an arm's length cyber security company, to investigate the breach and attempt to recover misappropriated funds. NiceHash cooperated with Europol and U.S. law enforcement agencies throughout the process.[21] While funds were unable to be recovered, NiceHash established a repayment plan under which it promised to fully reimburse all users who lost funds as a result of the breach. NiceHash repaid all eligible users who applied for reimbursement by December 16, 2020.[22]

Cryptocurrencies

The Company anticipates dealing primarily in cryptocurrency USD Coin. USD Coin is a stablecoin that is pegged to the US Dollar. USD Coin is managed by a consortium called Centre, and is 100% backed by cash and short-dated US treasuries held in the custody of US financial institutions, including BlackRock and BNY Mellon. Centre was founded by Circle, which is regulated as a licensed money transmitter under US state law. Circle's financial statements are audited annually and subject to review by the US SEC.[23] Since USD

[20] Megan Simpson, "Newton Had An Outage And Now Users Are Complaining Their Transactions Are Pending", Canadian Startup News, April 28, 2021, betakit, https://betakit.com/newton-had-an-outage-and-now-users-are-complaining-their-transactions-are-pending/.

[21] "NiceHash security breach investigation update", November 11, 2018, https://www.nicehash.com/blog/post/niceHash-security-breach-investigation-update.

[22] "NiceHash keeps the promise and will fully reimburse its users", November 15, 2020, https://www.nicehash.com/blog/post/nicehash-keeps-the-promise-and-will-fully-reimburse-its-users

[23] USD Coin Home Page, https://www.circle.com/en/usdc#:~:text=USDC%20is%20a%20fully%2Dreserved,equivalence%20to%20the%20U.S.%20dollar.

Coin can be exchanged for US Dollars at a 1:1 ratio, it is generally protected from the market volatility experienced by other cryptocurrencies, but it may still be affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Once future operations commence, any future profitability of the Company will be directly related to the current and future market price of cryptocurrencies that can be exchanged for USD Coin. A decline in the market prices for cryptocurrencies could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its cryptocurrency revenue or future mining of cryptocurrencies. Cryptocurrencies have a limited history and the fair value historically has been very volatile. Historical performance of cryptocurrencies are not indicative of their future price performance.

Once cryptocurrency mining operations commence, the Company intends on providing Hash Rate primarily for the mining of cryptocurrency Monero. The Company will be paid in USD Coin in exchange for providing Hash Rate to mine Monero. The Company is not aware of any risk of decreased rewards for mining Monero in particular. Crypto assets behave like many other marketable assets in that they have the potential to fluctuate in value. The amount of any future revenue the Company is able to receive from NiceHash in exchange for Hash Rate rental will depend on the number of NiceHash users who plan on using the Hash Rate to mine Monero. Unfavourable and unforeseen market conditions may cause decreased rewards for mining any particular crypto asset, including Monero.

Regulatory Framework

Argent Crypto is not a Canadian financial institution as defined in NI 45-106. Argent Crypto is a non-reporting money services business incorporated under the laws of the Province of British Columbia. There is no provincial regulatory framework for money services businesses in British Columbia, although such businesses are required to register with FINTRAC. Argent Crypto is registered with FINTRAC.

Kraken is not a Canadian financial institution as defined in NI 45-106. Kraken is a U.S.-based crypto firm, placing it within the regulatory framework of the *Bank Secrecy Act*, 31 U.S.C. 5311. Kraken also recently received a Special Purpose Depository Institution ("**SPDI**") Bank Charter from the State of Wyoming, which allows Kraken to house digital currencies alongside fiat currencies under an independent affiliate called "Kraken Bank".[24] Assets held with Kraken Bank will be subject to Wyoming's forward-facing regulatory framework and oversight from the Wyoming Division of Banking.[25]

Neither Newton nor NiceHash is a Canadian financial institution as defined in NI 45-106. Newton does hold fiat cash currency on clients' behalf in an account at a Canadian financial institution that is a qualified custodian for cash under applicable securities laws, separate and apart from Newton's own assets.[26]

Newton is incorporated in Canada under the federal *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, and is subject to Canadian securities regulation. Newton has not provided a pre-registration undertaking pursuant to the Canadian Securities Administrators' announcement on August 15, 2022, but has been granted relief to distribute crypto contracts and operate a platform in Canada that facilitates the buying, selling and holding of crypto assets while seeking registration as an investment dealer and membership with IIROC.[27]

[24] "SPDI: Special Purpose Depository Institution Bank Charter", https://www.kraken.com/en-us/learn/finance/spdi-bank-charter.
[25] "Frequently asked questions", https://www.kraken.com/bank.
[26] Newton Relationship Disclosure, *supra* note 8.
[27] Ontario Securities Commission, *supra* note 1.

NiceHash is incorporated under the *BVI Business Companies Act* of the British Virgin Islands. The British Virgin Islands does not currently have a specific regulatory framework for virtual assets or cryptocurrencies, although it is expected that the jurisdiction will in time develop a regulatory framework tailored specifically for virtual assets.[28] In the meantime, the BVI FSC has issued the FSC Guidance outlining which types of crypto assets and activities are subject to the regulatory remit of the BVI FSC and other pertinent securities regulation.[29] A virtual asset or other digital property which is only a medium of exchange with no benefits or rights other than ownership of the coin would not be considered an investment and the FSC Guidance confirms that such assets will generally fall outside the scope of regulation.[30] The Company's proposed use of the NiceHash platform relates only to activities involving virtual assets that are used as a medium of exchange and do not fall within the regulatory remit of the BVI FSC or related securities legislation.

Generally and in Canada, the Company is required to follow the requirements of provincial privacy laws, such as the *Personal Information Protection Act* (BC), and the federal privacy laws in Canada, namely the *Personal Information Protection and Electronic Documents Act* (Canada). In the United States, the Company is not subject to the California Consumer Privacy Act at this time, but is subject to other US state and federal privacy laws. The Company's privacy policy is compliant with applicable Canadian and United States privacy laws. As noted above, personal information is not accessed when a user accesses the Limitless VPN or when a user's latent computer processing power is accessed for monetization purposes. At this time, the Company is not accepting users located in Europe or other jurisdictions as the Company has not considered compliance with the European or UK General Data Protection Regulation or compliance with privacy legislation of other jurisdictions.

Privacy Policy

The Company's Privacy Policy governs the use of personal information by the Company and its authorized affiliates and contractors in the operation of its business and how the Company uses such personal information. Under the policy, "personal information" means information about an identifiable individual, such as their name, address or contact information (including home telephone number and personal e-mail address). By submitting personal information to the Company or by otherwise using the Company's services, the user is deemed to consent to the collection, use and disclosure of their personal information in accordance with the Privacy Policy. If a user does not agree with some or all of the Privacy Policy, the user must not use the services or submit personal information to the Company. The Privacy Policy sets out how the Company collects personal information and is used for a variety of purposes including the following:

- to create and administer the user account on the services;
- where a user provides consent after requesting access to the Company's Limitless VPN services, to determine the user's hardware capabilities and general system profile in order to optimize available computer resources for task synchronization with a view to permitting the Company and its authorized affiliates and contractors to utilize the processing power of devices across the shared VPN network;
- to share information about the Company, its services, and other products and services with the user;

[28] Padarin, Michael and Daniel Moore, *supra* note 2.
[29] BVI FSC Guidance on Regulation of Virtual Assets in the Virgin Islands, *supra* note 3.
[30] Padarin, Michael and Daniel Moore, *supra* note 2.

- to communicate with users regarding changes to services, maintenance, account confirmation, technical support or any security issues;
- to communicate with users regarding inquiries for information or customer service requests or employment opportunities;
- to conduct market research;
- to monitor traffic on the Company's services;
- to determine the future direction of the Company's services, including technical upgrades;
- to provide, monitor, personalize and improve the Company's services;
- to develop new products and services;
- to protect the Company's rights and the rights of other registered users;
- to investigate security breaches, protect against, detect, investigate and prevent potentially fraudulent, unauthorized or illegal activities or cooperate with government and law enforcement authorities in connection with legal matters;
- to aggregate and anonymize personal information; and
- for other purposes related to the relationship between the Company and the user, where the user has provided its consent or as otherwise permitted or required by law.

The Company also shares some of a user's personal information with third parties in order to offer the services to its userbase, including:

- the Company may disclose user personal information to third party service providers for fraud prevention or for law enforcement purposes;
- protecting the Company's rights and property, including for security breach, loss or fraud prevention, investigation or mitigation purposes;
- protecting the safety of a person or a group of persons;
- with third party service providers that help the Company to provide its services, including course providers, platform providers, app providers, providers of website hosting, data warehousing, data analysis, event logging, information technology, customer service, payment processing, user analytics, notifications and email delivery and messaging services (including third party service providers which are engaged by the Company to access and utilize the unused processing power of the devices of users of the Limitless VPN in order to mine cryptocurrencies or perform various background CPU tasks such as research data mining);
- with a third party, in the event of a change in ownership of all or a part of the Company through some form of merger, purchase, sale, lease or amalgamation or other form of business combination, provided that the parties are bound by appropriate agreements or obligations which require them to use or disclose personal information in a manner consistent with the use and disclosure provisions of this Privacy Policy;
- other purposes identified when the personal information is collected, or as permitted or required by law; and
- with any third party, where a user has provided their consent for such disclosure or where disclosure is required or permitted by law.

By submitting personal information to the Company, creating a user account, or otherwise using the Company's services, a user is deemed to consent to the collection, use and disclosure of their personal information in the manner described in the Privacy Policy. To the extent that the Company is required by applicable laws to obtain a user's explicit consent for the collection, use or disclosure of their personal information in accordance with the Privacy Policy, such consent will be requested at the appropriate time. Further, if the Company plans to use or disclose a user's personal information for a purpose not previously identified, the Company will advise the user of that purpose before such use or disclosure. However, the Company may collect, use or disclose a user's personal information without their knowledge or consent where the Company is permitted or required to do so by applicable law or regulatory requirements.

A user may change or withdraw their consent at any time, subject to legal or contractual restrictions and reasonable notice, by contacting the Company's privacy officer. In some circumstances, a change or withdrawal of consent may limit the Company's ability to provide services to a user or their ability to access certain areas of the Company's services.

Terms of Use - Generally

The Company has a general Terms of Use agreement. The agreement describes a user's rights and responsibilities as a user of the Company's website and related services offered by the Company. Use of the Company's services, including a visit to its website, is deemed to be acceptance of the agreement.

Use of the Company's website and its services are undertaken at a user's own risk and to the extent not prohibited by applicable law, the Company will not be liable for any general, direct, incidental, special, exemplary, consequential, indirect, or punitive damages arising out of a user's access to or use of the website or the Company's services. The agreement states that the Company will not be responsible for late, lost, incomplete, illegible, misdirected or stolen messages, unavailable network connections, failed, incomplete, garbled or delayed computer transmissions, on-line failures, hardware, software or other technical malfunctions or disturbances or any other communications failures or circumstances affecting, disrupting or corrupting communications. If a user is dissatisfied with the Company's website or services or with the terms of use agreement, a user's sole and exclusive remedy is to discontinue using them.

By agreeing to the terms of use, a user agrees to indemnify and save harmless the Company from and against any claim or liability brought against or suffered or incurred by us as a result of a user's use of the Company's website or services. In addition, in the event the Company is made a party to any claim, suit or action relating to or arising from any services offered by the Company that is initiated by a user, which is unsuccessful or initiated by a third party, who is suing a user, the user agrees to reimburse the Company at a reasonable rate for all personnel time and expenses expended by the Company in response to such claim, suit or action including without limitation, all attorney fees and expenses incurred by the Company with respect to such response. The defence and indemnification obligations survive termination of the terms of use agreement and a user's cessation of use of the Company's website and services.

Terms of Use – Limitless VPN

In addition to the general Terms of Use agreement set out above, use of the Company's Limitless VPN by users also requires agreement with a separate terms of use for the Limitless VPN. Generally speaking, a user is prohibited from undertaking certain actions such as violating any domestic or foreign laws, engaging in unsolicited advertising, engaging in harassing messages, engaging in fraudulent activities, downloading and transmitting any material that infringes the intellectual property rights of third parties, and downloading and transmitting any material that is libelous, defamatory, discriminatory, etc. Similarly, a user is prohibited from scanning for open proxies or open relays, port scanning, storing any data that violates applicable laws, and launching any pop-ups from the Company's services.

By accessing the Limitless VPN, a user acknowledges that a portion of the unused computational power of their computer or other device will join the network infrastructure of the Limitless VPN to perform distributed computational processing tasks. When a user connects to the Limitless VPN network infrastructure, a process is used to evaluate the user's unused computational power after the user is notified that this process will be used and the user has provided consent. Cloud Nine uses third party service providers to access and utilize unused processing power of the computer and devices in the Company's userbase to mine cryptocurrency or perform various background CPU tasks ("**Computational Tasks**"). By using the Limitless VPN, a user acknowledges that the third party service providers are authorized to perform the Computational Tasks and that the user will be subject to the terms, conditions and policies of the third party service providers. The Computational Tasks are not part of the services provided by Cloud Nine.

Selected Annual Information

The following selected financial information is derived from the audited consolidated financial statements of the Company for the years ended September 30, 2022, 2021 and 2020. This information should only be read in conjunction with the audited consolidated financial statements for the respective periods indicated.

Years ended September 30,	2022	2021	2020
	$	$	$
Revenue	Nil	Nil	9,870
Total expenses	3,130,410	4,135,778	498,383
Net loss	3,549,912	3,980,572	733,603
Loss per share – basic and diluted	$0.05	0.11	0.04

As at September 30,	2022	2021	*(Restated)* 2020
	$	$	$
Total assets	6,891,623	8,449,287	58,144
Total current assets	1,325,906	2,901,237	2,538
Total liabilities	370,055	757,871	991,697
Shareholders' equity (deficit)	(13,033,246)	(9,041,518)	(5,082,023)

Cloud Nine has not declared nor paid any cash dividends on any of its issued Common Shares since its inception. The Company does not anticipate paying any dividends on its Common Shares in the foreseeable future. Other than requirements imposed under applicable corporate law, there are no other restrictions on Cloud Nine's ability to pay dividends under the Company's constating documents. Subject to the BCBCA, payment of any dividends, if any, will be at the discretion of the Board after taking into account many factors, including operating results, financial condition, and current and anticipated cash needs. All of the Common Shares will be entitled to an equal share in any dividends declared and paid on a per share basis.

Fiscal 2022

In Fiscal 2022, the Company purchased an additional 1,336,895 units of Next Decentrum Technologies Inc. ("Next Decentrum") for an additional investment of $250,000. As at September 30, 2022, the Company holds an aggregate of 2,673,792 units for a total investment of $500,000. As at September 30, 2022, the fair value of the warrant component of the investment (derivative) was $861,000 and the fair value of the share component was $903,000. During Fiscal 2022, the Company recorded a gain on the fair value of the derivative of $615,000 in profit and loss and a gain on the fair value of the shares of $649,000 in other comprehensive income.

During Fiscal 2022, the Company recorded an impairment charge to intangible assets related to the Limitless VPN of $1,087,646.

Fiscal 2021

In Fiscal 2021, there was a significant increase in the Company's total assets as a result of the acquisition of the Limitless VPN for total consideration of $5,000,000.

During Fiscal 2021, the Company purchased 1,336,895 units of Next Decentrum for a total investment of $250,000. Each unit is comprised of one common share and one share purchase warrant exercisable at $0.2805 per share expiring December 31, 2026.

The overall increase in net loss in Fiscal 2021 was attributed to increased corporate activity related to a corporate reorganization, asset acquisition, marketing, investment and financings.

Fiscal 2020

In Fiscal 2020, the Company's audited financial statements have been restated in connection with a change in accounting policy and correction of errors. Please see note 3 to the Company's 2021 audited annual financial statements for a detailed disclosure on the restatement.

Summary of Quarterly Results

The following table sets forth selected financial information of the Company for each of the last eight quarters:

Three months ended	Sep 2022(1)	Jun 2022(2)	Mar 2022(3)	Dec 2021(4)	Sep 2021	Jun 2021(5)	Mar 2021(5)	Dec 2020
	$	$	$	$	$	$	$	$
Total expenses	659,773	476,665	1,448,826	545,146	646,177	1,592,656	1,870,309	26,636
Net (loss) income	(1,631,921)	(1,106,440)	(1,477,568)	666,017	(502,749)	(1,613,845)	(1,839,406)	(24,572)
Total comprehensive (loss) income	(1,577,921)	(1,924,440)	(1,477,568)	2,079,017	(502,749)	(1,613,845)	(1,839,406)	(24,572)
Income (loss) per share – basic and diluted	(0.03)	(0.02)	(0.02)	0.04	(0.01)	(0.03)	(0.05)	0.00

(1) The increase in net loss during the quarter was primarily attributable to an impairment charge to intangible assets related to the Limitless VPN of $1,087,646.

(2) Net loss during the quarter was largely attributable to an unrealized fair value loss of $629,000 on derivative related to the warrant component of the investment in Next Decentrum. The increase in comprehensive loss was primarily attributable to the unrealized fair value loss of $818,000 on the share component of the investment in Next Decentrum.

[3] Higher expenditures and net loss during the quarter were primarily attributable to stock-based compensation of $1,009,870.

[4] Net income during the quarter was primarily attributable to the unrealized gain on the fair value of derivative of $1,225,000 related to the warrant component of the investment in Next Decentrum. Comprehensive income during the quarter was mainly due to the unrealized gain on the fair value of the shares of Next Decentrum of $1,413,000.

[5] Higher expenditures and net loss due to higher advertising and promotion, consulting, investor relations and marketing costs of $1,523,819 and $1,449,841 during the March 2021 and June 2021 quarters, respectively, as well as other expenditures due to increased corporate activity related to the Company's corporate reorganization and the Limitless VPN acquisition.

Results of Operations

Cloud Nine currently offers the Limitless VPN to users without charge. The Company is currently focusing on growing its userbase through marketing and offering additional content, and once its userbase increases to a sufficient number, the Company intends to monetize the Limitless VPN product by accessing and utilizing the Hash Rate of the Company's userbase for cryptocurrency mining through a third party or directly with its existing technology. Future monetization through cryptocurrency mining may occur directly or through third parties. As of the date of this MD&A, the Company has 55,101 registered users, of which 31,159 are active users. Please see "Product" above.

The selected financial information is derived from the financial statements of the Company prepared within acceptable limits of materiality and is in accordance with IFRS.

	Fiscal		Q4	
	2022	2021	2022	2021
	$	$	$	$
Expenses:				
Advertising and promotion	32,866	747,660	-	100,000
Amortization and depreciation	583,295	68,310	146,071	28,521
Consulting fees	5,500	641,975	-	61,940
Investor and public relations	156,793	516,105	37,977	62,666
Marketing	14,000	1,342,526	-	50,000
Salaries and benefits	380,580	198,877	95,330	82,983
Share-based compensation	1,401,674	136,474	219,072	47,708
Other Items:				
Impairment of intangible assets	1,087,646	-	1,087,646	-
Unrealized gain on derivative	(615,000)	-	(42,000)	-
Net loss	3,549,912	3,980,572	1,707,540	502,748
Net loss per share	0.05	0.11	0.03	0.01

Fiscal 2022 compared to Fiscal 2021

For Fiscal 2022, the Company did not generate any revenues from operations and recorded a net loss of $3,549,912 compared to $3,980,572 for Fiscal 2021. The overall decrease in loss of $430,660 was largely attributable to an aggregate decrease in advertising and promotion, consulting fees, marketing, and investor and public relations expenses of $3,039,107 as well as an increase in the unrealized fair value gain on derivative of $615,000, offset by increases in amortization of $514,985, salaries and benefits of $181,703, share based compensation of $1,265,200, and an impairment charge to intangible assets of $1,265,200, all of which are itemized below.

Expenses

Advertising and promotion, marketing and investor and public relations decreased significantly during Fiscal 2022 as in Fiscal 2021, the Company carried out advertising and marketing campaigns to increase brand awareness and drive users to the Limitless VPN platform prior to its official release. The Company spent more than anticipated due to the delays in launching the VPN platform. In Fiscal 2022, the Company incurred very minimal advertising and marketing expenditures consisting of advertising and promotion of $32,866 related to billboard advertising in the metaverse and website related expenditures and marketing of $14,000 related to social media expenses. Investor and public relations expenditures in Fiscal 2022 of $156,793 consisted of fees of $18,000 paid to a news release provider, investor relations fees of $78,000 and market making fees of $60,000.

Amortization expense increased by $514,985 in Fiscal 2022 primarily due to the amortization of Limitless VPN intangible assets of $534,785. Amortization expense in Fiscal 2021 of $68,310 mainly comprised of the amortization of education technology intangible asset.

During Fiscal 2022, consulting fees decreased by $636,475 as in the prior year, the Company had increased corporate activity related to its Limitless VPN acquisition and related due diligence, business development and financing, and incurred consulting expenses related to strategic capital markets advisory and strategic financial consulting services. No such expenses were incurred in Fiscal 2022.

The increase in salaries and benefits of $181,703 during Fiscal 2022 was due to the hiring of a new CEO and Vice President of Operations.

Share based compensation in Fiscal 2022 of $1,401,675 (Fiscal 2021 - $136,474) consisted of the fair value of new and vested stock options of $1,064,096 (Fiscal 2021 - $136,474), new and vested RSUs of $227,550 (Fiscal 2021 - $Nil), accelerated vesting of cancelled options of $81,525 (Fiscal 2021 - $Nil) and the fair value incremental change of $28,504 (Fiscal 2021 - $Nil) on the modification of options.

Other items

In Fiscal 2022, the Company recognized an impairment charge of $1,087,646 to intangible asset (Limitless VPN). The impairment charge to intangible asset was attributable to a decline in the market prices of cryptocurrency, change in strategic plans including deferral of the Limitless VPN monetization and decline in stock price and market capitalization of the Company. Refer to note 5 to the Annual Financial Statements for a description of the key assumptions used in the impairment testing.

During Fiscal 2022, the Company recognized an unrealized gain on the fair value of the derivative of $615,000 related to the warrant component of the investment in Next Decentrum. The Company recognized an unrealized fair value gain of $649,000 on the share component of the investment in other comprehensive income. No unrealized fair value gains or losses were recorded on the derivative and investment during Fiscal 2021.

Q4 2022 compared to Q4 2021

Net loss in Q4 2022 was $1,631,921 compared to net loss of $502,748 in Q4 2021. The overall increase in net loss of $1,129,173 was primarily attributable to the impairment charge to intangible assets of $1,087,646.

Expenses

Advertising and promotion, consulting, marketing, and investor and public relations decreased by $236,629 during Q4 2022 as in Q4 2021, the Company made final payments on its marketing campaigns related to the launching of its VPN. No marketing campaign was carried out in Q4 2022.

The increase in amortization of $117,550 during Q4 2022 was primarily attributable to the amortization of the Limitless VPN intangible asset. Amortization expense in Q4 2021 of $28,521 mainly consisted of the amortization of education technology intangible asset.

During Q4 2022, share-based compensation of $219,072 (Q4 2021 - $47,708) consisted of the fair value of vested stock options of $125,138 (Q4 2021 - $47,708), vested RSUs of $65,430 (Q4 2021 - $Nil) and the fair value incremental change of $28,504 (Q4 2021 - $Nil) on the modification of options.

Other items

During Q4 2022, the Company recognized an impairment charge to intangible asset of $1,087,646 (Q4 2021 - $Nil) related to the Limitless VPN. See (“*Fiscal 2022, Other Items”*).

During Q4 2022, the Company recorded an unrealized gain on the fair value of the derivative of $42,000 related to the fair value change of the warrant component of the investment in Next Decentrum. The Company recognized an unrealized fair value gain of $54,000 during Q4 2022, on the share component of the investment in other comprehensive income. No unrealized fair value gains or losses were recorded on the derivative and investment during Q4 2021.

Liquidity and Capital Resources

The Company manages liquidity risk by ensuring, as far as reasonably possible, that it has sufficient capital to meet working capital and operating requirements as well as its financial obligations and commitments. The Company has historically financed its operations and met its capital requirements primarily through debt and equity financings.

As of September 30, 2022, the Company had working capital of $955,851 (2021 - $2,195,166) and cash and cash equivalents of $1,104,535 (2021 - $2,508,857). The decrease in working capital of $1,239,315 in fiscal 2022 was attributable to the funding of the Company’s operating expenses, additional equity investments in Next Decentrum and investments in intangible assets and product development costs. Net cash on hand decreased by $1,404,322 as at September 30, 2022 due to cash used in operating and investing activities of $1,088,347 and $405,365, respectively, offset by cash received from financing activities of $89,390.

The Company does not expect to require additional funds to meet its short-term requirements and to complete its objectives and expansion plans for the next 12 months. If necessary, the Company expects it will fund any additional capital requirements beyond the next 12 months from future financing activities. There can be no assurance that additional funding required by the Company will be available on acceptable terms or at all.

As of the date of the MD&A, the Company had working capital of approximately $726,000 available for the principal purposes of achieving its business objectives and milestones for the next 12 month period, general and administrative expenses and unallocated working capital. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Company to achieve its objectives. The Company may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so. There can be no assurance that additional funding required by the Company will be available on acceptable terms or at all. However, it is anticipated that the available funds will be sufficient to satisfy the Company's objectives over the next 12 months. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Cash Flow Highlights

The table below summarizes the Company's cash flows for Fiscal 2022 and 2021:

	2022	2021
	$	$
Cash used in operating activities	(1,088,347)	(4,229,433)
Cash used in investing activities	(405,365)	(860,754)
Cash provided by financing activities	89,390	7,596,507
(Decrease) increase in cash	(1,404,322)	2,506,320

Cash flow used for operations decreased in Fiscal 2022 as the Company did not carry out marketing activities during the period.

Investing activities during the Fiscal 2022 were primarily attributable to the investments made in intangible asset product development costs and investment in Next Decentrum shares and derivatives.

The Company generated cash of $89,390 from the exercises of warrants.

Contractual Obligations and Commitments

A summary of the Company's contractual obligations and commitments, which outlines the year the payments are due are as follows:

	Total	< 1 year	1 – 3 years	3 – 5 years
	$	$	$	$
Accounts payable and accrued liabilities	211,640	211,640	-	-
Loans and borrowings	158,415	158,415	-	-
	370,055	370,055	-	-

Management is committed to raising additional capital to meet its financial obligations and commitments, fund its operations, growth initiatives and capital expenditures. The Company believes that its current capital resources will be sufficient to meet all of its immediate obligations for the 12 months.

	2022	2021
	$	$
Cash and cash equivalents	1,104,535	2,508,857
Working capital	955,851	2,195,166
Current liabilities	370,055	706,071
Long term liabilities	-	51,800
Shareholders’ equity	6,521,568	7,691,416

The Company considers its capital structure to include net residual equity of all assets, less liabilities. Capital is comprised of the Company’s shareholders’ equity and any debt that it may issue. Management’s objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company’s ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

To achieve this objective, management adjusts its capital resources to respond to changes in economic conditions andrisk characteristics of the underlying assets. The capital resources used for operations were mainly from loans and borrowings and proceeds from the issuance of common shares.

There are no third party working capital requirements, covenants or other similar restrictions. There were no capital expenditure commitments as at the reporting date or as of the date of this MDA.

Off-Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements as at September 30, 2022, and as at the date of this MD&A, that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Transactions with Related Parties

During Q4 2022 and Fiscal 2022, compensation to key management personnel included a salary to the CFO of $51,817 and $176,106, respectively (2021 - $52,885 and $129,038, respectively), salary to the CEO of $30,000 and $80,000, respectively (2021 - $Nil) and share-based compensation of $60,713 and $435,835, respectively (2021 - $27,795 and $98,609, respectively).

During Q4 2022 and Fiscal 2022, related party transactions included:

1. Shared rent, salary and office expenses of $21,800 and $72,800, respectively (2021 - $17,306 and $54,525, respectively) paid to a company with a common director and former officer.
2. Consulting fees of $Nil (2021 - $Nil and $50,280) paid to a director of the Company; and
3. Professional fees of $Nil (2021 - $Nil and $22,500, respectively) paid to a company controlled by a former director and CFO of the Company.

As at September 30, 2022, included in loans and borrowings was $100,000 due to a former director of the Company under a promissory note dated September 30, 2014. Pursuant to the promissory note, the loan is unsecured, non-interest bearing and due on September 30, 2015. The loan was extended to December 1, 2016, for a one-time interest charge of $20,000.

As at September 30, 2022, included in accounts payable and accrued liabilities was $50,000 due to a director and former CEO of the Company for salaries.

All related party transactions were in the ordinary course of business and were conducted on terms substantially similar to arm's length transactions.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions are based on historical experience and other factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated for reasonableness and relevancy. Where revisions to accounting estimates are required, they are recognized in the period in which the estimates are revised for the current as well as future periods that are affected.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Intangible assets acquired through acquisition

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. The assessment required management to assess the inputs, processes and outputs of the company acquired at the time of acquisition. Whether an acquisition is classified as a business combination or an asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The Company estimated the value of its intangible assets based on the fair value of the equity instruments granted.

Estimated useful life of intangible assets

The useful life of intangible assets relates to the future performance of the assets and management's judgment of the period over which economic benefit will be derived from the assets. The useful life is determined by management and is regularly reviewed for appropriateness. The amortization of Company's finite-life intangible assets begins when the assets are available for use. The useful life is based on historical experience with similar development costs as well as anticipation of future events which may impact their life such as changes in technology.

Impairment of intangible assets

Judgment is required in determining whether intangible assets have indicators of impairment. Determining the amount of impairment of intangibles assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Fair value of investments and derivatives

The Company reviews its investments and records their fair value at each financial statement reporting date. For investments in public companies, fair value is determined based on the quoted market price. For investments in private companies, certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the investee's prospects, financial ratios and discounted cash flows are techniques used to determine fair value. Where possible, the Company uses inputs obtained from observable market data for its valuation models. However, if observable market data is not available, the Company uses judgment to determine fair value.

The individual fair values attributed to the different components of a financing transaction such as investments in equity securities and derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; and (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Convertible debentures

The identification of convertible debenture components, financial liability and equity, is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Share-based compensation

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of the Company's share price, expected life of options, rate of forfeiture of awards granted, changes in subjective input assumptions can materially affect the fair value estimate.

Deferred tax assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

New Accounting Pronouncements

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any new standards that have been issued would have no or very minimal impact on the Company's financial statements.

Financial Instruments

Recognition and classification

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("**FVTPL**"), at fair value through other comprehensive income or loss ("**FVOCI**") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial assets is generally based on the business model in which the financial assets are managed and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognized in profit and loss. Transaction costs are expensed as incurred.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method; foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Financial liabilities at amortized cost	These are subsequently measured at amortized cost using the effective interest method. Other financial liabilities are derecognized, when the obligations are discharged, cancelled or expired.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the expected credit loss model. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Convertible debentures

Convertible notes are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds as a reduction to the carrying amount of the liability and equity component.

The liability component of the convertible notes was valued using Company specific interest rates assuming no conversion features existed. The resulting debt component is accreted to its fair value over the term to maturity as a non-cash interest charge and the equity component is presented in convertible notes reserve as a separate component of shareholders’ equity.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in theprincipal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs for the asset or liability that are not based on observable market data.

Financial instruments are measured at either fair value or amortized cost. The following table sets out the valuation methods used to determine fair value of each financial instrument:

Financial instruments	Fair value method
Measured at fair value	
Investments (FVOCI)	Recent share transactions (Level 2) or implied share price as at measurement date (Level 3)
Derivatives (FVTPL)	Black-Scholes option pricing model (Level 3)
Measured at amortized cost	
Cash and cash equivalents	Carrying amount (approximates fair value due to short-term nature)
Other assets	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities	Carrying amount (approximates fair value due to short-term nature)
Convertible debentures and short-term loans and borrowings	Carrying value discounted at the effective interest rate (Level 2)

During the period, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

Financial Instruments Risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Risk management overview

The Company's activities are exposed to a variety of financial risks such as credit risk, liquidity risk and market risk. This section contains information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels.

(1) Credit Risk

Credit risk is the risk of a potential loss to the Company associated with a counterparty's inability to fulfill its contractual obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and other assets. The risk for cash and cash equivalents balances are mitigated by holding these instruments with highly rated and reputable Canadian financial institutions.

(2) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they come due. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. As at September 30, 2022, the Company had a working capital of $955,851 (2021 – $2,195,166). The Company is currently actively pursuing additional sources of financing to ensure that it can meet its ongoing operating requirements and planned capital expenditures. There is no assurance that the Company will be successful in these initiatives. The Company's capital expenditures mainly consist of the development of its technology platforms. Accounts payable and accrued liabilities are due within 90 days and loans and borrowings mature within 1 to 3 years.

(3) Market risk

Market risk is the risk that changes in the market related factors, such as interest rates and market prices, which will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. It arises when the Company invests in interest bearing financial instruments. As at September 30, 2022, the Company did not have any financial instruments subject to significant interest rate risk.

(b) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of investments and derivatives held in privately held companies is based on certain valuation techniques as outlined in Note 6 to the Annual Financial Statements. As at September 30, 2022, the Company did not have any financial instruments subject to significant price risk.

Other Risks and Uncertainties

The Company's business is subject to other risks and uncertainties that may have a material adverse effect on the Company's business, assets, liabilities, financial condition, results of operations, prospects, and cash flows and the future trading price of the common shares. Due to the nature of Cloud Nine's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, Cloud Nine is subject to significant risks. For additional risk factors, please refer to the Company's AIF dated January 17, 2023.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had the following issued and outstanding securities:

Description of securities	Number of securities
Issued and outstanding common shares	68,272,653
Warrants	21,998,065
Stock options	3,375,000
RSUs	1,512,500
	95,158,218

Controls and Procedures

In connection with National Instrument 52-109 ("NI 52-109"), the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Annual Financial Statements and accompanying MD&A as at and for the year ended September 30, 2022 (together the "Annual Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls overfinancial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

Venture companies are not required to provide representations in the Annual Filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. For a complete list of the factors that could affect the Company, please make reference to those risk factors further detailed under the heading "*Risk Factors*". Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward- looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- timelines;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's anticipated use of proceeds and business strategy;
- the Company's ability to protect, maintain and enforce its intellectual property;
- the Company's future growth plans, including growth of its userbase;
- the Company's expectations with respect to advancement of its business, operations, products, and services, including its monetization strategies;
- the Company's ability to attract new customers and develop and maintain existing customers;
- the Company's competitive position;
- the COVID-19 pandemic and other global health pandemics and events that could substantially affect the Company's business; and
- anticipated trends and challenges in the Company's business.

The actual results, performance or achievements of the Company could differ materially from those anticipated in the Forward-Looking Statements as a result of the risk factors set forth below and under the heading "Risk Factors", including, but not limited to, risks related to: (i) the Company's ability to generate sufficient cash flow from operations and obtain financing, if needed, on acceptable terms or at all; (ii) general economic, financial market and regulatory conditions in which the Company operates; (iii) advancement of technology to support the Company's operations; (iv) customer interest in the Company's products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of the Company's products and operations, including privacy, cryptocurrency and cybersecurity laws and regulations; (viii) the timely receipt of any required regulatory approvals; (ix) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) the Company's ability to conduct operations in a safe, efficient and effective manner; and (xi) the Company's plans and timeframe for completion of such plans.

Readers are cautioned that these factors are difficult to predict and that the assumptions used in developing the Forward-Looking Statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this MD&A is not exhaustive. Accordingly, readers are cautioned that the Company's actual results may vary from the Forward-Looking Statements, and the variations may be material.

Although the Company believes that the expectations reflected in the Forward-Looking Statements are reasonable, it can give no assurance that such expectations will prove to be correct, and the Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. The purpose of the Forward-Looking Statements is to provide the reader with a description of management's expectations, and the Forward-Looking Statements may not be appropriate for any other purpose. The reader should not place undue reliance on the Forward-Looking Statements. The Forward-Looking Statements are made as at the date hereof and the Company undertakes no obligation to update or revise any of the Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.