MANAGEMENT DISCUSSION AND ANALYSIS FOR VICTORY SQUARE TECHNOLOGIES INC.

Three months ended March 31, 2019

This management's discussion and analysis ("MD&A") of the performance, financial condition and results of operations of Victory Square Technologies Inc. ("Victory Square", "VST" or the "Company"), should be read in conjunction with the Company's consolidated financial statements and the related notes thereto for the three months ended March 31, 2019 and 2018 (the "Financial Statements"), copies of which are available on SEDAR at www.sedar.com.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Unless otherwise indicated, the information contained in this MD&A is as of August 21, 2019.

Unless otherwise indicated, references to "$" or "dollars" are to Canadian dollars and references to "US$" are to United States dollars.

FORWARD LOOKING INFORMATION

This MD&A includes certain "forward-looking information" within the meaning of applicable Canadian securities legislation. All information, other than information regarding historical facts, included in this MD&A that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's and its equity investees' businesses, operations, plans and other such matters is forward-looking information.

When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe", "will", "should", "could", "may" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

The forward-looking information may include statements regarding:

- timelines;
- strategic plans;
- the business and operations of the Company;
- the business, operations, strategies and expectations of the entities comprising the Company's equity portfolio;
- the Company's business objectives and discussion of trends affecting the business of the Company;
- the funds available to the Company and the principal purposes of those funds;
- anticipated revenues and cash flows from operations and funding requirements of the Company;

- capital, operating and general expenditures;
- expectations regarding the ability to raise capital;
- anticipated revenues to be realized by the Company from future contracts;
- treatment under governmental regulatory regimes and expectations with respect to regulatory approvals; and
- other forward-looking information including, but not limited to, information concerning the intentions, plans and future actions of the Company.

Forward looking information is based on reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward looking information is inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Company's ability to predict or control. Risks and uncertainties that may affect forward-looking information herein include, but are not limited to, those which relate to:

- the Company's limited operating history as an investment company;
- the Company's current lack of profitability;
- the need to obtain additional financing and uncertainty as to the availability and terms of future financing;
- the ability to acquire funds necessary for general working capital and continuing operations;
- reliance on sale of equity or investments to access funds required;
- the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain;
- uncertainties associated with business opportunities that may be presented to, or pursued by the Company;
- parameters and assumptions underlying future investments and acquisitions;
- risks relating to investments in equity securities;
- the possibility that the Company will be unable to dispose of illiquid securities;
- risks that the asset classes held in the Company's equity portfolio will underperform the market;
- risks associated with investments in blockchain technologies;
- risk the Company’s portfolio is too concentrated and not sufficiently diversified; risks associated with investments in the technology sector;
- risks associated with investments in small and mid-capitalization companies;

- the Company's operations, investment strategies and profitability may be adversely affected by competition from other similar entities;
- uncertainties related to early stage of technology and product development; uncertainties related to regulatory regimes and laws;
- dependence on key personnel;
- fluctuations in the currency markets and stock market volatility;
- going concern considerations;
- conflicts of interest;
- competition for, among other things, capital, acquisitions, equipment and skilled personnel;
- operating or technical difficulties in connection with business activities;
- the possibility of cost overruns or unanticipated expenses; and
- the other factors discussed under "*Risks and Uncertainties*".

Should one or more of these risks or uncertainties materialize, or should the assumptions set out in the section titled "*Risks and Uncertainties*" underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A, and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

INTRODUCTION TO VICTORY SQUARE

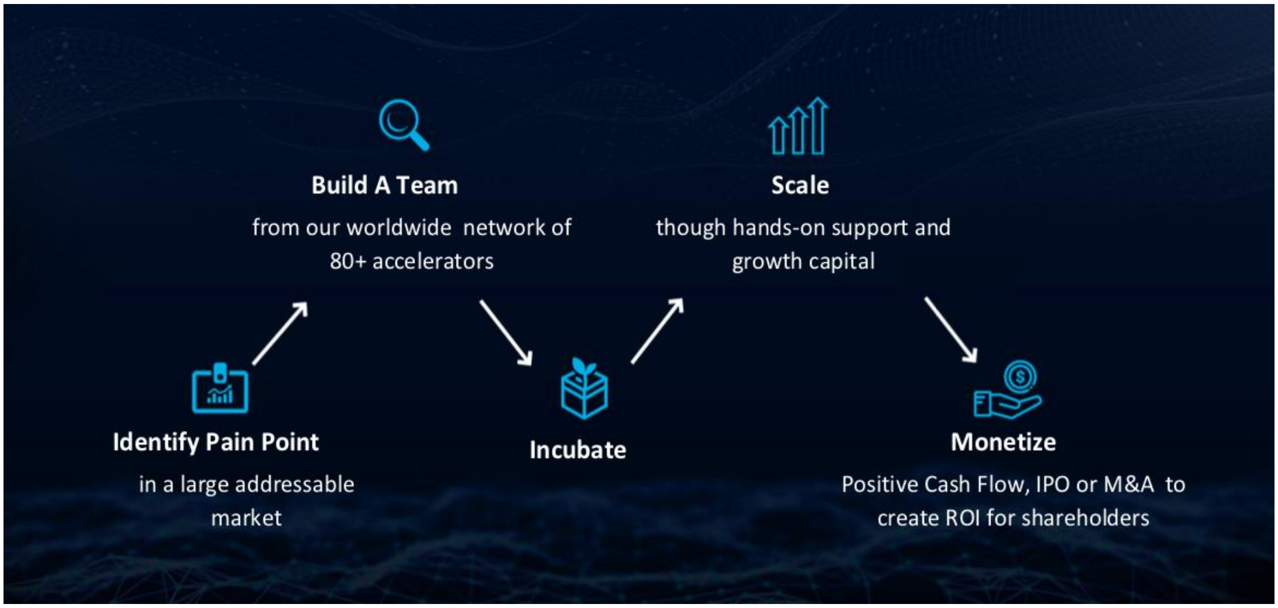
Victory Square Technologies Inc. ("Victory Square" or "VST") builds and invests in emerging technology companies with proven business models and strong teams. Our companies are disrupting and fundamentally changing the business model in various sectors of the global economy including fintech, insurance, health, and gaming.

Armed with a $10 million convertible note, Victory Square supports these companies as they grow, by providing comprehensive functional expertise in commercialization, product market-fit; and further through access to proprietary technology solutions and to our extensive ecosystem of global partnerships. The unique combination of financial, business development, technology, and operational support and services provides competitive advantages to our portfolio companies and more importantly increases their probability of success.

Victory Square's leadership team, advisors and partners are industry leaders and experts that provide the full range guidance and value on the technologies and best practices needed to scale, including main areas such as product, engineering, customer acquisition, talent management and internationalization. This enables our portfolio companies to become leading players in their markets in a shorter period of time.

Victory Square is headquartered in Vancouver, Canada, and listed on the Canadian Securities Exchange (VST), Frankfurt Exchange (6F6) and the OTCQX (VSTQF).

OUR PROCESS



OUR SELECT COMPANIES:

Our select companies have matured from the incubation stage to the scale and monetize stages. In the past 12 months, VST's select companies achieved significant milestones in terms of revenue growth, product development, and customer acquisition. Victory Square's leadership team, advisors and partners will work closely with these select companies to help them successfully build, develop and grow with the objective of creating long-term value for Victory Square and its shareholders.

1. FansUnite Entertainment Inc.

FansUnite provides a full suite of sports betting solutions including The FansUnite Protocol, a robust ecosystem of sports betting applications.

Highlights

- Completed a Series A fundraise of $4,450,000 CAD in May 2018
- Entered into a strategic partnership with World Poker Tour®, the premier name in internationally televised gaming and entertainment leading innovation in the sport of poker
- Focused on the development of the FansUnite B2C and B2B offerings. The B2C platform is currently in beta with full KYC, event data, odds feeds, live betting, resolution, and risk management
- FansUnite will be launching their own B2C Sports Betting Application in Q4 2019 and licensing out the technology to other operators

- Aiming for a direct listing by Q4 2019, which also includes an acquisition, closing upon listing.

2. Fantasy 360 Technologies Inc. dba Immersive Tech

Immersive Tech designs, programs, builds and installs immersive and engaging experiences for some of the world's leading companies for a variety of purposes such as brand engagement, revenue generation, and corporate training. Through a blend of video game development, theme park engineering and the latest VR/AR/MR technologies, the company has amassed a portfolio of global brands.

Highlights

- 182% increase in revenue to over $2,000,000 in 2018.
- Built, designed and deployed a large scale training escape room experience for Intel. The experience accommodates 100 players and is being rolled out to 6 continents and 50 separate activations.
- Designed and deployed an office-friendly experience for global insurance company PartnerRe. As part of their 25th anniversary, PartnerRe wanted to engage all 1000 of their employees across 15 offices in an experience that happened all one the same day.
- Built, designed and installed a custom experience for Scottish whiskey brand Ardbeg aboard a double decker bus that's currently touring across the US for over 300+ stops.
- Currently engaged in new projects with three large multinational corporations set to deploy in Q4 (Capital One, Bayer, BioMérieux)
- Won the 2019 Startup Canada High-Growth Entrepreneurship category.

3. V2 Games

V2 Games is a video game ventures firm focusing on project investments in high-value e-gaming projects featuring globally-recognized intellectual properties. The company generates cash flow by streaming revenue share from world-class e-gaming projects.

Highlights:

- Completed a $1,300,000 financing at an $7,000,000 pre-money valuation in May 2019
- Provided funding for the "Men In Black" mobile game, their first tier 1 mobile game scheduled to launch in August 2019
- Aiming for a direct listing by Q4 2019, which also includes an acquisition, closing upon listing.

4. CoPilot Advisor

CoPilot Advisor uses cutting edge A.I. technology to help sales teams automatically target qualified prospects on social media, initiate one-to-one conversations, and surface timely sales opportunities without requiring any "content marketing," spam emails, or any advertising.

Highlights

- CoPilot successfully signed over 400 customers including: MassMutual, Merrill Lynch, UBS, and New York Life, and more
- Revenue from new verticals (B2B, insurance and real estate) now accounts for more than 33% of the total revenue, significantly expanding beyond the financial services vertical.
- Finalist for the 2019 Technology Impact Awards for Company of the Year – Startup Success
- 300% year-over-year growth, generating over $120,000 in Monthly Recurring Revenue.

5. Taloflow

Taloflow's prediction engine reveals the cost of every cloud process in real-time, it's an AI autopilot for cloud resource management that saves companies up to 40% on Amazon Web Services ("AWS").

Highlights:

- Taloflow met all of the advanced technical requirements to become an Amazon Partner Network (APN) Advanced Technology Partner
- Added 12+ Beta customers with an average infrastructure spend of $1M/yr on AWS (including 1 unicorn and 1 Fortune 500)
- Will be adding 2-3 new beta customers every month and ingesting 10s of millions of records from AWS for their customers.

6. Cloud Benefit Solutions Inc. (CloudAdvisors)

CloudAdvisors connect insurance advisors with marketplace data and the best tools in a secure digital platform for an enhanced client experience. Through digital client management, on-demand insights, automated reporting, governance and compliance, CloudAdvisors create an accessible and intelligent robo-advice assistant for better insurance advice.

Highlights:

- CloudAdvisors accelerated their sales dramatically
- Released their highly anticipated re-engineered V2 of their software
- New advanced machine learning technology scheduled to launch in fall 2019.

7. PayVida

PayVida is a FinTech company which connects merchants and consumers with e-commerce, mobile, in-store payment acceptance and disbursement technology. Payvida's technology expedites financial services for merchants and consumers by combining new technologies with the world's leading payment methods.

Highlights:

- Completed a $1,000,000 financing at an $8,000,000 pre-money valuation in August 2019
- PayVida signed an exclusive deal the B.C. Alliance of Beverage Licensees ("ABLE BC"). Its 1,000+ members include private liquor stores, pubs, bars, nightclubs and hotel liquor licensees. PayVida's partnership with ABLE BC creates a direct channel into a network of BC's private hotels and pubs. B.C. currently has 670 private liquor stores and 195 government locations, generating over $3 billion of alcohol sales and several billion dollars of indirect economic activity
- Aiming for a direct listing by Q4 2019, which also includes an acquisition, closing upon listing.

8. Multapplied Networks Inc.

Multapplied Networks Inc. develops and sells a proprietary Software-Defined Wide Area Network ("SD-WAN") platform that Cloud and Managed Service Providers white-label and run in their infrastructure to improve visibility and control over end-customer experiences of their hosted, managed applications and drive customer acquisition, retention and brand.

Highlights:

- Multapplied Networks Inc. released v6.4 of their SD-WAN software
- Signed three new channel partners, expanding their USA and Latin American partner coverage and has continued to onboard partners signed in the previous quarters
- 30% year-over-year revenue growth.

9. Grow tech labs

Grow Tech Labs develops and accelerates companies from pre-legalization to post regulated market through education, consultation and investment.

Highlights:

- Grow Tech Labs facilitated the initial discovery and preliminary infrastructure for what is set to BC's largest craft cannabis co-op

- Launching an online education program to aid business in expanding their product models to include cannabis. Beginning with eight modules, Grow Academy will release another 3 modules, including navigating the edible market by the end of 2019
- Opening multiple Noble Canna Park locations on licensed ALR land for micro cultivators and processors. The Noble Canna Park will offer growers upgraded lots with a vertically integrated cultivation, processing and lab onsite.

SUMMARY OF QUARTERLY RESULTS

The following information is derived from unaudited interim consolidated financial statements:

Fiscal Quarter Ended	Revenue	Net Income (Loss) for the Period	Basic and Diluted Earnings (Loss) Per Share
	$	$	$
March 31, 2019	270,676	(1,632,050)	(0.02)
December 31, 2018	1,998,443	(15,626,820)	(0.21)
September 30, 2018	1,176,519	(2,393,511)	(0.03)
June 30, 2018	1,064,395	6,377,539	0.09
March 31, 2018	248,347	(2,251,891)	(0.04)
December 31, 2017	169,387	(1,163,696)	(0.02)
September 30, 2017	385,557	(575,260)	(0.01)
June 30, 2017	179,235	(444,748)	(0.01)

RESULTS OF OPERATIONS

The condensed consolidated interim unaudited financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries Draft Label Technologies Inc. (“DLT”), PDL USA Inc. (“PDL”), Fantasy 360 Technologies Inc. (“Fantasy 360”), Victory Square Health Inc. (“Victory Square Health”), V2 Games Inc. (“V2 Games”), Victory Entertainment Inc. (“Victory Entertainment”) and its 48.55%-owned subsidiary FansUnite Entertainment Inc. (“FansUnite”) over which the Company has de facto control.

REVENUE

Revenue for the three months ended March 31, 2019 was $270,676 compared to $247,347 for the quarter ended March 31, 2018.

Expenses

For the three months ended March 31, 2019, total expenses were $1,672,031 compared to $1,842,375 recorded in the comparable period in 2018.

Material variances over the comparable period are discussed below.

Amortization and Depreciation

Amortization and depreciation for the three months ended March 31, 2019 was $116,364 compared to $242,897 for the three months ended March 31, 2018.

Donations

Donations were $2,000 for the three months ended March 31, 2019 compared to $55,000 for the comparable period in 2018.

Management Fees

Management fees were $77,593 for the three months ended March 31, 2019 compared to $47,500 for the quarter ended March 31, 2018. The increase is related to management fees paid to consultants with respect to the year end audit and for the management of V2 Games.

Professional and Consulting Fees

Professional and consulting fees for the three months ended March 31, 2019 were $332,245 compared to $103,038 for the quarter ended March 31, 2018.

The increase is related to legal and audit fees incurred with respect to FansUnite's plan to become a public company, plus increased audit and accounting fees for the 2018 audit of the Company as a result of the increased complexity of the Company's operations.

Rent

Rent was $54,739 for the quarter ended March 31, 2019 compared to $36,161 for the three months ended March 31, 2018. The increase for 2019 is related to the move to new premises in the last quarter of 2018.

Sales and Marketing

Sales and marketing costs were $356,861 for the quarter ended March 31, 2019 compared to $1,131,569 for the quarter ended March 31, 2018.

The higher sales and marketing costs incurred in the prior period are attributable to a marketing awareness campaign undertaken in 2018.

Share-Based Payments

Share-based payments were $181,724 for the three months ended March 31, 2019 compared to $Nil for the comparable period of 2018. These costs are related to the vesting of subsidiary stock options issued to officers and directors of FansUnite in 2018.

Wages

Wages for the three months ended March 31, 2019 were $421,074 compared to $125,979 for the three months ended March 31, 2018. The increase in wages is related to the increase in activity and revenue generated by the Company's subsidiary Fantasy 360, as well as salaries paid to FansUnite management.

Other Items

Other items for the three months ended March 31, 2019 came to a net loss of $102,807 compared to $414,678 for the quarter ended March 31, 2018.

The decrease is largely related to the gain on investment of $410,554 attributable to the conversion of the investment in Just Games Entertainment Inc. to a loan receivable in the current period as well a decrease in the loss on digital currencies of $114,046 due to the liquidation of the majority of the Company's digitial currencies in the latter part of 2018. These decreases were partially offset by an increase in the equity losses of the Company's investments of $406,510.

LIQUIDITY AND CAPITAL RESOURCES – FINANCIAL CONDITION OF THE COMPANY

At March 31, 2019, the Company had total current assets of $2,605,826 comprised of $1,621,960 in cash and a GIC, $736,042 in prepaid expenses, $59,339 in receivables, $120,859 in government sales tax receivable, $2,250 in marketable securities and $65,375 in digital currencies. Conversely, the Company had total current liabilities of $2,157,084.

At March 31, 2019, the Company had working capital of $448,742 compared to working capital of $3,128,864 at December 31, 2018.

The Company's ability to meet its obligations and activities over the long-term depends on its ability to generate cash flow through the issuance of common shares of the Company pursuant to equity financings and short-term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. The Company has minimal cash flow from operations and is dependent upon raising equity financing to sustain its operations.

In fiscal 2016, the Company signed a binding term sheet with Victory Square Labs Inc., a company related by a director in common, for a secured convertible note facility up to $10,000,000 (the “Convertible Note”).

The Convertible Note, to be advanced in tranches, will consist of a series of secured convertible promissory notes (each a “Note”), each bearing a term of a minimum of one year, issued pursuant to a note purchase agreement. Interest on each Note will accrue at 6% per annum, compounded annually and payable in common shares in the capital of the Company upon maturity. The Notes will be secured by a first charge over all of the Company’s present and subsequently acquired personal property pursuant to a general security agreement.

As of March 31, 2019, the Company has not formally drawn any funds on the Convertible Note.

OUTSTANDING SHARES AND WARRANTS

As at August 21, 2019, the Company has 73,054,850 issued and fully paid common shares outstanding. There were no warrants outstanding at August 21, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial performance or financial condition, including with respect to revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

TRANSACTIONS BETWEEN RELATED PARTIES

During the three months ended March 31, 2019 and 2018, the Company entered into the following transactions with related parties:

		March 31, 2019		March 31, 2018
Interest	$	-	$	4,514
Management fees	$	32,500	$	32,500
Professional fees	$	40,533	$	42,584
Wages paid to officers of a subsidiary of the Company	$	89,000	$	120,000
Director fees	$	6,858	$	-

Related Party Balances

At March 31, 2019, the Company has $104,341 (December 31, 2018 - $96,683) due to related parties included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key Management Compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company's Board of Directors and the Company's executive leadership team. Such compensation was comprised of $40,533 (2018 - $42,584) in professional fees to companies controlled by the CFO, for bookkeeping, corporate secretarial and CFO services and $32,500 (2018 - $32,500) in management fees to the CEO.

Related Party Loans

As at March 31, 2019, the Company has $165,197 (December 31, 2018 - $24,817) in related party loans, which includes $11,714 (December 31, 2018 - $11,714) in accrued interest. The related party loans are unsecured, bear interest at 3% and due on demand.

Due From Related Parties

	March 31, 2019	March 31, 2018
Interest	$ -	$ 4,514
Management fees	$ 32,500	$ 32,500
Professional fees	$ 40,533	$ 42,584
Wages paid to officers of a subsidiary of the Company	$ 89,000	$ 120,000
Director fees	$ 6,858	$ -

The majority of the amount due from Aspen is related to the sale of Limitless to Aspen and the resulting discounted receivable of $1,707,919. During the three months ended March 31, 2019, the Company recorded interest of $60,917 in connection with the receivable.

The loan due from Flo Digital has a term of 4 years and is non-interest bearing for the first year and bears interest at 4.45% thereafter.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting estimates are presented in Note 2 in the notes to the annual financial statements. The preparation of these audited financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period presented and reported amounts of expenses during the same period. Actual outcomes could differ from these estimates. The financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Any revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects the future. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made include, but are not limited to, the following:

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements are made in particular with regard to assessment of impairment to the carrying value of the Company's assets.

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss for the period.

Changes in any of the assumptions used in impairment testing could materially affect the result of the analysis.

As at March 31, 2019, the Company reviewed the carrying value of its remaining assets and determined that there were no indicators of impairment.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New Accounting Policies

Leases

The Company adopted all of the requirements of IFRS 16 – Leases as of January 1, 2019. Company adopted the IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. Although the Company has two office leases the new standard did not have a material impact on the Company's financial statements as the company's office lease payments are completely offset by sublease payments received.

FINANCIAL INSTRUMENTS

Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies, as disclosed below. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The different levels for valuation of financial instruments carried at fair value have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3.

Cash and marketable securities are measured using Level 1 inputs.

The Company's financial instruments consist of cash, receivables, marketable securities, investments, due from related parties, trade payables, loan payable, other payables and related party loans. The carrying value of cash, receivables, marketable securities, trade payables, other payables and related party loans approximates their fair value due to the short- term nature of these instruments. The carrying value of the loan payable approximates its fair value due to the fact that it bears interest at a market rate. The carrying value of the amounts due from related parties approximates its fair value due to the fact that it was valued at fair value at inception and bears interest at a market rate.

FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's receivables consist of trade receivables, due from related parties and government sales tax receivable. Based on the evaluation of receivables at March 31, 2019, the Company believes that its receivables are collectible and the Company is not exposed to significant credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's main source of funding has been the issuance of equity securities through private placements and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies, as disclosed below. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models.

When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3. There are no financial instruments carried at level 3 fair value as at March 31, 2019.

Cash and marketable securities are measured using Level 1 inputs.

The Company's financial instruments consist of cash, trade receivables, marketable securities, certain investments, amounts due from related parties, advances, trade payables, loan payable and related party loans. The carrying value of financial instruments approximates the fair value at March 31, 2019.

OTHER RISKS AND UNCERTAINTIES

The Company is in the investment management business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The Company has no material ongoing revenue or income from operations. The Company has limited capital resources and has to rely upon the sale its assets or sale of its common shares for cash required to make new investments and to fund the administration of the Company.

These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely impact the Company's business, results of operations and financial performance. The most significant risks and uncertainties faced by the Company are set out below.

Limited Operating History

The Company has limited operating history as an investment company, and no operating history as a portfolio manager in making investments in the cryptocurrency or blockchain industries. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the cryptocurrency and blockchain market. There is no certainty that the Company will be able to operate profitably.

No Profits to Date

The Company has not made profits since its incorporation and it is expected that it will not be profitable for the foreseeable future. Its future profitability will, in particular, depend upon its success in making strategic investments in companies involved in the cryptocurrency and blockchain industries, which themselves are able to generate significant revenues or capital appreciation. Because of the limited operating history, and the uncertainties regarding the development of the cryptocurrency market and blockchain technology, there are significant risks associated with the Company's investment strategy.

Going-Concern Risk

The Company's financial statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Negative Cash Flow

The Company has a limited history of operations, and very little history of earnings, cash flow or profitability. The Company has had negative operating cash flow since the Company's inception, and the Company will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will ever attain positive cash flow or profitability or that additional funding will be available for operations.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in developing a diversified and material portfolio of investments. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated investments.

Risks Relating to Existing and Future Investments

The Company may, in the future, make investments that may, in part, be financed by the Company. Existing investments and future investments made by the Company should be considered speculative and there is no guarantee that any such investment will earn any positive return in the short term or long term. Businesses that the Company invests in may also request additional funding from the Company to support their operations and growth, and there is no assurance that such funding will be available to the Company from external sources on acceptable terms or at all.

The Company intends to pursue opportunities outside of the Company's existing business segments that would diversify the asset base, the success of which will depend, in part, on its ability to: identify suitable investments; negotiate the purchase of such investments on terms acceptable to it; complete the investments within expected time frames; and capitalize on such investments. Further, the profitability of such investments will be dependent upon a variety of potential factors depending on the underlying industry, for example, the market price of commodities, the level of interest rates, global economic conditions, political conditions, speculative activities, stability of exchange rates and other factors beyond the control of the Company. Investments in companies with publicly traded securities may experience substantial volatility and would be subject to market trends and macroeconomic conditions generally, notwithstanding any potential success of such companies in creating revenues, cash flows or earnings and may not accurately reflect the long-term value of such companies. There can be no assurance that continual fluctuations in price will not occur in such instances. The Company invests in and may make future investments in securities of private companies. In some cases, the Company may be restricted by contract or by applicable securities laws from selling such securities for a period of time. Such securities may not have a ready market and the inability to sell such securities or to sell such securities on a timely basis or at acceptable prices may impair the Company's ability to exit such investments when the Company considers it appropriate. Foreign investments that may be made by the Company in specific sectors such as natural resource, industrial or technology may be subject to political risks, risks associated with changes in foreign exchange rates, foreign exchange control risks and other similar risks. The Canadian dollar equivalent of the Company’s net denominated assets and dividends would be adversely affected by reductions in the value of the applicable foreign currencies relative to the Canadian dollar and would be positively affected by increases in the value of the applicable foreign currencies relative to the Canadian dollar.

The Company invests in and may make future investments in securities of companies that the Company does not control. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Company does not agree or that the majority stakeholders or management of the company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing were to occur, the values of investments by the Company could decrease and the Company's financial condition and cash flow could suffer as a result.

The due diligence process undertaken by the Company in connection with investments it makes or that it wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such investigation will not necessarily result in the investment being successful.

Equity Investment Risk

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and for securities of companies that invest in such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

Illiquid Securities

If the Company is unable to dispose of some or all of the securities held by it, the Company may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities or may be able to do so only at prices which may not reflect the true value of such investments.

Asset Class Risk

The equity investments held by the Company may underperform the returns of other securities that have exposure to other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and under performance in comparison to the general securities markets.

Blockchain Technology Risk

The Company is subject to blockchain technology risk. Blockchain technology is an entirely new and relatively untested technology. The risks associated with blockchain technology may not emerge until the technology is widely used. Blockchain systems could be vulnerable to fraud, particularly if a significant minority of participants colluded to defraud the rest. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. There is little regulation of blockchain technology other than the intrinsic public nature of the blockchain system. Any future regulatory developments could affect the viability and expansion of the use of blockchain technology. Because blockchain technology systems may operate across many national boundaries and regulatory jurisdictions, it is possible that blockchain technology may be subject to widespread and inconsistent regulation. Blockchain technology is not a product or service that provides identifiable revenue for companies that implement, or otherwise use it. Therefore, the values of the companies invested in by the Company may not be a reflection of their connection to blockchain technology, but maybe based on other business operations including revenues and other factors relating to their existing primary business operations. Accordingly, in addition to the risks associated with the use or development of products that may benefit from blockchain technology, companies invested in by the Company will continue to be susceptible to the risks associated with their primary business operations. Currently, blockchain technology is primarily used for the recording of transactions in digital currency, which are extremely speculative, unregulated and volatile. Problems in digital currency markets could have a wider effect on companies associated with blockchain technology. Blockchain technology also may never be implemented to a scale that provides identifiable economic benefit to the companies included in the Company's equity portfolio. There are currently a number of competing blockchain platforms with competing intellectual property claims. The uncertainty inherent in these competing technologies could cause companies to use alternatives to blockchain. Finally, because digital assets registered in a blockchain do not have a standardized exchange, like a stock market, there is less liquidity for such assets and greater possibility of fraud or manipulation.

Concentration Risk

The Company, by virtue of its investment in its equity portfolio, will be concentrated in an individual industry being the technology sector. Consequently, the Company's portfolio may be less diversified when compared to a less concentrated investment portfolio.

Technology Sector Risk

The Company obtains exposure to the securities of technology companies. General risks of technology companies include the risks of rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions. Certain technology companies may be smaller and less experienced companies, with markets or financial resources and fewer experienced management or marketing personnel.

Small and Mid-Capitalization Companies Risk

Certain of the equity securities to which the Company obtains exposure may be small and/or mid-capitalization company shares. Such company shares have customarily involved material investment risk. Small and mid-capitalization companies may have limited product lines, markets or financial resources; may lack management depth or experience; and may be more vulnerable to adverse general market or economic developments than large companies. Some of these companies may distribute, sell or produce products which have recently been brought to market and may be dependent on key personnel.

The prices of small and mid-capitalization company securities are often more volatile than prices associated with large company issues, and can display abrupt or erratic movements at times, due to limited trading volumes and less publicly available information. Also, because small and mid-capitalization companies normally have fewer shares outstanding and these shares trade less frequently than large companies, it may be more difficult for the Company to buy and sell significant amounts of such shares prices. The securities of small and mid-capitalization companies are often traded on "over the counter" markets and may not be traded in the volumes typical of a national securities exchange.

Development of Cryptocurrencies

Cryptocurrency and blockchain technology is a young and rapidly growing business area. Although it is predicted that cryptocurrency will become an accepted means of digital payment, it cannot be assured that this will in fact occur. Currently, blockchain software is dependent on the widespread acceptance of cryptocurrency as a means of payment within the digital economy. For a number of reasons, including, for example, the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, lack of availability of cost-efficient high-speed services and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, such cryptocurrency activities may prove in the long run to be an unprofitable means for businesses.

In particular, the factors affecting the further development of the cryptocurrency industry include:

- worldwide adoption and usage of cryptocurrencies;
- regulations by governments and/or by organizations directing governmental regulations regarding the use and operation of and access to cryptocurrencies;
- changes in consumer demographics and public behavior, tastes and preferences;
- redirection and liberalization of using fiat currencies as well as the development of other forms of publicly acceptable means of buying and selling goods and services; and
- general economic conditions and the regulatory environment relating to cryptocurrencies.

Regulatory Risks

Changes in or more aggressive enforcement of laws and regulations could adversely impact companies involved in the cryptocurrency business. Failure or delays in obtaining necessary approvals, changes in government regulations and policies and practices could have an adverse impact on such businesses' future cash flows, earnings, results of operations and financial condition.

Regulatory agencies could shut down or restrict the use of platforms or exchanges using virtual currencies or blockchain based technologies. This could lead to a loss of any investment made in the Company.

The legal status of cryptocurrency varies substantially from country to country and is still undefined and changing in many of them. While some countries have explicitly allowed its use and trade, others have banned or restricted it. Likewise, various government agencies, departments, and courts have classified cryptocurrencies differently.

Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change

The success of any developer of cryptocurrency-based, blockchain platforms will depend by and large upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. Cryptocurrency has experienced and is expected to continue to experience significant growth in the number of users, amount of content and bandwidth availability. It cannot be assured that the cryptocurrency infrastructure will continue to be able to support the demands placed upon it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. It is further not assured that the infrastructure or complementary products or services necessary to make cryptocurrency a viable medium for digital payments will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs in order to adapt the Company's services to changing technologies.

Intellectual Property Rights

Companies involved in the development and operation of virtual currencies or blockchain based technologies may be dependent on intellectual property rights; the loss of which could harm its business, results of operations and its financial condition. There can be no assurance that any company's products will not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Any such claims and disputes arising may result in liability for substantial damages which in turn could harm the underlying business, results of operations and financial condition.

Volatilities in Cryptocurrency Prices

The markets for cryptocurrencies have experienced much larger fluctuations than other security markets. There can be no assurances that cryptocurrency prices will not be subject to erratic swings in the future, which could be related not only to improper payment activities involving cryptocurrency but also regulations by law makers in various countries. Furthermore, cryptocurrencies have not been widely adopted as a means of payments for goods and services by the majority of retail and commercial outlets. On the other hand, a significant portion of the demand for cryptocurrency is generated by investors and speculators focusing on generating profits by buying and holding cryptocurrency which might create limitations on the availability of cryptocurrencies to pay for goods and services resulting in increased volatility of cryptocurrency which could adversely impact an investment in the Company.

Several factors may affect the price and the volatility of cryptocurrency, including, but not limited to:

- global cryptocurrency demand depending on the acceptance of cryptocurrency by retail merchants and commercial businesses, the perception that the use and holding of cryptocurrency is safe and secure as well as the lack of regulatory restrictions;
- interest rates;
- currency exchange rates, including exchange rates between cryptocurrency and fiat currency;
- fiat currency withdrawal and deposit policies on cryptocurrency exchanges and liquidity on such cryptocurrency exchanges;
- interruption of services or failures of major cryptocurrency exchanges;
- large investment and trading activities in cryptocurrency;
- monetary policies of governments, trade restrictions, currency de- and revaluations;
- regulatory measures restricting the use of cryptocurrency as a form of payment or the purchase of cryptocurrency;
- global or regional political, economic or financial events and situations, including increased threat of terrorist activities; and/or
- self-fulfilling expectations of changes in the cryptocurrency market.

Stability of Bitcoin Exchanges

The price of cryptocurrency is established by public exchanges that have, by nature of their business, a limited operating history. Even the largest cryptocurrency exchanges have been subject to operational interruptions or even collapse. The interruption and the collapse of cryptocurrency exchanges may limit the liquidity of cryptocurrencies resulting in volatile prices and a reduction in confidence in the cryptocurrency network and the cryptocurrency exchange market. The deposit or withdrawal of fiat currency into or from the cryptocurrency exchanges may also affect the price of cryptocurrency. Operational limits regarding the settlement with fiat currencies may also reduce the demand to use cryptocurrency exchanges which would adversely affect an investment made by the Company. Cryptocurrency exchanges are relatively new and largely unregulated, and may, therefore, be more exposed to fraud and failure than other, more established currency and commodity exchanges. While smaller cryptocurrency exchanges are lacking infrastructure and capitalization the larger cryptocurrency exchanges are more likely to become targets of hackers and malware. Also, arbitraging activities between cryptocurrency exchanges may destabilize some of the smaller cryptocurrency exchanges. A lack of stability in the cryptocurrency exchange market may reduce the confidence in the cryptocurrency network affecting adversely an investment in the Company.

Changes in the Bitcoin Network Protocol

The cryptocurrency network is based on a protocol governing the peer-to-peer interactions between computers that are connected to each other within the cryptocurrency network. The governing code regulating such math-based protocol is informally managed by a development team. This development team, though, might propose and implement amendments to the cryptocurrency network's source code through software upgrades altering the original protocol, including fundamental ideas such as the irreversibility of transactions and limitations on the validation of blockchain software distributed ledgers. Such changes of the original protocol and software may adversely affect an investment made by the Company.

Acceptance of Virtual Currencies

Although the Company believes that the usage of cryptocurrencies will be focused on the technology to transmit and clear fiat currencies their usage as virtual currency will be an important factor as well. Hence, in the event that companies or individuals will be increasingly reluctant to accept virtual currencies, such limited usage of cryptocurrencies could adversely affect an investment made by the Company.

Misuse of Cryptocurrencies

Ever since the existence of cryptocurrencies, and especially bitcoins, there has been attempts to use them for speculation purposes and manipulations by hackers to use cryptocurrencies for malicious purposes. Although law makers increasingly regulate the use and applications of cryptocurrencies and software is being developed to curtail hacker activities as well as misuses by speculators no assurances can be given that those measures will be sufficiently deter those illegal activities in the future.

In particular, misuses could occur if a malicious actor or botnet (i.e. a series of computers controlled by a networked software coordinating the actions of the computers) obtains a majority of the processing power controlling the cryptocurrency validating activities and altering the blockchain which cryptocurrency transactions rely upon. Moreover, if the award for solving transaction blocks declines and transaction fees are not sufficiently high, the incentive to continue validating blockchain transactions would decrease and could lead to a stoppage of validation activities. The collective processing power of the blockchain network would be reduced, which would adversely affect the confirmation process for transactions by decreasing the speed of the adaption and adjustment in the difficulty for transaction block solutions. Such slower adjustments would make the blockchain network more vulnerable to malicious actors or botnets obtaining control of the blockchain network processing power.

Recording of Transactions

It is feasible that blockchain validators will cease to record transactions in solved transaction blocks. In particular, transactions that do not include the payment of transaction fees will not be recorded on the blockchain until a transaction block is solved by validators who are not required to pay such transaction fees. Any widespread delays in the recording of transactions could result in a loss of confidence in the blockchain network which could adversely affect an investment in the Company.

Cyber Security Risks

The Company is dependent on information technologies to conduct its operations, including management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm operations and materially adversely affect operation results, Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error.

The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. There can be no assure that the Company has the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

Competition

The market for blockchain technology and cryptocurrencies is becoming highly competitive on both a local and a national level. The current marketplace is dominated by a few companies, but will face substantial competition from and other competitors, which may have greater financial, technical, and marketing resources. Competitors may also have a larger installed base of users, longer operating histories or greater name recognition. There can be no assurance that any company will successfully differentiate its products from its competitors, or that the marketplace will consider one technology to be superior to others.

Key Personnel

The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Conflicts of Interest

Certain of the Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on the Company's results of operations and financial condition.

Share Price Volatility Risk

External factors outside of the Company's control may have a significant impact on the market price of the Company's common shares. Global stock markets have experienced extreme price and volume fluctuations from time to time. There can be no assurance that an active or liquid market will develop or be sustained for the Company's common shares.

DISCLOSURE OF INTERNAL CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 – Certification of Disclosure in Issuer’s Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying

Management's Discussion and Analysis. 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.

INFORMATION AVAILABLE ON SEDAR

Additional information about the Company, including in the form of previously published financial statements, management discussion and analyses and press releases, is available on SEDAR at www.sedar.com.