Looking Glass Labs Ltd.

Management's Discussion and Analysis

For the years ended July 31, 2022 and 2021

October 28, 2022

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the year ended July 31, 2022, compared to the year ended July 31, 2021. This report prepared as October 28, 2022 intends to complement and supplement our consolidated financial statements (the "financial statements") as at July 31, 2022 and should be read in conjunction with the financial statements and the accompanying notes.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "Looking Glass Labs", we mean Looking Glass Labs Ltd. (formerly BluKnight Aquafarms Inc.) as it may apply.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Cautionary Statement on Forward Looking Information

The information provided in this MD&A, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Although the Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These include, among others, the cautionary statements under "Description of Business".

Specific forward-looking information contained in this MD&A include, among others, statements, management's beliefs, expectations or intentions regarding the following:

- timelines;
- the business and operations of the Company;
- the business, operations, strategies and expectations of the Company;
- 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 statements including, but not limited to, information concerning the intentions, plans and future actions of the Company.

Forward-looking statements are 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 statements are 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 statements. 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 statements include, but are not limited to, those which relate to the following:

- the limited operating history of the Company and its Subsidiaries;
- the historical lack of profitability of the Company;
- 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;
- the Company’s operations, 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;
- changes in the regulatory environment;
- 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;
- the requirements of being a public-traded company may strain the Company’s resources, divert management’s attention and affect its ability to attract and retain executive management and qualified board members;
- the Company’s business is reliant on blockchain technology;
- the continuing development and acceptance of NFTs and blockchain technology are subject to a variety of risks;
- regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of NFTs in a manner that adversely affects the Company’s operations;
- an NFT's status as a “security” in any relevant jurisdiction is subject to a high degree of uncertainty and if the Company is unable to properly characterize an NFT, the Company may be subject to

regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect the Company's business, operating results, and financial condition;
- blockchain transactions are irrevocable and losses may occur;
- the Company's use of proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk;
- the Company's business is exposed to the potential misuse of NFTs and malicious actors;
- the business of the Company will be exposed to cybersecurity risks;
- digital wallets may be hacked;
- uninsured or uninsurable risks;
- a decline in the adoption and use of NFTs could materially and adversely affect the performance of the Company;
- the demand and prices of NFTs are extraordinarily volatile;
- political or economic crises may motivate large-scale sales of NFTs, which would result in a reduction in values and materially and adversely affect the Company;
- market adoption of NFTs and blockchain technology has been limited to date and further adoption is uncertain;
- the Company will have to adapt to respond to evolving security risks;
- the Company may be unable to obtain adequate insurance to insure its operations;
- intellectual property rights claims may adversely affect the operation of the Company's business;
- all active and liquid trading markets in the Company's common shares may fail to develop;
- the Company's compliance and risk management programs may not be effective;
- unexpected market disruptions may cause major losses for the Company;
- foreign exchange risk;
- the Company will depend on its senior management and directors to source suitable investment opportunities for the Company;
- managing different business lines could present conflicts of interest;
- operational risk may materially and adversely affect the Company's performance and results;
- the Company may not be effective in mitigating risk;
- the ongoing COVID-19 pandemic may have an adverse effect on the business of the Company;
- force majeure events may materially and adversely affect the business continuity of the Company;
- the Company will be reliant, in part, on attracting and retaining skilled management and directors;
- situations may arise where the directors and/or officers of the Company may be in competition with the Company and may have interests that conflict with, or differ from, the Company's interests;
- the Company may be subject to litigation; and
- the other factors discussed under the heading "Risk Factors".

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward looking statements. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the companies in which it is invested, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management of Company currently believes to be reasonable assumptions; actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These forward-looking statements are made as of the date of this MD&A and, other than as specifically required by law, Company does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects to the Company.

Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of forward-looking statements, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the Company's actual results achieved could vary from the information provided in this MD&A, and the variations may be material. Readers are also cautioned that the foregoing list of factors is not exhaustive. Consequently, there is no representation by the Company that actual results achieved will be the same, in whole or in part, as those set out in the forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and the Company does not undertake any obligation, except as required by Applicable Securities Laws, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW AND DESCRIPTION OF BUSINESS

Description of Business

The Company is a leading Web3 platform specializing in immersive metaverse environments, play-to-earn gaming, nonfungible token ("NFT") architecture and virtual asset royalty streams. Its leading brand, House of Kibaa ("HoK"), designs and curates a next-generation metaverse for 3D assets, which allows functional art and collectibles to exist simultaneously across different NFT blockchain environments. HoK has successfully released digital assets to include GenZeroes, which completely sold out in just 37 minutes for total proceeds to LGL of $6.2 million, in addition to a perpetual 5% royalty stream on secondary market sales. HoK plans to launch a hyper-realistic metaverse built on the Unreal 5 engine in 2023. The Company is releasing its Alpha version of its Pocket Dimension metaverse on November 1, 2022.

The Pocket Dimension metaverse is a hyper-realistic digital world that is being built using the latest version of Unreal Engine in order to offer users a premium virtual experience. Pocket Dimensions feature 10 different environments.

Each environment offers users various forms of utility, including but not limited to, hosting events with their community, integrating custom structures and adding digital assets.

Pocket Dimension is a private space representing an area size of approximately four acres in which owners can visit, invite friends, display NFTs, create settings, collaborate with others or facilitate experiences through various utilities and uses. Parcels provide their owners with additional unique benefits such as being blockchain agnostic with wide NFT compatibility (Polygon, ethereum etc.), an extensive avatar system, a unique non-playable characters host system and more. Landowners will also have access to the broader suite of utilities that HoK will develop over time.

The Company has also developed its GenZeroes franchise which is a new multi-media franchise and is being developed in collaboration with several artists with work experience that includes projects for both the StarWars and Marvel franchises. All 10,000 GenZeroes sold were unique, three-dimensional avatars and each GenZero has varying attributes (e.g., colours, background graphics, body type and colour, etc.). Due to the range of body parts and variety of attributes available, no duplicate avatar was created and therefore all GenZeroes are rare and valuable.

COMPANY HIGHLIGHTS

On August 30, 2021, the Company announced the appointment of Dorian Banks as Chief Executive Officer of the Company and the appointment of Francis Rowe as Chief Financial Officer of the Company. Mr. Gregory Baron resigned as a Director and as the Chief Executive Officer of the Company. Ms. Jessica Ross has resigned as the Chief Financial Officer of the Company.

On September 15, 2021, the Company announced the appointment of Adam Deffett to the Board of Directors.

On September 29, 2021, the Company closed a non-brokered private placement of 11,600,000 common shares of the Company issued at a price of $0.10 per common share for gross proceeds of $1,160,000.

On September 30, 2021, the Company closed a definitive share exchange agreement (the “Definitive Agreement”) (the “Agreement”) to acquire all of the issued and outstanding securities of HOK Technologies Inc. (“HOK”) in consideration for 45,000,000 common shares of the Company (each a "Consideration Share") payable to the existing shareholders of HOK (the "Vendors").

The Vendors are eligible to earn additional Consideration Shares (the "Earn-Out Shares") upon realization of certain revenue-related milestones achieved by HOK for the calendar years ending December 31, 2021 and December 31, 2022. At January 31, 2022, HOK had achieved all revenue related milestones for the calendar year ended December 31, 2021, and as of February 25, 2022, the Company had paid the Vendors $750,000 and issued 2,592,205 Earn-Out Shares.

The revenue-related milestones for the period commencing on January 1, 2022 and ending December 31, 2022 are either:

- $1,500,000 of Earn-Out Shares and $500,000 if, by no later than December 31, 2022, $5,000,000 of revenue is achieved by HOK; or
- $2,500,000 of Earn-Out Shares and $500,000 if, by no later than December 31, 2022, $10,000,000 of revenue is achieved by HOK.

The number of Earn-Out Shares issuable upon the achievement of revenue-related milestones will be determined in accordance with the market value of the Company's common shares at such time, and will be subject to the statutory four month and one day hold period.

In connection with the acquisition of HOK, the Company has also issued of 200,000 common shares of the Company to extinguish certain of HOK's outstanding accounts payable. The Company paid a finder’s fee of 2,250,000 common shares of the Company to certain qualified third parties in connection with the closing of the HOK acquisition. On September 30, 2021, the Company completed the acquisition of all the issued and outstanding ordinary shares in the capital of HOK and the Company issued a total of 47,450,000 common shares of the Company in connection with this acquisition.

On October 8, 2021, the Company changed its name to Looking Glass Labs Ltd. in order to better reflect its forward-looking business pursuits, including the closing of its previously announced acquisition of 100 percent of the issued and outstanding securities of HOK Technologies Inc. d/b/a House of Kibaa (“HoK”) effective on September 30, 2021.

On October 7, 2021, the Company closed a non-brokered private placement of 2,000,000 common shares of the Company issued at a price of $0.10 per common share for gross proceeds of $200,000.

On October 14, 2021, the Company announced the appointment of Mr. Patrick O’Flaherty to the Board of Directors of the Company. Eugene Beukman resigned from its Board of Directors. The Company also granted an aggregate of 6,000,000 incentive share purchase options to its directors, officer and consultants. Each share purchase option is exercisable for a period of five years at an exercise price of $0.10 per common share of the Company. The options vest over a period of 18 months, in one-third tranches of equal size, after the passing of each successive six-month period.

On October 14, 2021, the Company announced that its flagship studio for non-fungible tokens House of Kibaa recently conducted the successful sale of a class of NFTs known as GenZeroes. In just 37 minutes, all 10,000 of HoK’s GenZeroes were sold and subsequently delivered to more than 3,000 unique blockchain wallets, for aggregate proceeds from the sale was approximately $6,200,000.

Additionally, the Company is entitled to collect 5% of the gross amount of any and all GenZeroes re-sold in the secondary market in perpetuity, through a royalty provision encoded into each smart blockchain contract of all GenZeroes.

On November 10, 2021, the Company completed a non-brokered private placement of 5,000,000 units of the Company (the "Units") issued at a price of $0.50 per Unit for gross proceeds of $2,500,000 (the "Offering"). Each Unit is comprised of one common share (a "Share") and one share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to purchase one additional Share for a period of 60 months at an exercise price of $1.25 per Share. The Company paid finder's fees of $15,900 in cash, issued 145,950 common shares and 31,800 in broker warrants. The Broker Warrants have been issued with the same terms as the Warrants.

On December 1, 2021, the Company announced that it is currently creating metaverse ready three-dimensional assets in collaboration with the well known NFT collections of Gutter Cat Gang and Bored Ape Yacht Club, in addition to the ongoing development of HoK's proprietary NFT collections.

The Company is also pleased to announce that it is spearheading the architecture and design of Gutter Cat Gang's Mansion, which is planned to be a virtual metaverse-based clubhouse for holders of Gutter Cat Gang NFTs. HoK is providing creative services to prepare certain Gutter Cat Gang characters for integration into an avatar system that enables their use in a 3D metaverse. For more information about Gutter Cat Gang, please refer to the following web page: https://guttercatgang.com/

On December 7, 2021, the Company announced that it has taken possession of its global corporate headquarters located in Vancouver, Canada, from which the Company and its flagship studio, HoK will carry out operations.

On February 1, 2022, the Company announced that its common shares (the "LGL Shares") will commence trading on the NEO Exchange Inc. (the "NEO") under the symbol "NFTX" at the start of trading on February 3, 2022. Additionally, with the listing on the NEO complete, the Company will be pursuing options for increased liquidity for its shareholders in Europe and the United States. LGL also intends to submit an application to the Depository Trust Company (the "DTC") to have the Company's common shares eligible for delivery and depository services with the DTC to facilitate electronic settlement of transfers of its common shares in the United States. Securities that are eligible to be electronically cleared and settled through the DTC are considered "DTC eligible". This electronic method of clearing securities expedites the receipt of stock and cash, and thus accelerates the settlement process for investors and greatly reduces transaction costs for participating brokerages firms.

On July 28, 2022, the Company announced that it has received approval from the DTC Company to make the Company's common shares (the "Shares") eligible to be electronically cleared and settled through DTC.

On February 17, 2022, the Company announced that pursuant to its shareholder approved restricted share unit ("RSU") plan (the "RSU Plan"), Company has granted an aggregate of 675,000 RSUs to directors and officers of the Company on February 16, 2022. The RSUs are subject to vesting, upon predetermined corporate milestones that need to be satisfied as a condition of vesting. The vested RSUs shall entitle the eligible parties the ability to acquire one common share in the capital of the Company underlying each such RSU upon such holder delivering a notice of acquisition to the Company in accordance with the RSU Plan for a period of five years from issuance.

On January 22, 2022, the Company announced the launch of GenZeroes Productions Inc. ("GZP"), which is a wholly owned subsidiary of LGL specializing in the production of original media involving NFTs. The Company has procured an executive and creative team for GZP consisting of accomplished screenwriters.

GZP collaborated with HoK to produce "GenZeroes" a live action science fiction series (the "GenZeroes Series") with storylines built around the GenZeroes NFT collection. The production of the GenZeroes Series was led by the following GZP executive and creative team members:

- Aleks Paunovic: Co-starred with Oscar-winning actor Anthony Hopkins in Zero Contact, which was the first feature-length Hollywood film to be released as NFTs. Mr. Paunovic also appeared in the 2021 Marvel Studios series Hawkeye, with over 30 awards and nominations as well as several high-profile film and television credits including but not limited to Snowpiercer, Planet of the Apes, and Van Helsing; and

- Jeremy Smith and Matt Venables: The duo of Mr. Smith and Mr. Venables have held several production roles (including Co-Executive Producer and Co-Producer) for dozens of episodes of the Van Helsing television series, for which they both won the 2020 Leo Award in the category of Best Screenwriting in a Dramatic Series. They also held the roles of Writer and Story Editor for the science fiction television series Continuum.

The GenZeroes trailer premiered May 4, 2022 and four webisodes were released in May 2022 and the remaining four episodes were released in June 2022. More information about the Roadmap can be found on the GenZeroes Twitter profile (@GenZeroes), with the specific Roadmap announcement available via the following URL: https://twitter.com/GenZeroes/status/1520187479206219776

The GenZeroes Series can be viewed via the following link: https://www.genzeroes.com/watch

On April 13, 2022, pursuant to its shareholder approved restricted share unit ("RSU") plan (the "RSU Plan"), the Company has granted an aggregate of 5,925,000 RSUs to directors, officers and consultants (the "Eligible Parties") of the Company. The RSUs that have been granted to directors of the Company will vest over a period of 18 months. Of the aggregate RSUs granted, 25,000 RSUs have been granted to Meadowbank Holdings Inc. ("Meadowbank"). As previously announced by the Company on October 24, 2021, the Company engaged an affiliate of Meadowbank to provide investor relations, capital markets and corporate development advisory services. These additional RSUs granted to Meadowbank are in addition to the previously reported compensation paid to Meadowbank for its services. Meadowbank and its affiliates are unrelated and unaffiliated entities of the Company. The RSUs shall entitle the Eligible Parties the ability to acquire one common share (a "Share") of the Company underlying each such RSU by delivering a notice of acquisition to the Company in accordance with the RSU Plan for a period of five years from issuance. In accordance with the RSU Plan, the RSUs were priced at CAD $0.70 based on the previous closing price on the trading day prior to the RSU grant.

On April 19, 2022 the Company announced the results of its House of Kibaa ("HoK") land sale, that began on April 16, 2022 (the "Land Sale"). The Land Sale was conducted under the Company's wholly owned subsidiary, HOK Technologies (BVI) Inc and it consisted of four-acre parcels of virtual land (with each parcel being a "Pocket Dimension") . The Company reported gross proceeds totaling approximately CAD 2.59 million from the Land Sale. LGL will earn up to 5% royalties from all secondary market re-sales of Pocket Dimensions on marketplaces such as OpenSea and LooksRare. Fiscal year to date, the Company has received the equivalent of over CAD 7 million in gross proceeds from the sale of its NFTs, royalty and design services income. The sale of Pocket Dimensions was the inaugural metaverse event for LGL.

On April 22, 2022, the Company issued 4,450,000 common shares upon the exercise of 4,450,000 restricted stock units.

The Company has been pleased to announce the appointment of the following members to the Company's Advisory Board (listed in alphabetical order):

- Arjun Krishan Kalsy, VP Growth at Polygon (MATIC), based in Dubai, UAE;
- Tom Sweeney, a seasoned executive with over 25 years of experience in cross-border technology investing, fund management and corporate strategy who is also the Founder and current CEO of Jun Capital Management, a crypto investment and strategic advisory firm, and the Chief Operating Officer & Co-Founder of the Unizen Smart CeDeFi Platform (www.unizen.io).
- Nuseir Yassin, CEO of Nas Academy in Los Angeles, California, has over 47 million followers on social media, among other achievements; and
- Ben Yu, a recipient of the Thiel Fellowship who has become successful as a business content creator.

Jason Nguyen has resigned as its Chief Creative Officer effective May 26, 2022 to pursue other endeavours.

On May 27, 2022, the Company announced that it has engaged MarketAcross, an Israel-based public relations ("PR") firm, to enhance the visibility of the marketing initiatives of LGL's flagship studio, House of Kibaa ("HoK"). Located in Tel Aviv, MarketAcross describes itself as the world's leading blockchain PR ad marketing firm that provides complete end-to-end marketing solutions for blockchain firms.

On June 1, 2022, the Company announced that Ron Moravek has been appointed as a member of LGL's Advisory Board. Mr. Moravek has over 25 years of experience in business development and is passionate about business and software innovation. He specializes in video game industry design and development, online web platform technology, software development, mobile game development, and free-to-play gaming systems and more.

The Company entered into an agreement to acquire 100% of Web 3.0 Holdings Corp. ("Web 3.0 Holdings"), a technology company that is addressing Business to Consumer and Business to Business infrastructure challenges within Web3 environments (the "Acquisition" or the "Agreement"). On September 7, 2022, pursuant to the agreement, the Company issued the shareholders of Web 3.0 Holdings 13,827,250 common shares and acquired Web 3.0 Holdings. Web 3.0 Holdings has aggregated a portfolio of retail-focused engagement and optimization assets, including crossover digital identity code scripts and digital distribution product frameworks. The acquisition will allow LGL full access to Web 3.0 Holding's proprietary retail technology platform. The acquisition is an arm's-length transaction.

On September 8, 2022, the Company announced the appointment of Ryan Lange as the Director of Partnership for HOK. Ryan Lange is an entrepreneur known for his digital work and has worked with artists including but not limited to U2 and Migos.

On September 13, 2022, the Company granted incentive stock options to consultants to purchase an aggregate of 9,693,750 common shares at an exercise price of $0.14 per common share for up to five years. The options vest quarterly over 24 months.

On October 20, 2022, the Company announced s that its flagship studio, House of Kibaa ("HoK") has set the launch date for the next step in the staged release (the "Alpha Release") of its Pocket Dimension metaverse assets for November 1, 2022. The Company's metaverse is being designed to provide the highest resolution and most realistic experience technically possible today.

OVERALL PERFORMANCE

At July 31, 2022, the Company had accumulated deficit of $12,511,090 (July 31, 2021 - $604,212) since its inception, and has a working capital deficit of $141,855 (July 31, 2021 working capital deficit - $147,313). The Company incurred a net comprehensive loss of $11,932,265 for the year ended July 31, 2022 (2021 net loss – $52,508). The Company used $646,486 of cash (2021 used cash of $12,218), used cash in investing activities of $2,886,001 (2021 - $Nil) in operating activities and raised a net of $3,860,077 cash (2021 - $Nil) from financing activities.

SELECTED ANNUAL INFORMATION FOR THE PAST THREE YEARS

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the Financial Statements. Financial Statements for all years presented are prepared in accordance with IFRS.

	Fiscal Years Ended July 31,		
	2022	**2021**	**2020**
	$	$	$
Total revenue	7,005,238	-	-
Total assets	7,600,964	2,442	14,660
Total non-current financial liabilities	-	-	-
Total liabilities	3,974,897	149,755	109,465
Net gain/(loss) for the year	(11,906,878)	(52,508)	(60,458)
Basic and diluted loss per share	(0.12)	(0.00)	(0.00)

Total assets decreased in 2021 as a result of expenditures for operations. The losses for 2021 were mainly incurred to maintain activities during the year and losses decreased in 2021 compared to 2020 as a result of an effort to conserve cash.

Total assets increased in 2022 as a result of the issuance of HOK and the commencement of the Web3 platform business. The Company purchased and developed various tangible and intangible assets in 2022.

RESULTS OF OPERATIONS

For the year ended July 31, 2022, the Company incurred a net comprehensive loss of $11,932,265 compared to a loss of $52,508 in the comparative period. The increase in net loss was mainly as a result of the Company focusing on development initiatives for its Platform and mobile game, share-based compensation expense and marketing expenses.

Revenue consisted of $6,245,675 from the sale of a class of NFTs known as GenZeroes. In just 37 minutes, all 10,000 of HoK's GenZeroes were sold and subsequently delivered to more than 3,000 unique blockchain wallets. Additionally, the Company is entitled to collect a percentage royalty of the gross amount of any and all NFTs and memberships re-sold in the secondary market in perpetuity, through a royalty provision encoded into each smart blockchain contract. During the year ended July 31, 2022, the Company earned $496,964 of royalty revenue as result of memberships and NFTs re-sold in the secondary market and $262,599 of design services revenue. During 2021, the Company did not generate any revenue.

Some of the significant charges to operations are as follows:

- Consulting fees of $591,580 (2021 - $22,155) were charged as the Company engaged consultants to assist in the execution of the Company's business plan. This increased during 2022 as a result of the acquisition of HOK and the increased operations associated with the new business.
- Corporate development fees of $757,269 (2021 - $nil) increased in 2022 as a result of increased corporate activity including the acquisition of HOK.
- Development costs of $1,855,368 (2021 - $Nil) increased in 2022 as a result of development costs incurred to develop NFTs, its mobile game application and HOK's metaverse. Development costs consist primarily of software and platform development costs which were expensed as incurred as they did not meet the criteria for capitalization. The Company had no such costs prior to the acquisition of HOK or in 2021.
- Marketing fees of $2,743,816 (2021 - $Nil) were paid to marketing companies which increased in 2021 as the Company began to increase in the awareness campaigns related to its operations and product launches.
- Professional fees of $722,377 (2021 - $29,774) increased as legal and accounting fees increased as a result of the additional accounting and legal costs associated with the acquisition of HOK and the increased operations associated with it including such as intellectual property, trademark and audit fees.
- Salaries increased to $854,844 (2021 - $Nil) as the Company hired employees in 2022 to advance its business operations. The Company currently has 10 full time employees and had no employees in 2021.
- Share-based compensation of $5,970,048 (2021 - $Nil) increased as a result of several stock option and RSU grants during the year ended July 31, 2022. The Company did not grant any options during the comparative period.
- Transfer agent and filing fees of $216,088 (2021 - $494) as the Company had more activity in 2022 which resulted in additional filings and fees.
- The Company recorded a gain on the change in fair value of contingent liabilities of $1,035,862 during 2022 (2021 - $Nil). This related to the acquisition of HOK and no such similar transaction was completed in the comparative period.
- The Company incurred acquisition costs of $375,000 during 2022 (2021 - $Nil). The Company issued 2,250,000 common shares for finder's fees with a fair value of $225,000 as part of the acquisition of HOK. The Company also incurred $150,000 of upfront costs relating to two other potential acquisitions.
- The Company incurred a loss on use of digital assets of $41,264 during 2022 (2021 - $Nil) and a loss on the revaluation of digital asset of $355,158 (2021 - $Nil). During the year ended July 31, 2022, the Company exchanged its digital assets for cash, and other services totaling $8,639,674 with

a cost of $8,598,410, which resulted in a realized loss on sale of $41,264. Digital assets held are revalued each reporting period based on the fair market value of the price of Ethereum on the reporting date. As at July 31, 2022, the price of Ethereum was $2,154 resulting in a revaluation loss of $335,158. The Company did not own or use any digital assets in 2021.

- As at July 31, 2022, the Company recorded an impairment of $3,193,072. The Company did not have any such assets or impairment charges in 2021.

Use of Proceeds

The following is a comparison of the Company's anticipated use of proceeds from previous financings to the Company's actual use of proceeds.

Intended use of proceeds of estimated working capital as of February 1, 2022		**Amount incurred to date July 31, 2022**		**Variances**
Estimated Transaction costs	$300,000	Estimated Transaction costs	$150,000	No variances anticipated.
Strategic Investment / Partnerships	$1,000,000	Strategic Investment / Partnerships	$150,000	No variances anticipated.
Technological development	$2,250,000	Technological development	$3,208,947	Additional unanticipated costs were incurred for development
Launch of HOK "Origins" Metaverse	$1,000,000	Launch of HOK "Origins" Metaverse	$540,000	No variances anticipated.
General and administrative expenses	$250,000	General and administrative expenses	$708,388	Additional unanticipated costs were incurred for miscellaneous office expenses
Salaries & Benefits	$1,500,000	Salaries & Benefits	$825,594	No variances anticipated.
Rent and IT Expenses	$300,000	Rent and IT Expenses	$144,000	No variances anticipated.
Legal & Compliance, Insurance, Accounting & Audit Fees	$450,000	Legal & Compliance, Insurance, Accounting & Audit Fees	$685,997	Additional unanticipated costs were incurred for legal and accounting costs
Marketing, Public and Investor Relations	$1,000,000	Marketing, Public and Investor Relations	$2,126,679	Additional costs incurred were for additional marketing related to the company's land sale.
Earn-Out Payments	$750,000	Earn-Out Payments	$750,000	No variances anticipated.
Unallocated	$347,750	Unallocated	$0	No variances anticipated.
Total	$9,147,750	Total	$9,289,605	

SUMMARY OF QUARTERLY RESULTS

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. All dollar amounts are in Canadian dollars.

Quarter Ended	Income (Loss) for the period	Income (Loss) per Share (Basic & Diluted)	Total Assets
July 31, 2022	$(5,176,802)	$(0.11)	$7,600,964
April 30, 2022	$(9,000,391)	$(0.08)	$13,949,175
January 31, 2022	$(3,500,385)	$(0.03)	$14,661,433
October 31, 2021	$5,770,700	$0.10	$17,949,671
July 31, 2021	($13,541)	($0.00)	$2,442
April 30, 2021	($11,043)	($0.00)	$2,460
January 31, 2021	($15,505)	($0.00)	$2,478
October 31, 2020	($12,419)	($0.00)	$7,292
July 31, 2020	($11,309)	($0.00)	$14,660
April 30, 2020	($12,568)	($0.00)	$850
January 31, 2020	($13,145)	($0.00)	$12,287

SUMMARY OF QUARTERLY RESULTS - DISCUSSION

For the quarters ended from January 1, 2020 to July 31, 2021, net loss and net loss per share remained consistent as the Company was focused on minimizing overhead. Total assets increased slightly as a result of loans received during the quarters ended January 31, 2020 and July 31, 2020.

The net income and net income per share during the quarter ended October 31, 2021, was a result of the acquisition of HOK. During the period ended October 31, 2021 HOK generated $6,496,863 of revenue. Net assets increased mainly as a result of an increase, in cash, digital assets and goodwill. Cash increased as a result of proceeds from sales and equity issuances. Digital assets increased as a result of proceeds from sales. Goodwill was recorded as result of the acquisition of HOK during the quarter.

Net income and net income per share during the quarter ended January 31, 2022, was the result of additional expenditures as a result of the increase in operations as HOK's business operations were increased. The Company also had less revenue during the quarter compared to the quarter ended October 31, 2021, as the previous quarter included a large sale of NFTs for proceeds of $6,245,675 which was not replicated during the quarter ended January 31, 2022. Net assets decreased compared to October 31, 2022, mainly as a result of a decrease in cash and digital assets as a result of expenditures for operations. Goodwill also decreased as a result of adjustments to the purchase price allocation related to the acquisition of HOK.

The increase in net loss during the quarter ended April 30, 2022, was mainly the result of increased stock-based compensation resulting from the grant of stock options and RSUs during the period. The Company also incurred additional marketing expenses associated with the Company's Land Sale during the quarters as well as associated with the upcoming release of the live-action web series. The Company also had decreased revenues for the period as the proceeds of the Company's Land Sale did not meet the criteria for revenue recognition and was recorded as deferred revenue.

The increase in net loss during the quarter ended July 31, 2022, was mainly the result of the impairment of goodwill and loss on disposal of equipment. The Company also had decreased revenues for the period as the NFT sales took place in the previous period.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and related party loans.

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management since the year ended July 31, 2021. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business and will need to raise additional capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

The Company's working capital deficiency at July 31, 2022 was a $141,855 (July 31, 2021 working capital deficiency - $147,313) including cash of $308,035 (July 31, 2021 - $2,442), digital assets of $154,302 (July 31, 2021 - $Nil). As at July 31, 2022, the Company owed loans of $40,000 (July 31, 2021 - $105,000) to a non-arm's length party. The Company also recorded deferred revenue of $2,604,555. The loans are unsecured, non-interest bearing and due on demand.

RELATED PARTIES

The Directors and Executive Officers of the Company are as follows:

Dorian Banks – CEO
Francis Rowe – CFO
Neil Stevenson-Moore – CPO
Patrick O'Flaherty - Director
Adam Deffett – Director
Carl Chow - Director

Recent director resignations:
Jason Nguyen - CCO
Troy Grant – Director
Eugene Beukman - Director
Gregory Baron – former Director, President and CEO
Jessica Ross – former CFO

TRANSACTIONS WITH RELATED PARTIES

The following amounts due to related parties are included in trade payables and accrued liabilities:

		July 31, 2022		**July 31, 2021**
Amounts owed to directors of the Company	$	29,895	$	-
A private company controlled by a former director of the Company		-		36,876
	$	29,895	$	36,876

Related party transactions

During the year ended July 31, 2022, the Company paid and/or accrued accounting, management, corporate development and consulting fees of $413,917 (2021 - $42,455) to the Company's key management.

During the year ended July 31, 2022, the Company also incurred stock-based compensation to key management personnel related to the grant of options of $479,785 (2021 - $Nil).

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

FOURTH QUARTER RESULTS

The following table summarizes selected financial data for the fourth quarter of the Company for each of the two most recently completed financial years. The information set forth below should be read in conjunction with the Financial Statements.

	Three-month period ending	
	July 31, 2022 $	**July 31, 2021 $**
Revenues	80,230	-
Cost of revenues	(15,553)	-
Gross profit	64,677	-
Expenses		
Amortization and depreciation	**108,377**	-
Consulting and corporate management fees	**35,423**	5,513
Development costs	**626,620**	-
Foreign exchange gain	**(38,275)**	-
Interest	**9,604**	-
Marketing	**574,317**	-
Office expenses and transfer agent costs	**335,772**	17
Professional fees	**202,510**	8,012
Share based compensation	**866,252**	-
Wages and salaries	**359,267**	-
Gain on use of digital assets	**(251,428)**	-
Loss on revaluation of digital assets	**749,951**	-
Change in FV of contingent liability	**(1,871,628)**	-
Loss on investment	**11,085**	-
Loss on disposal of equipment	**330,560**	-
Impairment of goodwill	**3,193,072**	-
Net loss for the period	**(5,176,802)**	(13,541)
Basic and diluted loss per share	**(0.11)**	(0.00)

During Q4 2021 operational expenses were minimal due to attempts to preserve cash spending on general and administrative expenses and the fact that the Company is still seeking operational opportunities. During Q4 2022, operating expenses increased as the Company ceased seeking operational opportunities and commenced operations focused on incubating, accelerating and developing projects and applications for the decentralized web.

PROPOSED TRANSACTIONS

There is no material proposed transactions to report on.

SIGNIFICANT JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's statements include:

Going concern
The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty involves significant judgement based on historical

experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Deferred tax assets
The ability of the Company to recognize deferred tax assets involves judgement of the probability that the Company will be able to generate taxable income in the future.

Digital assets
Digital assets are considered to be an identifiable non-monetary asset without physical substance. Management has determined that the digital assets are accounted for as intangible assets in accordance with IAS 38 Intangible Assets.

Stock-based compensation
The fair value of stock-based compensation requires judgement to estimate probability of achieving vesting conditions of RSUs.

Business combinations
Judgement is required to determine if the Company's acquisition represented a business combination or an asset purchase. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position. In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Leases
Determining whether lease contract contains an identified asset, whether the Company has the right to control the asset, and the lease term requires judgement. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

Recoverability of long-lived assets
The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, and evidence of technological obsolescence. The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess over the recoverable value is written off to profit or loss in the period the new information becomes available.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Revenue recognition
Management has exercised significant judgement in determining appropriate accounting treatment for the recognition of income, including whether contracts meet the definition of a contract within the scope of IFRS 15.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the fair value measurements for financial instruments, the fair value of these assets and liabilities acquired in a business combination, the useful lives of long-lived assets, and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

The significant accounting policies were the same as those that applied to the Company's audited financial statements for the year ended July 31, 2021, other than the following accounting standards and policies which were applicable to the Company only after July 31, 2022:

Leases
The Company accounts for leases under IFRS 16 - Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

Deferred Contract Costs
The Company defers contract costs that are direct and incremental to obtaining user contracts. Deferred contract costs consist of commissions paid for communication services provided in connection with the Company's virtual land NFT sales. These fees for initial contracts are amortized over the estimated period of time the corresponding products are available to the user in proportion to the revenue recognized. The Company classifies deferred contract costs as short-term or long-term based on when the Company expects to recognize the expense. Short-term and long-term deferred contract costs are included on the Company's consolidated balance sheets. Deferred contract costs are periodically reviewed for impairment.

Equipment
Equipment consists of computer equipment and furniture and fixtures and is recorded at cost and depreciated annually at rates calculated to depreciate the assets over their estimated useful lives. Computer equipment and furniture and fixtures is depreciated over its useful life of 3 years.

Goodwill
Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

The goodwill balance is assessed for impairment annually or when facts and circumstances indicate that it is impaired. Goodwill is tested for impairment at a CGU level by comparing the carrying value to the recoverable amount, which is determined as the greater of fair value less costs of disposal and value in use. Any excess of the carrying amount over the recoverable amount is the impaired amount. The recoverable amount estimates are categorized as Level 3 according to the fair value hierarchy. Impairment charges are recognized in the statement of comprehensive loss. Goodwill is reported at cost less any accumulated impairment. Goodwill impairments are not reversed.

Intangible Assets
The Company owns intangible assets consisting of an acquired NFT's intellectual property, an internally generated film series, acquired platform and internally generated platforms. Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in connection with a business combination are initially recorded at fair value. Following initial recognition, intangible assets are carried at initial carrying value less any accumulated amortization and any accumulated impairment losses.

Acquired NFT's consist of NFT's purchased by the Company from third parties which allows the Company to use their intellectual property for development purposes and are carried at cost.

Investment in a film series includes the unamortized costs of a producing a live-action NFT based series produced by the Company. Projects in development are written off at the earlier of the date they are determined not to be recoverable or when abandoned.

Certain costs incurred in connection with the development of internally generated digital platforms are capitalized to intangible assets as development costs. Intangible assets are recorded at cost, which consists of directly attributable costs necessary to create such intangible assets, less accumulated amortization and accumulated impairment losses, if any. The costs mainly include the compensation paid to the software developers.

Costs of producing a film series and costs to develop digital platforms are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product;
- it can be demonstrated how the product will generate future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the products are available; and
- the expenditure attributable to the product during its development can be reliably measured.

The costs of auxiliary items and accessories that are not sold are expensed as these items do are not expected to generate future economic benefits.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in operations as incurred. Intangible assets with finite lives are amortized over the lower of contractual period or useful economic life and assessed for impairment at each reporting date or whenever there is an indication that the intangible asset may be impaired.

The amortization method and amortization period of an intangible asset with a finite life is reviewed at least quarterly. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Intangible assets with finite useful lives are amortized over their estimated useful lives of 1-7 years.

Impairment of Non-Financial Assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or "CGU"). An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been previously recognized, with the exception of goodwill and indefinite lived intangible assets.

Business Combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the fair value equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed in the statement of comprehensive loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Revenue Recognition

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), provides revenue recognition requirements and established principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company's accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer.
2. Identifying the performance obligations within the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Company's revenue recognition policies for its three streams of revenue are as follows:

1. For NFT sales, an assessment is made at the execution of each contract to determine whether:
   i) the performance obligations are satisfied over time, or
   ii) the performance obligations are satisfied at a point in time.

   For NFT sales for which the NFT represents the sole performance obligation, the Company recognizes its revenue at a point in time. The Company grants its NFT holders non-exclusive, non-sublicensable, non-transferrable, revocable, limited license to use its products. When performance obligations are satisfied at a point in time, revenue is recognized when all of the aforementioned recognition criteria are met.

For NFT sales for which the NFT must be combined with additional promises to create a single performance obligation, the combined performance obligation is recognized over time as the Company transfers the benefits to the customer.

2. Royalty revenue is accrued for royalty streams when the amount of revenue can be reliably measured based on relevant agreements and statements received from third party agents, and the underlying sales activity generating the royalty revenue has occurred.

3. Revenue from design services is recognized over time as the Company fulfills all performance obligations related to the services provided.

FINANCIAL INSTRUMENTS AND RISKS

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

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

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at July 31, 2022 and July 31, 2021:

	As at July 31, 2022		
	Level 1	**Level 2**	**Level 3**
Cash	$ 308,035	$ -	$ -
Digital assets	$ -	$ 154,302	$ -

	As at July 31, 2021		
	Level 1	**Level 2**	**Level 3**
Cash	$ 2,442	$ -	$ -

Digital assets and risk management

Digital assets are measured using Level 2 fair values, determined by taking the rate from coinbase.com.

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been relatively volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently solely consist of Ethereum. As July 31, 2022, had the market price of Ethereum increased or decreased by 10% with all other variables held constant, the corresponding digital assets value increase or decrease respectively would amount to $15,430.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The credit risk is considered low.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at July 31, 2022, the Company has cash of $308,035 (July 31, 2021 - $2,442) and digital assets of $154,302 (July 31, 2021 - $Nil) available to apply against short-term business requirements and current liabilities of $1,126,423 (July 31, 2021 - $149,755).

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is exposed to market risk of its digital assets held. As at July 31, 2022, Management concludes the exposure to market risk is not material

OTHER INFORMATION

Off Balance Sheet Items

The Company has no off-balance sheet arrangements.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings.

Additional share information

At the date of this MD&A the Company had the following number of securities issued and outstanding:

Securities	Number
Common shares	129,744,338
Options	19,460,418
Restricted share units	3,625,000
Warrants	12,031,800
Fully diluted share capital	**164,861,556**

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

RISKS AND UNCERTAINITIES

COVID-19 Outbreak Risks

The Company's business, operations and financial condition could be materially adversely affected by public health crises, including epidemics, pandemics and or other health crises, such as the outbreak of COVID-19. The current COVID-19 global health pandemic is significantly impacting the global economy, including commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and, to date, has included volatility in financial markets, volatility in commodity prices (including precious metals), significant restrictions on travel, temporary business closures, quarantines, and a general reduction in economic and consumer activity, globally, all of which raise concern about a prolonged global recession. In addition, the COVID-19 outbreak may result in operating, supply chain and project development delays which may have material adverse effects on the operations of third parties in which the Company has an interest. Such third party operations may be suspended for precautionary purposes, or due to the imposition of emergency measures or other government action to combat the spread of COVID-19. If the operation or development of one or more third party businesses in which the Company holds an interest is suspended, it may have a material adverse impact on the Company's results of operations and financial condition, or on the trading price of the Company's securities.

Additional pandemic-related risks to Company's business include without limitation, the risk of breach of material contracts, employee health, workforce productivity, limitations on travel, the availability of industry experts and personnel, unknown adverse global public health developments, and other factors beyond the Company's control, any of which may have a material and adverse effect on the Company's business, financial condition, results of operations, and securities.

The Market price of the Common Shares may experience significant volatility

The market price for Common Shares may be subject to general volatility. Factors such as variations in the Company's financial results, announcements by the Company, developments affecting the business and customers, general interest rate levels, the market price of the Common Shares and general market volatility could cause the market price of the Common Shares to fluctuate significantly.

In addition, future sales or the availability for sale of substantial amounts of Common Shares in the public market could adversely affect the prevailing market price of the Common Shares and could impair the Company's ability to raise capital through future sales of its securities.

Market Acceptance

The operating results of the Reporting Issuer's business is subject to the market acceptance of the HOK Products and Services. If the HOK Products and Services do not gain market acceptance, its operating results may be negatively affected. If the markets for the HOK Products and Services fail to develop, develop more slowly than expected or become subject to increased competition, its business may suffer. As a result, the Company may be unable to: (i) successfully market its products; (ii) develop new products or services; or (iii) complete new products and services currently under development. If the HOK Products and Services are not accepted by its customers or by other businesses in the marketplace, the Company's business, operating results and financial condition will be materially affected.

The growth of the NFT market and the digital asset industry in general, and distributed ledger technology that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing smart contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

Conflicts of Interest

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. The directors and officers of the Company are directors and officers of other companies, some of which will be in similar businesses as those of the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Failure to Grow at the Rate Anticipated

The Company is a start-up company with no sustained history of sales or profitability. If the Company is unable to achieve adequate revenue growth, its ability to become profitable may be adversely affected and the Company may not have adequate resources to execute its business strategy.

Attracting and Retaining Key Personnel

The Company may be unable to attract or retain key personnel with sufficient experience, and the Company may be unable to attract, develop and retain additional employees required for the Company's development and future success. The Company's success is largely dependent on the performance of its board and management team. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. The Company does not currently maintain key-person insurance on the lives of any of the Company's key personnel.

Expenses May Not Align With Revenues

Unexpected events may materially harm the Company's ability to align incurred expenses with recognized revenues. The Company incurs operating expenses based upon anticipated revenue trends. Since a high percentage of these expenses may be relatively fixed, a delay in recognizing revenues from transactions related to these expenses (such a delay may be due to the factors described elsewhere in this risk factor section or it may be due to other factors) could cause significant variations in operating results from quarter to quarter, and such a delay could materially reduce operating income. If these expenses are not subsequently matched by revenues, the Company's business, financial condition, or results of operations could be materially and adversely affected.

The Company has a Limited Operating History

The Company has a very limited history of operations and is in the early stage of operations. As such, the Company will be subject to many risks common to such enterprise including, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that the Company will be able to earn material revenue or that any of its activities will generate positive cash flow.

The Company generated a net loss of $11,906,878 and a net loss of $52,508 for the years ended July 31, 2022 and 2021. The Company's accumulated deficit as of July 31, 2022 was $12,511,090. The Company intends to continue to expend significant funds to develop its business. As the Company grows, the Company expects the aggregate amount of these expenses will also continue to grow. There is no assurance that sufficient funding will be available in the future. Management has the option to raise funds through a combination of equity and/or debt financing, along with a sale of investments. The success of these plans will depend upon the ability of the Company to generate cash flows from its portfolio investments.

The Company's efforts to grow the business may be more costly than expected and the Company may not be able to increase its revenue enough to offset higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described in this document and in the Company's public disclosure record and other unknown events. The amount of future net losses will depend, in part, on the growth of the Company's future expenses and its ability to generate revenue. If the Company continues to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have a material adverse effect on the Company's stockholders' equity and working capital. Even if the Company achieves profitability in the future, it may not be able to sustain profitability in subsequent periods. If the Company is unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease and the Company's ability to raise capital, expand its business or continue operations may be impaired. A decline in the Company's value may also cause investors to lose all or part of their investment.

Ability to Secure Adequate Sources of Funding

The continued development of the Company's business will require additional financing and there is no assurance that the Company will obtain the financing necessary to be able to achieve its business objectives. The Company's ability to obtain additional financing will depend on investor demand, the Company's performance and reputation, market conditions and other factors. The Company's inability to raise such capital could result in the delay or indefinite postponement of the Company's current business or in its inability to continue to carry on its business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

In addition, from time to time, the Company may enter into transactions to acquire assets. The Company's continued growth may be financed, wholly or partially, with debt, which may increase the Company's debt levels. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions that, if breached, may entitle lenders or their agents to accelerate repayment of loans or realize upon security over the Company's assets, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to any such debt financing.

Risk Management Efforts May Not Be Effective

The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk, and other market-related risk, as well as operational risks related to the Company's business, assets and liabilities. The Company's risk management policies, procedures and techniques, may not be sufficient to identify all of the risks that the Company is exposed to, mitigate the risks that are identified or identify concentrations of risk or additional risks to which the Company may become subject in the future.

Dependence on Third Party Relationships

The Company may become highly dependent on a number of third party relationships to conduct its business and implement expansion plans. It cannot be assured that all of these partnerships will turn out to be as advantageous as anticipated or that other partnerships would not have proven to be more advantageous. In addition, it is impossible to assure that all associated partners will perform their obligations as agreed.
Tax and Accounting Changes

The Company is subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on the Company's financial results, or the manner in which the Company conducts its business. The Company may expand its operations into foreign jurisdictions in the future. These operations, and any expansion thereto, will require the Company to comply with the tax laws and regulations of multiple jurisdictions, which may vary substantially. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject the Company to penalties and fees in the future if the Company were to fail to comply.

Additional Costs to Maintain Public Listing

The Company is a reporting issuer and incurs significant legal, accounting and other expenses. The Company will incurs increased costs as a result of operating as a publicly-traded company and its management will be required to devote substantial time to compliance. In addition, securities laws and regulations and stock exchanges rules and polices impose various requirements on public companies, including requirements to file annual, quarterly and event-driven reports with respect to the Company's business and financial condition and operations and to establish and maintain effective disclosure and financial controls and corporate governance practices. The Company's existing management team will need to devote a substantial amount of time to these matters, and may need to hire additional personnel to assist the Company with complying with these requirements. Moreover, these rules and regulations will increase the Company's legal and financial compliance costs and will make some activities more time consuming and costly.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some public Company required activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Being a public Company and complying with applicable rules and regulations will make it more expensive for the Company to obtain director and officer liability insurance, and the Company will incur substantially higher costs to obtain coverage. These factors could also make it more difficult for the Company to attract and retain qualified executive officers and board members.

Investor Tax Issues

Income tax consequences in relation to the Common Shares will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisors.

Internal Controls

Proper internal control systems and disclosure are critical to the operation of a public company. However, the Company does not expect that its internal controls will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of such controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If the Company cannot provide reliable financial reports or prevent fraud, the Company's reputation and operating results could be materially adversely affected, which could cause investors to lose confidence in the Company and its reported financial information, which in turn could result in a reduction in the value of the Common Shares.

Dividends

The Company has not paid any dividends on its outstanding Common Shares. Any payments of dividends on the Common Shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Company's Board of Directors may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate or foreseeable future

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes or shifts in political attitude towards blockchain technology in certain countries may adversely affect the Company's business.

Going Concern Assumption

The financial statements of the Company and HOK have been prepared in accordance with IFRS on a going concern basis, which presumes that the Company and HOK will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company and HOK, and therefore the Company's continuation as a “going concern” is uncertain and is dependent upon, amongst other things, attaining a satisfactory revenue level, the support of its customers, its ability to continue profitable operations, the generation of cash from operations, and its ability to obtain financing arrangements and capital in the future. These material uncertainties represent risks to the Company’s ability to continue as a going concern and realize its assets and pay its liabilities as they become due. If the “going concern” assumption was not appropriate for the financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

Need to Manage Growth

The Company could experience rapid growth in revenues, personnel, complexity of administration and in other areas. There can be no assurance that the Company will be able to manage the impact that growth could place on the Company’s administrative infrastructure, systems and controls. If the Company is unable to manage future growth effectively, the Company’s business, operations and operating results and financial condition may be materially adversely affected.

Minority Shareholder Risk

Insiders of the Company own approximately >16% of the Company’s outstanding Common Shares. Accordingly, insiders of the Company will likely be able to exercise effective control over all matters requiring the approval of the Common Shareholders, including the election of directors and significant corporate transactions.

Global Financial Developments

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be hard to predict or to defend against. Financial developments seemingly unrelated to the Company or to its industry may adversely affect the Company over the course of time. For example, material increases in any applicable interest rate benchmarks may increase the debt payment costs for any credit facilities. Credit contraction in financial markets may hurt its ability to access credit in the event that the Company requires significant access to credit for business expansion. A reduction in credit, combined with reduced economic activity, may adversely affect business. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

Regulatory Risks

The business and activities of the Company may be heavily regulated in all jurisdictions where it will carry on business. The proposed activities of the Company may be subject to various laws, regulations and guidelines by governmental authorities, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company’s products and services. The Company’s business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the provision of its services. Although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company’s ability to conduct business in the jurisdictions and industries in which it currently operates or intends to operate. Amendments to current laws and regulations governing the Company’s current and/or intended operations, more stringent implementation thereof or other unanticipated events could have a material adverse impact on the business, financial condition and operating results of the Company.

Permits and Licenses

The Company believes it currently has all permits and licences that are necessary to carry on its business. It may require additional licences or permits in the future and there can be no assurance that we will be able to obtain all such additional licences and permits. In addition, there can be no assurance that any existing licences and permits will be renewable if and when required or that such existing licences and permits will not be revoked.

Changes in Laws, Regulations and Guidelines

The Company's operations will be subject to various laws, regulations, guidelines and licensing requirements in the United States, Canada and potentially other jurisdictions. Although the Company is expected to comply with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company could have a material adverse effect on the Company's business, results of operations and financial condition.

Litigation

The Company may become involved in litigation that may materially adversely affect it. From time to time in the ordinary course of the Company's business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition. More specifically, the Company may face claims relating to information that is retrieved from or transmitted over the Internet or through the solution and claims related to the Company's products. In particular, the nature of the Company's business exposes it to claims related to intellectual property rights, rights of privacy, and personal injury torts. Furthermore, there is no assurance that any liability incurred as a result of litigation can be recovered from the Company's insurance policy.

Foreign and Crypto Currency Exchange Risk

The Company is a Canadian company, and a material amount of its expenses and fund raising is done in Canadian dollars. Certain of the expenses of the Company may be denominated in U.S. dollars and the initial revenues generated from the sale of NFT products will be in Ethereum. As a result, the Company is subject to foreign and cryptocurrency exchange risks relating to the relative value of the U.S. dollar or Ethereum compared to the Canadian dollar. A decline in the U.S. dollar or Ethereum would result in a decrease in the real value of the Company's revenues and adversely impact financial performance.

General Blockchain and NFT Risks

Valuation of NFTs

The Company will offer, hold, or have funds associated with NFTs. NFTs are unique, one-of-a- kind digital assets made possible by certain digital asset network protocols. Because of their non-fungible nature, NFTs introduce digital scarcity and have become popular as online "collectibles," similar to physical rare collectible items, such as trading cards or art. Like real world collectibles, the value of NFTs may be prone to "boom and bust" cycles as popularity increases and subsequently subsides. Certain metadata pertaining to NFTs may be stored "offchain," i.e., not on a decentralized digital asset network. If the entity behind an NFT project ceases hosting relevant metadata relating to NFTs, such NFTs may become worthless. If any of these events were to occur, it could adversely affect the value of certain of the Company's future strategies. In addition, because NFTs generally rely on the same types of underlying technologies as digital assets, most risks applicable to digital assets (including phishing, hacking, blockchain risks) are also applicable to NFTs and hence any investment into NFTs will be subject to general digital assets risks as described elsewhere in these risk factors.

There is uncertainty in determining the value of NFTs when the Company introduces an NFT collection to the market. The valuation of NFTs depends considerably on uniqueness, scarcity and the perception of owners and buyers alongside the availability of distribution channels. It is extremely difficult to anticipate the possible factors which can drive a potential buyer's purchase. Therefore, the value of NFTs would basically depend on how the buyer perceives the NFT in terms of desirability, thereby leading to fluctuations in demand and price.

Difficulty of Market Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the NFT industry. A failure in the demand for its products to materialize as a result of competition, trends, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Demand for NFTs and Volatility.

NFTs are unique, one-of-a- kind digital assets made possible by certain digital asset network protocols. Because of their non-fungible nature, NFTs introduce digital scarcity and have become popular as online “collectibles,” similar to physical rare collectible items, such as trading cards or art. Like real world collectibles, the demand for and value of NFTs may be prone to “boom and bust” cycles as popularity increases and subsequently subsides. The demand for the Company's products and services will correlate with the general NFT market conditions.

NFT Specific Fraud Risks

The growth in popularity of NFTs has resulted in prominent cybersecurity and fraud risks. NFT risks of replica stores that appear similar to original NFT stores with the same logo and content from authentic stores. Another prominent challenge associated with the risks and challenges related to NFTs in cybersecurity refers to fake NFT stores. The fake NFT stores could sell off NFTs which are not present in the first place. At the same time, buyers must also be wary of the concerns due to artist impersonation or counterfeit NFTs. Bad actors cam impersonate well known NFT artists and sell fake NFTs in their names. Other risks relates to copyright theft whereby the NFT creator is not the owner of the underlying copyrighted work.

Smart Contract Risks and NFT Maintenance

Smart contracts on the public blockchain network are susceptible to hackers. There have been instances where hackers were able to exploit the smart contract vulnerability of a blockchain network to alter transactions or re-direct transactions in favour of the hackers.

Although software is being developed to curtail speculative and malicious activities, there can be no assurance that those measures will sufficiently deter those and other illicit activities in the future. Advances in technology, such as quantum computing, could lead to a malicious actor or botnet (a voluntary or hacked collection of computers controlled by networked software coordinating the actions of the computers) being able to alter the blockchain on which NFT transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, or generate new NFTs or transactions, using such control.

The security procedures and operational infrastructure of the Company may be breached due to the actions of outside parties, error or malfeasance of an employee of the Company or otherwise, and, as a result, an unauthorized party may obtain access to the Company’s infrastructure. Additionally, outside parties may attempt to fraudulently induce employees of the Company to disclose sensitive information in order to gain access to the infrastructure of the Company. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement adequate preventative measures.

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

The success as a developer of blockchain-based offerings and 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. It cannot be assured that the infrastructure that supports blockchain-based technologies 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 blockchain-based technologies viable 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.

Reliance of Blockchain Technology

The Company will rely on blockchain technology to continue to function and carry out its operations as intended. The Company's business plan depends upon the growth and adoption of blockchain technology generally and NFTs, bitcoin and Ethereum specifically. If industry participants determine that such crypto asset ecosystems are not effective protocols, due to security risks or other shortcomings, or if another technology emerges which is superior to the blockchain technology, then the value of the Company's products and services may fall or become worthless.

In particular, current NFT offerings by HOK rely on the Ethereum decentralized network to create, sell and transfer NFTs. Ethereum is a decentralized, open-source blockchain with smart contract functionality. Ether is the native cryptocurrency of the platform. The platform allows anyone to deploy permanent and immutable decentralized applications onto it, with which users can interact. In this regard, Ethereum allows for the creation, exchange and application of NFTs. In the event that the Ethereum network is not available to the Company on a temporary or permanent basis, such event will adversely affect the Company's business of creating NFTs and offering its products.

Limited History of the Blockchain and NFT Markets

Blockchain technology is a new technological innovation with a limited history. The use of NFTs for various purposes on blockchain networks commenced on in 2015. There is no assurance that usage of blockchain or NFTs will continue to grow. A contraction in the use of blockchain or NFTs may result in increased volatility and have an adverse impact on the success of the Company's blockchain-based and NFT offerings.

The risks associated with blockchain and NFT technologies 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 and NFT technologies. 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.

Timely Adaptation to Technology Innovations

The blockchain and telecommunications markets are experiencing rapid technological changes. Failure to anticipate technology innovations or adapt to such innovations in a timely manner, or at all, may result in the Company's products becoming obsolete at sudden and unpredictable intervals. To maintain the relevancy of the Company's products and services, the Company may invest in product and service planning and research and development. The process of developing and marketing new products and services is inherently complex and involves significant uncertainties. There are a number of risks, including the following: (a) the Company's product and service planning efforts may fail in resulting in the development or commercialization of new technologies or ideas; (b) the Company's research and development efforts may fail to translate new product and service plans into commercially feasible products; (c) the Company's new technologies or new products may not be well received by consumers; (d) the Company may not have adequate funding and resources necessary for continual investments in product planning and research and development; (e) the Company's products may become obsolete due to rapid advancements in technology and changes in consumer preferences; and (f) the Company's newly developed technologies may not be protected as proprietary intellectual property rights.

Any failure to anticipate the next-generation technology roadmap or changes in customer preferences or to timely develop new or enhanced products in response could result in decreased revenue and market share. In particular, the Company may experience difficulties with product design, product development, marketing or certification, which could result in excessive research and development expenses and capital expenditure, delays or prevent the Reporting Issuer's introduction of new or enhanced products and services. Furthermore, the Reporting Issuer's research and development efforts may not yield the expected results, or may prove to be futile due to the lack of market demand.

Risk of Regulatory Restrictions on NFTs

As NFTs have grown in both popularity and market size, governments around the world may reacted differently. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate. The effect of any future regulatory change with respect to the use of NFTs is impossible to predict, but any such change could be substantial and adverse to the Company. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade digital assets, or to exchange digital assets for fiat currency. These government actions may result in the restriction of the acquisition, ownership, holding, selling, use or trading in NFTs. Any such restriction could result in decreased market demand for the Company's products and services, and may adversely affect the price of the Common Shares.

Risk of Dependency on the Future Regulatory Environment in the United States and elsewhere

It is likely that the ability to conduct business in the United States and with U.S. customers will be critical to the Company’s products and services.

Notwithstanding that U.S. legislators and regulators generally express support for innovation in financial markets and products, they have arguably not moved quickly to clarify the status of cryptocurrencies and other digital assets under U.S. laws, especially securities, commodities, banking and money-transmitter laws, or to accommodate proposals for new businesses or offerings. In recent years, the U.S. Securities and Exchange Commission (the “SEC”), the United States’ primary securities and financial markets regulator, has taken noteworthy actions to, among other things, sanction many issuers of digital tokens, reject applications for crypto-related exchange-traded funds and suggest that bitcoin and other digital assets are not suitable holdings for traditional investment funds. It is impossible to predict what directions U.S. regulation might take in the future in respect to NFTs, which depend among other things on agency priorities and budgets, agency personnel turnover and appointments following presidential elections, legislation, judicial decisions, public perception and economic conditions. There can be no assurance that U.S. regulation will advance in a way that is favorable for the Company.

In the event that the Company conducts business in other jurisdictions other than the U.S. and Canada, it will be required to comply with applicable regulatory requirements in those jurisdictions which could be as onerous or more onerous than those of the U.S.

Irrevocability Digital Asset Transactions

Digital asset transactions are not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of digital assets, such as NFTs, will not be reversible. To the extent that the Company is unable to effect a corrective transaction with a third party, or is incapable of identifying the recipient of its NFTs through error or theft, the Company will not be able to revert or otherwise recover any incorrectly transferred NFTs, or to convert or recover NFTs transferred to uncontrolled accounts.

Software and Intellectual Property

The Company’s operations may rely on the use of proprietary and non-proprietary software, data and intellectual property of third parties. The operation of any electronic platform, may be severely and adversely affected by the malfunction of technology. For example, an unforeseen software or hardware malfunction could occur as a result of a virus or other outside force, or as result of a design flaw in the design and operation of the network or platform. Further, the Company’s software, hardware, data or other intellectual property is found to infringe on the rights of any third party, the underlying value of the Company's products and services could be materially and adversely affected. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the underlying value or functionality of an NFT offered by the Reporting Issuer may adversely affect the value of the Reporting Issuer's products and services. Additionally, a meritorious intellectual property claim could prevent the Company and other end-users from accessing various networks or holding, using or transferring their NFTs.

Violation of Third Party Intellectual Property Rights

The only significant intellectual property rights are certain intellectual property the Company has in its products, and in other future products and solutions it develops. Although the Reporting Issuer is not aware of violating commercial and other proprietary rights of third parties, there can be no assurance that its products do not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Although no legal disputes in this respect or perceptible detrimental effects on the Reporting Issuer business have arisen to date, any such claims and disputes arising may result in liability for substantial damages which in turn could harm the Reporting Issuer's business, results of operations and financial condition.

Status of NFTs as a "Security"

A particular NFT's status as a “security” in any relevant jurisdiction is subject to a high degree of uncertainty and if the Company is unable to properly characterize an NFT, the Company may be subject to regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect the Company’s business, operating results, and financial condition.

Although recent years have seen some guidance emerge with respect to the question of whether a digital asset constitutes a security for certain purposes under Canada and U.S. law, there remains little or no clear legal authority or established practice with respect to the application to digital assets of concepts like fungibility, settlement, clearing, trade execution and reporting, collateralization, rehypothecation, custody, repo, margin, restricted securities, short sales, bankruptcy and insolvency and many others. Some or all of these concepts may be needed for crypto-related marketplaces to continue to grow, mature and attract institutional participants; there can be no assurances that rules and practices for such concepts will develop in Canada and the United States in a manner that is timely, clear, favorable to the Company or compatible with other jurisdictions’ regimes.

There have been a number of proceedings and investigations conducted by securities authorities regarding digital assets and initial coin offerings but none on NFTs in particular. Due to the lack of direct guidelines relating to NFTs, a registered broker-dealer sent a petition to the SEC in April 2021 requesting that the SEC publish a concept release on the regulation of NFTs and propose rules to address when NFTs are securities. The petition echoed unofficial comments made by the SEC’s Commissioner Hester Pierce who warned people to be cautious selling fractionalized NFTs. She pointed out that the main concept of NFTs is that they are non-fungible and therefore less likely to be a security. However, she added that whether NFTs qualify as securities would largely depend on their use. The SEC’s view appears to be that since NFTs lose their uniqueness when they are fractioned, they are more likely to qualify as “securities”.

If Ethereum, or any other supported digital asset such as an NFT, is deemed to be a security under any Canadian provincial, U.S. federal, state, or foreign jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences for such supported digital asset and would have a material and adverse effect on the Company and its business and prospectus. For instance, all offerings in such supported digital asset would have to be registered with the applicable Canadian provincial securities authorities, SEC or other foreign authority, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability and transactability. Moreover, the networks and platforms such as the Company’s on which such supported digital assets are utilized may be required to be regulated as securities intermediaries, and subject to applicable rules, which could effectively render the network impracticable for its existing purposes. Further, it could draw negative publicity and a decline in the general acceptance of the digital asset. Also, it may make it difficult for such supported digital asset to be traded, cleared, and custodied as compared to other digital asset that are not considered to be securities.

Cybersecurity Risks

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, service providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users). A cyber incident that affects the Company or its service providers might cause disruptions and adversely affect their respective business operations, and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

Dependence on Digital Keys

The loss or destruction of a private key required to access certain cryptocurrencies or digital wallets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to its cryptocurrency or digital asset wallets could adversely affect the Company. Certain cryptocurrencies and digital wallets are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet. Private keys typically must be safeguarded and kept private to prevent a third party from accessing the relevant cryptocurrencies and NFTs held in the wallet. If a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Company will be unable to access the cryptocurrencies and NFTs held in the wallet. Any loss of private keys relating to digital wallets used to store the Company's cryptocurrencies and NFTs could materially and adversely affect the Company's operations.

Dependence on Cryptocurrency Exchanges

As the Company transacts on the blockchain in connection with the sale of NFTs, the initial payment of the products will be in cryptocurrency. In this regard, the Company will be dependent on cryptocurrency exchanges and the fluctuation of the value of cryptocurrencies. Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. For example, during the past few years, a number of cryptocurrency exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed cryptocurrency exchanges were not compensated or made whole for the partial or complete losses of their account balances in such cryptocurrency exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action.

Cryptocurrency is not covered by deposit insurance.

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

Uninsured or Uninsurable Risks.

The Company intends to insure its operations in accordance with technology industry practice. However, given the novelty of the business, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The Company may become subject to liability for hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position.

Risk of a decline in the Adoption and Use of NFTs

Because NFTs are a relatively new asset class and a technological innovation, they are subject to a high degree of uncertainty. The adoption, growth and longevity of any digital asset such as NFTs will require growth in its usage and in the blockchain for various applications. A lack of expansion in use of NFTs and blockchain technologies could adversely affect the financial performance of the Company. In addition, there is no assurance that any particular NFT will maintain their value over the long term. Even if growth in the use of any NFT occurs in the near or medium term, there is no assurance that such use will continue to grow over the long term. A lack of expansion of NFTs into the retail and commercial markets may result in increased volatility or a reduction in the market price of these assets. Further, if fees increase for recording transactions on these blockchains, demand for NFTs may be reduced and prevent the expansion of the networks to merchants and commercial businesses, resulting in a reduction in the price of these assets. A contraction in use of any NFT may result in increased volatility or a reduction in prices, which could materially and adversely affect the value of the Company's assets and the value of any investment in the Common Shares.

Risk of a decline in the continuing development and acceptance of digital assets and distributed ledger technology

The growth of the digital asset industry (of which NFTs are a party of) in general, and distributed ledger technology (blockchain technology) that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing smart contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

Many digital asset networks, including Ethereum, operate on open-source protocols maintained by groups of core developers. The open-source structure of these network protocols means that certain core developers and other contributors may not be compensated, either directly or indirectly, for their contributions in maintaining and developing the network protocol. A failure to properly monitor and upgrade network protocol could damage digital asset networks. As these network protocols are not sold and their use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the network protocols.

Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues with the networks. There can be no guarantee that developer support will continue or be sufficient in the future. To the extent that material issues arise with certain digital asset network protocols and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, such digital asset networks, and any corresponding digital assets held may be adversely affected.

Values of digital assets have historically been highly volatile.

As digital asset, a decline of value in NFTs that the Company offers or holds would negatively impact its financial position. A significant portion of demand for digital assets such as NFTs is generated by speculators and investors seeking to profit from the short- or long-term holding of these assets. Speculation regarding future appreciation in the value of a digital asset may inflate and make more volatile the price of that digital asset.

Several factors may affect the price of digital assets, particularly cryptocurrencies, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of cryptocurrencies or the use of cryptocurrencies as a form of payment. Additionally, some purportedly decentralized digital assets may be more centralized than widely believed, or may become more centralized over time, increasing the risk that an adverse event impacting an individual personality or entity could result in a reduction in the price of digital assets. While digital assets networks are typically decentralized and do not need to rely on any single government or institution to create, transmit and determine value, in reality a single personality or entity may have the ability to exert centralized authority over a network. Where a single personality or entity exerts an outsize influence, an adverse event impacting that individual or entity, such as an insolvency proceeding, could result in a reduction in the price of a digital assets.

There is no assurance that cryptocurrencies will maintain their long-term value in terms of purchasing power in the future, or that acceptance of cryptocurrency payments by mainstream retail merchants and commercial businesses will continue to grow. Only a limited number of cryptocurrencies, including Ethereum and Bitcoin, have become sometimes accepted as a means of payment for some goods and services, and use of cryptocurrencies by consumers to pay at retail and commercial outlets remains very limited. In part, this is because cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times and attempts to increase the volume of transactions may not be effective. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such limited use as has developed to date, may result in increased volatility or a reduction in the value of that cryptocurrency or cryptocurrencies generally, either of which could materially and adversely affect the Company's investment strategies, the value of its assets and the value of any investment in the Company.

Other Risks Relating to the Company's Business

Competition

The Company will compete with other NFT businesses. Any market participant with sufficient capital and know-how has the ability to compete with the Company's core businesses. As a result, the Company will face significant competition in the blockchain and NFT sectors. The Company's competitors may include other acquisition vehicles and major blockchain-based businesses worldwide which may have greater financial, technical and human capital than the Company, in addition to superior expertise and experience in the blockchain business.

The NFT market in which the Company competes requires continuous innovation and are highly competitive, rapidly evolving, subject to changing technology, shifting customer trends, competition for new content, and frequent introductions of new products and services. New competitors could launch new businesses in the Company's markets at a relatively low cost since technological and financial barriers to entry are relatively low. Some of the Company's current and potential competitors may have competitive advantages, such as greater name recognition, longer operating histories, broader geographic scope, and larger marketing budgets, as well as substantially greater financial, technical, personnel, and other resources. The Company may also experience competition from smaller, newer competitors that may be more agile in responding to customers' demands. These competitors may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, standards or customer requirements or provide competitive pricing. As a result, even if the Company's products are more effective than the products and services that the Company's competitors offer, potential customers might select competitive products and services in lieu of purchasing the Company's products and services. For these reasons, the Company may not be able to compete successfully against the Company's current and future competitors, which could negatively impact the Company's future sales and harm the Company's business and financial condition.

Operational Risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems or from external events. The Company's exposure to operational risk arises from routine processing errors, as well as extraordinary incidents, such as major systems failures or legal and regulatory matters. As the Company offers produces and services that are reliant on both technology and human expertise and execution, the Company is exposed to material operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Company’s service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures.