eXeBlock Technology Corporation
For the period ended May 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") provides a review of the performance of eXeBlock Technology Corporation (the "Company" or "eXeBlock") and should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company (the "Financial Statements") for the period ended May 31, 2019 and 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A should also be read in conjunction with the audited financial statements and accompanying notes of eXeBlock Technology Corporation for the year ended August 31, 2018 which have been prepared in accordance with IFRS for annual financial statements. The MD&A, financial statements and other information, including news releases and other disclosure items are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the Company's profile. The common shares of eXeBlock Technology Corporation are traded on the Canadian Securities Exchange ("CSE") under the symbol "XBLK".

The information presented in this MD&A is as of July 29, 2019. The reporting currency for the Company is the Canadian dollar. All of the financial information presented herein is expressed in Canadian dollars, unless otherwise stated. United States dollars are indicated by the symbol "US$". This MD&A contains forward-looking statements that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This MD&A contains "forward-looking information"; as such term is defined in applicable Canadian securities legislation. Forward-looking information is necessarily based on a number of estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies. All statements other than statements which are reporting results as well as statements of historical fact set forth or incorporated herein by reference, are forward looking information that may involve a number of known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to control or predict. Forward-looking information can be identified by the use of words such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "intends", "continue", or the negative of such terms, or other comparable terminology.

This information includes, but is not limited to, comments regarding:

- the development plans for the decentralized applications ("DApps") or applications;
- the Company's business strategy;
- the Company's strategy for protecting its intellectual property;
- the Company's ability to obtain necessary funding on favorable terms or at all;
- the Company's plan and ability to secure revenues;
- the risk of competitors entering the market;
- the Company's hiring and retention of skilled staff;
- the ability to obtain financing to fund future expenditure and capital requirements; and
- the impact of adoption of new accounting standards.

Although the Company believes that the plans, intentions and expectations reflected in this forward-looking information are reasonable, the Company cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking information contained in this report. Disclosure of important factors that could cause actual results to differ materially from the Company's plans, intentions or expectations is included in this report under the heading *Risk Factors*.

Forward-looking information inherently involves risks and uncertainties that could cause actual results to differ materially from the forward-looking information. Factors that could cause or contribute to such differences include, but are not limited to, unexpected changes in business and economic conditions, including the global financial and capital markets; changes in interest and currency exchange rates; changes in operating revenues and costs; political or economic instability, either globally or in the countries in which the Company operates; local and community impacts and issues; labour disputes; environmental costs and risks; competitive factors; availability of external financing at reasonable rates or at all; and the factors discussed in this MD&A under the heading *Risk Factors*. Many of these factors are beyond the Company's ability to control or predict. These factors are not intended to represent a complete list of the general or specific factors that may affect the Company. The Company may note additional factors elsewhere in this MD&A. All forward-looking statements and information speak only as of the date made. All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements. Readers are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. The Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

CORPORATE OVERVIEW

eXeBlock Technology Corporation (the "Company" or "eXeBlock"), formerly 1040433 B.C. Ltd. ("1040433"), was incorporated pursuant to the British Columbia Business Corporations Act on June 19, 2015. On August 18, 2017, the Company and eXeBlock Technology Inc. ("eXeBlock Inc.") signed a letter of intent and on September 6, 2017, the Company and eXeBlock Inc. entered into a Share Exchange Agreement ("SEA") under which the transaction was completed and the Company effected a change in directors, management and business. The Company changed its name to eXeBlock Technology Corporation. eXeBlock Inc. was incorporated on July 11, 2017 under the laws of the Canada Business Corporations Act.

The Company acquired eXeBlock Inc. through a reverse acquisition transaction described in Note 4 of the Company's unaudited condensed interim consolidated financial statements for the period ended May 31, 2019. Under the terms of the SEA, the Company acquired all of the issued and outstanding common shares of eXeBlock Inc. based on two shares of the Company for each share of eXeBlock Inc. eXeBlock Inc. is engaged in the business of developing and marketing DApps and was deemed to be the continuing entity for financial reporting purposes and therefore its historical operations, assets and liabilities are included in the comparative figures.

On November 9, 2017, the Company filed a Prospectus in association with its initial listing application on the Canadian Securities Exchange ("CSE") and its common shares commenced trading on the CSE on November 16, 2017 as a Technology Issuer under the trading symbol "XBLK".

The Company's corporate office is Suite 280, 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7. eXeBlock Inc.'s technical, administrative and sales and marketing office is located at Suite 2001, 1969 Upper Water Street, Halifax, Nova Scotia, B3J 3R7. The registered office of eXeBlock Inc. is located at Suite 1100, 1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2.

REVERSE AQUISITION TRANSACTION

The Company and eXeBlock Inc. entered into a SEA under which the reverse acquisition transaction was completed. Under the terms of the SEA, the Company acquired all of the issued and outstanding common shares of eXeBlock Inc. based on two shares of the Company for each common share of eXeBlock Inc. The Company issued 38,100,002 common shares in exchange for the 19,050,001 common shares of eXeBlock Inc. (the "Transaction").

The Boards of Directors of the Company and eXeBlock Inc. each unanimously approved the terms of the Transaction. Upon closing, eXeBlock Inc. shareholders held approximately 87.2% of the outstanding shares of the Company. In substance, the Transaction involves eXeBlock Inc. shareholders obtaining control of the Company and accordingly the Transaction is considered to be a reverse takeover transaction ("RTO") with eXeBlock Inc.

acquiring control of the Company. As the Company does not meet the definition of a business, under IFRS prior to the Transaction, the future consolidated financial statements of the combined entity represent the continuation of eXeBlock Inc. The Transaction was accounted for as a share-based payment whereby eXeBlock Inc. acquired the net assets of the Company and the Company's status as a Reporting Issuer.

The Company adopted a financial year end of August 31st as a result of the closing of the Transaction.

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations*, since the Company, prior to the acquisition did not constitute a business. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment*, ("IFRS 2") whereby eXeBlock Inc. is deemed to have issued shares and share purchase warrants in exchange for the net assets of the Company together with its Reporting Issuer status at the fair value of the consideration received by eXeBlock Inc. The accounting for this transaction resulted in the following:

(i) The consolidated financial statements of the combined entities are issued under the legal parent, eXeBlock Technology Corporation, but are considered a continuation of the financial statements of the legal subsidiary, eXeBlock Technology Inc.

(ii) Since eXeBlock Technology Inc. is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the audited consolidated financial statements at their historical carrying values.

Since the share and share-based consideration allocated to the former shareholders of the Company on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares and warrants, the value in excess of the net identifiable assets or obligations of the Company acquired on closing is expensed in the consolidated statement of comprehensive loss as listing fee expense. See the *Results of Operations* section and the note 4 of the Company's unaudited condensed interim consolidated financial statements for the period ended May 31, 2019.

OPERATIONAL OVERVIEW

On June 25, 2018 the Company announced that its Board of Directors had appointed Mr. Jamie Davison as the new President and Chief Executive Officer of eXeBlock. Mr. Davison replaces Mr. Ian Klassen who remains a member of the Board of Directors and will continue to advise the Company.

Mr. Davison brings extensive operating and executive leadership experience to the team, highlighted by his strong track record of value creation and commercialization in the technology space. Most recently, Mr. Davison served as Vice President, Innovation and Renewal at the Atlantic Lottery Corporation where he was responsible for managing and directing the Innovation Group and the Digital Gaming Team.

Early in his position, Mr. Davison took a critical look at the business model and the path to profit. After an extensive review of the model and the Software, it was decided the Company would be better served if the capital remaining was protected and other opportunities explored. The decentralized blockchain business, while perhaps a viable opportunity for certain groups, seems less attractive for eXeBlock especially given the time and costs to produce the assets and the long-term return on investment. The open nature of decentralized blockchain and its reliance on large scale adoption of the tokenomics structure would likely work better for a consortium group that may also bring traction to bear. With the sale of assets transaction as described below, eXeBlock is now in a position to move forward with any other business opportunities that it may identify with a definitive path to revenue.

The Company's corporate team is located in Halifax, Nova Scotia. The Halifax office is responsible for developing client relations as well as liaising with shareholders, the financial sector, community groups and governments. The Company is currently focusing on exploring how the wider developer community adopt blockchain technology to address business challenges. Blockchain has been historically associated with supporting cryptocurrencies however the technological benefits of blockchain are far more broad reaching.

SALE of ASSETS – APRIL 2019

eXeBlock set out to sell the existing software to third parties starting in August 2018. Management reached out to no less than 15 -20 firms or possible partners in attempt to determine whether there were potential purchasers for these assets. These assets were developed using the graphene protocol and Bitshares, which was one of the challenges with selling the assets to a third party. The number of organizations interested in that specific protocol and chain is very limited. After multiple unsuccessful meetings and conference calls, Mr. Davison mentioned to Mr. Baha'I (eXeBlock founder and former employee) in October 2018 that perhaps Peerplays Blockchain Standards Association ("PBSA") may have an interest in purchasing the assets given its platform "Peerplays" was also developed leveraging graphene protocol and Bitshares.

The negotiations were fairly fluid and progressed with multiple meetings and discussions and the parameters of the deal changed from strictly a monetary transaction to a transaction that included the relief of outstanding debt, the assumption of liability to a third party contractor, the cancellation of the facility lease, the return and cancelation of Mr. Baha'i's shares and the cancellation of the software development agreement between the two parties as well as a monetary payment and the acceptance of Mr. Baha'i's resignation. After numerous rounds of discussions the two parties finally reached an agreement in February which would ultimately be subject to shareholder approval.

eXeBlock has now completed the sale of assets transaction with PBSA, Data Security Node Inc., Fallout Complex Inc., 10353027 Canada Corporation ("10353027"), and Jonathan Baha'i (collectively, the " sale of assets transaction"). The Transaction was approved by the Company's shareholders at the Company's Annual and Special Meeting of Shareholders held April 2, 2019 (the "Meeting"). 99.7% of the Company's shares voted at the Meeting were voted in favour of the special resolution approving the transaction and the transaction formally closed on April 26th, 2019.

Material terms of the sale of assets transaction include:

a) Sale of software including 50/50 Labs, Sidechain and eXeChain (collectively, the "Software") to PBSA for the payment to eXeBlock of $250,000 in cash plus applicable taxes;

b) the assumption by PBSA of amounts owing by eXeBlock to a third party developer in the development of the Software;

c) the acquisition and cancelation by the Company for no consideration of 9,965,000 common shares of eXeBlock held by 10353027, an entity wholly-owned by Jonathan Baha'i (which represents approximately 16.2% of the Company's common shares outstanding as of February 28, 2019);

d) the termination of the software development agreement between eXeBlock and PBSA and release by eXeBlock in any interest in any consideration, including any PPY tokens, if any, which were to be transferred as payment for software development under such agreement;

e) the elimination of amounts owing by eXeBlock to each of Data Security Node Inc., Fallout Complex Inc., and Jonathan Baha'i for certain equipment, furniture, fixtures and Company expenses; and

f) the termination of the bunker lease between eXeBlock and Fallout Complex Inc. which was previously scheduled to extend to February 2023.

The financial details of this sale of assets transaction are outlined in the Results of Operation section later in the MD&A.

DIRECTORS AND OFFICERS

Jamie Davison – *CEO and President*

Mr. Davison brings extensive operating and executive leadership experience to the eXeBlock team, highlighted by a strong track record of value creation and depth of knowledge in commercializing innovative technology. Prior to joining eXeBlock, Mr. Davison served as Vice President, Innovation and Renewal at the Atlantic Lottery Corporation where he was responsible for managing and directing the Innovation group which was comprised of a research arm focused on the "Design Thinking" development process, a development team launching Minimum Viable Product's and internal innovation and culture initiatives.

Mr. Davison graduated with a degree in Economics from Acadia University in Wolfville, Nova Scotia.

Robert Randall - *CFO and Corporate Secretary*

Mr. Randall has served as a CFO for a number of TSX Venture Exchange listed companies over the past five years and has extensive public company financial experience. Previously, he was the Corporate Controller for Etruscan Resources Inc. and a principal with PricewaterhouseCoopers LLP. Mr. Randall graduated with a Commerce Degree from St. Mary's University in Halifax and obtained his CPA, CA designation in 1987 with Coopers and Lybrand Chartered Accountants where he was appointed as a Principal in 1995. Mr. Randall has been the CFO of Stockport Exploration Limited since June 2012; Antler Gold Inc. since November 2016; Torrent Capital Ltd. since August 2016 and Duckworth Capital Corp. since May, 2017. He previously served as CFO for a number of other public companies from April 2012 to June 2017. He is a member of the Chartered Professional Accountants of Canada and Nova Scotia and the Past Chair of the Board of the Nova Scotia Sport Hall of Fame.

Ian Klassen – *Director (former CEO and President)*

Mr. Klassen has 25 years of experience in public company management, public relations, government affairs and entrepreneurialism. He has extensive experience in public company administration, finance, government and legislative policy, media relationship strategies and project management.

Mr. Klassen is the President of a North American mineral exploration company and sits on the Board of Directors of several private and public companies. Prior to his management activities within private and public companies, Mr. Klassen held a variety of positions within federal Canadian politics including; Senior Political Advisor to the Minister of State (Transportation); and Chief of Staff, Office of the Speaker of the Canadian House of Commons.

Mr. Klassen graduated with an undergraduate Honours Degree from the University of Western Ontario in 1989. In 1992, Mr. Klassen received the Commemorative Medal for the 125th Anniversary of the Confederation of Canada in recognition of his significant contribution to his community and country.

Paul Thomson - *Director*

Mr. Thomson is the Chief Compliance Officer and Dealing Representative at Numus Capital Corporation, an Exempt Market Dealer focused on investments in the private capital markets. He also serves as Corporate Secretary of publicly traded resource company, Antler Gold Inc., a company listed on the TSX Venture Exchange. Mr. Thomson has also served as the Manager of Investor Relations at Numus Financial Inc., a venture capital firm focused on early-stage, high-growth companies since the firm's inception in 2014.

Mr. Thomson serves on the Board of Governors of the University of King's College, where he is on the Executive Committee; Finance Audit and Risk Committee; and Advancement Committee. He also serves on the University of King's College Alumni Association Board and sits on the Finance Committee.

Ken Marshall - *Director*

Mr. Marshall has extensive experience in the Information Technology and Telecommunications Sectors having served various position with Rogers Communications over the past 25 years. Most recently, Mr. Marshall was the Senior VP, National Residential Marketing – Toronto where he led the Wireline Marketing Group in launching Ignite TV, a fully internet-based delivery platform, to existing and new customers. For 15 years Mr. Marshall served and Regional President – Atlantic Region and Vice President – Enterprise Business Unit where he took the lead of integration and subsequent direction of Rogers operations in Atlantic Canada after Rogers' acquisition of Cable Atlantic. Mr. Marshall served as the Senior VP, Finance & Business Development of Cable Atlantic where he directed and managed all operational aspects. Prior to his career in the Telecommunications Sector, Mr. Marshall also served as the Director, Distance and Professional Programs for the Institute of Canadian Bankers.

Mr. Marshall holds a Master of Business Administration, Finance from Dalhousie University and a Bachelor of Commerce, Honours from the Memorial University of Newfoundland, where he was also a member of the Faculty of Business.

SELECTED FINANCIAL INFORMATION

The following table sets out the financial operating results for the period from incorporation on July 11, 2017 to August 31, 2017 (fiscal year end) and the subsequent seven quarters:

	Quarter ended May 31, 2019	Quarter ended Feb 28, 2019	Quarter ended Nov 30, 2018	Quarter ended Aug 31, 2018	**Quarter ended May 31, 2018**	Quarter ended Feb 28, 2018	Quarter ended Nov 30, 2017	Period from July11,2017 to Aug 31, 2017
	$	$	$	$	**$**	$	$	$
Salaries, wages and benefits	**85,557**	334,321	369,721	461,059	**436,822**	233,693	100,246	6,472
Professional and consulting fees	**59,497**	186,388	97,630	28,639	**149,877**	262,149	86,597	87,877
Rent and administrative costs	**19,512**	19,220	39,075	10,099	**30,596**	16,588	14,027	3,004
Market development and advertising	**(7,220)**	15,447	36,738	166,695	**130,288**	178,259	67,456	100
Securities and regulatory	**14,039**	14,054	3,860	9,927	**14,085**	2,700	31,056	3,094
Stock-based compensation	**3,416**	4,455	72,230	135,118	**205,097**	-	-	-
Travel	**565**	2,124	6,167	5,754	**8,380**	27,810	22,501	-
Software development	-	-	3,015	471,318	**304,308**	385,230	188,776	61,898
Listing fees	-	-	-	-	-	-	662,299	-
Loss before other income and income taxes	**(175,366)**	(576,009)	(628,436)	(1,288,609)	**(1,279,453)**	(1,106,429)	(1,172,958)	(162,445)
Proceeds from the sale of assets	**1,063,201**	-	-	-	-	-	-	-
Interest income	**7,090**	7,455	8,783	1,646	-	-	-	-
Net income (loss) / comprehensive income (loss) for the period	**894,925**	(568,554)	(619,653)	(1,286,963)	**(1,279,453)**	(1,106,429)	(1,172,958)	(162,445)
Income (loss) per share	**0.02**	(0.01)	(0.01)	(0.02)	**(0.02)**	(0.02)	(0.02)	(0.02)
Weighted average shares outstanding	**57,608,839**	61,441,531	61,441,531	61,441,531	**61,441,531**	61,425,098	54,527,036	8,134,314

eXeBlock expects to record losses until such time as it further develops its DApps and secures users for them. See the *Risk Factors* section of this MD&A and note 1, *Nature of operations and going concern,* of the consolidated financial statements for the period ended May 31, 2019 for further details.

Results of Operations for the quarter ended May 31, 2019

The Company reported net income for the quarter ended May 31, 2019 of $894,925 or $0.02 per share compared to a net loss for the quarter ended May 31, 2018 of $1,279,453 or $0.02 per share. The sale of assets transaction as outlined below generated deemed proceeds of $1,063,201 or $0.02 per share in the current quarter.

Sale of Assets – April 2019

The following outlines the financial impact of the sale of assets transaction on the operating results for the period ended May 31, 2019:

	$
Cash proceeds due on sale of Software to the PBSA	250,000
Assumption by the PBSA of amounts owing by eXeBlock to a third party software developer	455,504
Acquisition by the Company for no consideration 9,965,000 common shares which have been cancelled – fair value of $0.03 per share	298,950
Elimination of amounts owing by eXeBlock to each of Data Security Node Inc., Fallout Complex Inc. and Jonathan Baha'i for certain equipment, furniture, fixtures and Company expenses	47,837
Termination of the bunker lease between eXeBlock and Fallout Complex Inc., which was previously scheduled to extend to February 2023	10,910
Total deemed proceeds from the sale of assets	1,063,201

The transaction with the PBSA, transferred the 50/50 Labs DApp, Sidechain DApp and blockchain platform eXeChain ("Blockchain assets") to a new owner, which allowed the Company to focus on a new direction within the Blockchain space. The Company also took the decision to sever most of its programmers at the end of February 2019. As a result, wages and benefits in the current quarter amount to only $85,557 as compared to $436,822 in the quarter ended May 31, 2018 when the Company had a full complement of 13 professional programmers.

In the quarter ended May 31, 2019 the Company incurred professional, consulting and director's fees of $59,497 as compared to $149,877 in the quarter ended May 31, 2018. The Company incurred consulting services fees with Numus Financial Inc. (Numus) of $30,000 for the quarter ended May 31, 2019 ($60,000 - quarter ended May 31, 2018). In the current quarter, the Company also incurred consulting fees of $7,838 for services of its CFO ($26,963 - quarter ended May 31, 2018) and directors' fees of $5,000 ($22,500 - quarter ended May 31, 2018).

The Company has a stock option plan for directors, officers, employees and consultants. Under the terms of the plan, the Board of Directors have the authority to issue up to 10% of the issued and outstanding common shares of the Company. The options can have up to a ten-year life and the vesting period is set by the Board. Options are granted at a price no lower than the market price of the common shares.

On March 1, 2018, the Company granted 1,400,000 stock options to directors, officers, employees and consultants of the Company and on June 21, 2018 the Company granted 500,000 stock options to eXeBlock's new CEO. The first set of options are exercisable at a price of $0.45 per share and expire on February 28, 2023 and the second set of options are exercisable at a price of $0.15 per share and expire on June 20, 2023. The options vest at a rate of 25% of the total every three months after the grant date.

The fair value of options has been estimated at the grant dates using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options. Weighted-average assumptions used in the pricing model for the options include a risk-free interest rate of 1%, an expected volatility of 140%, no expected dividends and a five-year expected life which results in a weighted average fair value of $0.281 per option for the first set of options and $0.109 per option for the second set of options.

Based on the Black-Scholes option pricing model and the assumptions outlined above, the estimated fair value of the 1,400,000 options is $393,787 and the estimated fair value of the 500,000 options is $54,657. During the previous quarter, 500,000 options with an estimated fair value of $28,101 were cancelled. These amounts are amortized over the vesting period and the residual amount of $3,416 has been expensed during the quarter ended May 31, 2019 as compared to stock-based compensation expense of $205,097 in the quarter ended May 31, 2018.

The Company's incurred rent and administrative costs of $19,512 in the current quarter as compared to $30,596 in the quarter ended May 31, 2018. The Company ceased to operate from its rented technical facility in Debert, Nova Scotia in the second quarter of fiscal 2019. In the current quarter the Company also recorded the recovery of certain marketing costs in the amount of $7,220. In the comparable quarter, the Company incurred significantly more market developing and advertising costs amounting to $130,288. The Company also incurred comparable securities and regulatory fees of $14,039 in the current quarter and $14,085 in the quarter ended May 31, 2018.

eXeBlock discontinued its relationship with its third party software developer at the end of the last fiscal year and since then the Company has not incurred any such software development costs. In the comparable quarter, the Company incurred $304,308 with the third party software developer. Any amounts owing to the third party software developer have been assumed by the PBSA in the sale of assets transaction and the Company has received a release of any such amounts from the third party software developer.

Results of Operations for the nine months ended May 31, 2019

The Company reported a net loss for the nine months ended May 31, 2019 of $293,282 or $0.01 per share as compared to a net loss for the nine months ended May 31, 2018 of $3,558,840 or $0.06 per share. The sale of assets transaction as previously outlined generated deemed proceeds of $1,063,201 or $0.02 per share. The Company also earned interest revenue of $23,328 in the nine months ended May 31, 2019 including $7,090 in the current quarter.

Salaries, wages and benefits in the nine months ended May 31, 2019 amounted to $789,599 as compared to $770,761 in the nine months ended May 31, 2018 when the Company staffed up to a full complement of 13 professional programmers. The Company severed most of these programmers at the end of February 2019 and accrued the associated costs at that time. The Company has employed a full-time CEO (started June 2018) for all of the 2019 period. In 2018, the Company also incurred significant hiring cost of approximately $100,000 to staff up the full complement of blockchain programmers in a very competitive market.

eXeBlock incurred professional and consulting fees during the nine months ended May 31, 2019 associated with the sale of Blockchain assets and other corporate initiatives. In the nine months ended May 31, 2019 the Company incurred $343,415 as compared to $498,623 in the nine months ended May 31, 2018. In the nine months ended May 31, 2019, the Company incurred consulting services fees of $150,000 with Numus based on a monthly fee of $20,000 per month until March 1, 20919 and $10,000 per month thereafter as compared to $180,000 ($20,000 per month) for the nine months ended May 31, 2018. For the nine months ended May 31, 2019, the Company also incurred consulting fees of $35,438 for services of its CFO ($97,576 – nine months ended May 31, 2018), and directors' fees of $35,000 ($50,000 – nine months ended May 31, 2018). The Company also incurred significant legal fees of approximately $100,000 in association with the sale of assets transaction and other matters.

Based on the Black-Scholes option pricing model and the details and assumptions previously outlined, the estimated fair value of the options is calculated and amortized over the vesting period of the options. The remaining estimated fair value of $80,101 has been expensed during the nine months ended May 31, 2019 as compared to stock-based compensation expense of $205,097 in the nine months ended May 31, 2018.

In the nine months ended May 31, 2019, the Company incurred $44,965 on market development and advertising costs. In 2018, the Company initiated market and advertising activity for its operations and blockchain technology including activities in Canadian and international markets and incurred significantly more market developing and advertising costs which amounted to $376,003 in the nine months ended May 31, 2018. The Company also incurred certain securities and regulatory fees associated with the ongoing listing requirements of the Canadian Securities Exchange ("CSE"). These have decreased from $47,841 in the nine months ended May

31, 2018 to $31,953 in the current period. In the prior period, these fees included certain costs associated with the Company's initial listing on the CSE.

The rental and administrative costs for the nine months ended May 31, 2019 amounted to $77,807 as compared to $62,211 in the nine months ended May 31, 2018. In the nine months ended May 31, 2019, the Company incurred an additional $33,150 of office rental charges for its office space in Halifax. The Company did not incur any such costs in the nine months ended 2018. The Company also ceased to operate from its rented technical facility in Debert, Nova Scotia in the second quarter of fiscal 2019. In 2019, the Company also incurred approximately $10,000 of foreign exchange loss on its US$ denominated amounts payable.

In the nine months ended May 31, 2018, the Company incurred business travel expenses of $58,691 associated with a number of technology conferences and presentations. During the current period, the Company significantly decreased its travel expenditures to $8,856 attending just two conferences.

At the end of fiscal 2018, eXeBlock discontinued its relationship with its third party software developer and since then the Company has not incurred any such software development costs. In the nine months ended May 31, 2018, the Company incurred $878,314 with the third party software developer. Any amounts owing to the third party software developer have been assumed by the PBSA in the sale of assets transaction and the Company has received a release of any such amounts from the third party software developer.

RTO Transaction – Listing fee expense

The listing fee expense of $662,299, or $0.012 per share, was incurred in the quarter ended November 30, 2017 and is comprised of the fair value of common shares and warrants of the Company retained by the former shareholders of the Company less the net assets of the Company at September 6, 2017, as well as, other direct expenses of the Reverse Acquisition Transaction.

The listing fee expense is summarized as follows:

	$
Accounts payable and accrued liabilities	29,210
Amounts receivable	(2,719)
Cash	(105,318)
	(78,827)
Common shares deemed to be issued re eXeBlock Corp.	279,830
Warrants deemed to be issued re eXeBlock Corp.	220,238
Legal and other transaction costs	241,058
Total	662,299

The Company has estimated the fair value of $279,830 for the equity instruments deemed to be issued by the Company. The fair value of the 2,600,000 eXeBlock warrants, exercisable at $0.05 per share with an expected life of three years, amounted to $220,238. The fair value of the warrants was estimated using the Black-Scholes pricing model applying an expected volatility of 140%, a risk free interest rate of 1% with no expected dividend yield.

LIQUIDITY AND CAPITAL RESOURCES

	As at May 31, 2019	**As at August 31, 2018**	**As at August 31, 2017**
	$	**$**	**$**
Cash	1,439,145	2,726,440	615,407
Total assets	1,818,978	2,829,512	642,813
Total liabilities	203,328	701,697	200,595
Shareholders' equity	1,615,684	2,127,815	442,218

During the period ended August 31, 2017, the predecessor Company raised net funds through financing activities of $604,662 through the issuance of 19,050,001 common shares which were subsequently exchanged for 38,100,002 shares of the Company under the Share Exchange Agreement.

On October 4 and 6, 2017, the Company completed non-brokered private placements issuing a total 17,707,428 common shares at a price of $0.35 per share to raise aggregate gross proceeds of $6,197,600. A 7.5% finder's fee was payable on the financing and the Company also issued 7.5% brokers' warrants to acquire common shares at an exercise price of $0.35 for two years. The finder's fee of $464,820 and fair value of $316,546 for the brokers' warrants are recorded as share issue costs.

As of May 31, 2019, the Company had cash resources of $1,439,145 (August 31, 2018 - $2,726,440), due primarily to the cash received from the issuance of shares and amounts receivable of $373,061, primarily due to the sale of assets. The working capital balance at May 31, 2019 is $1,615,684 (August 31, 2018 - $2,123,117).

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. The Company has a planning and budgeting process to monitor operating cash requirements, including amounts projected for DApp development costs and operating expenditures, which are adjusted as input variables change. These variables include, but are not limited to, the ability of the Company to generate revenue from current and prospective customers, general and administrative requirements of the Company and the availability of capital markets. As these variables change, liquidity risks may necessitate the need for the Company to issue equity or obtain debt financing.

OFF-BALANCE SHEET ARRANGEMENTS

eXeBlock has no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to eXeBlock Inc.

RELATED PARTY TRANSACTIONS

During the nine months ended May 31, 2019, the Company incurred consultancy fees of $150,000 ($180,000 for the nine months ended May 31, 2018) from a related party, Numus Financial Inc. ("Numus"), a company which provides services under a consultancy agreement for a fee of $10,000 per month (prior to March 1, 2019, $20,000 per month) which continues until both Numus and the Company mutually agree to terminate. Additionally, if the agreement with Numus is cancelled by the Company, a break fee of eighteen months of remuneration, being $180,000, will be payable to Numus, along with the service fees applicable for the 90 day notice period.

The Company also incurred office rental charges of $33,150 from Numus for the nine months ended May 31, 2019 ($nil for the nine-months ended May 31, 2018). Numus and its principals are significant shareholders of the Company.

The agreement also provides for the rental of office space and general office services for $2,550 per month which continues until both Numus the Company mutually agree to terminate. If the office space and general office services agreement is cancelled by the Company without notice, a break fee of six months of remuneration, being $15,300, will be payable to Numus.

In addition, Numus shall have a first right of refusal to act as an advisor on an eXeBlock transaction for a fee of 1.25% of the value of the transaction and Numus, or its subsidiary, shall have a first right of refusal to act as an agent on all financings conducted by the Company.

Numus Capital Corp. (Numus Capital), an exempt market dealer and wholly-owned subsidiary of Numus, assisted the Company with its October 2017 financing. The Company incurred financing fees with Numus Capital of $151,338 (7.5%), during the nine months ended May 31, 2018. Numus Capital was also issued 432,393 broker warrants, with a fair value of $103,062, to acquire common shares at an exercise price of $0.35 for two years. As at May 31, 2019, an amount owing to Numus of $nil was included in accounts payable and accrued liabilities ($32,969 as at August 31, 2018).

eXeBlock also incurred consulting and director fees to certain directors and officers. The following table summarizes the expenses incurred during the nine months ended May 31, 2019 and 2018:

Related party	**Nine months ended May 31, 2019**	**Nine months ended May 31, 2018**
	$	**$**
Randall Consulting Inc. – for services of Rob Randall, CFO and Corporate Secretary	35,438	97,576
Strategic Concepts Inc. – director fees of Carl Sheppard, Director	35,500	50,000
IMK Management Services Inc. – for services of Ian Klassen, formerly CEO	-	55,000

On March 1, 2018 the Company issued 900,000 stock options to directors and officers. The estimated fair value of these stock options was $253,149, of which stock-based compensation of $52,740 has been recognized in the nine months ended May 31, 2019 ($200,409 was recognized in the year ended August 31, 2018).

On June 21, 2018, the Company granted 500,000 stock options to eXeBlock's new Chief Executive Officer. The estimated fair value of these stock options was $54,657, of which stock-based compensation of $26,190 has been recognized in the nine months ended May 31, 2019 ($28,467 was recognized in the year ended August 31, 2018).

During the period ended August 31, 2017, current directors, officers and the founder of the Company subscribed to an aggregate of 12,650,002 common shares of the non-brokered private placement financing for gross proceeds of $5,098.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market Risk

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk exposure arises from the Company entering into transactions which are denominated in currencies other than its functional currency.

The Company is exposed to currency risk on its accounts payable and accrued liabilities that are held in currencies that are not in the transacting entity's functional currency. As at August 31, 2018, a 5% decrease in the exchange rate between the functional currency and foreign currencies would decrease the net loss by approximately $16,000; a 5% increase would increase the net loss by approximately $16,000. The Company currently does not hedge its currency risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash

balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. Cash is held with reputable banks in Canada. The long-term credit rating, as determined by Standard and Poor's, was A+.

RISK FACTORS

The Common Shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the Company and its business, investors should carefully consider, in addition to the other information contained in this MD&A, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the trading price of the Common Shares could decline substantially, and investors may lose all or part of the value of the Common Shares held by them. An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment. There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased.

Risk Factors Associated with eXeBlock's Business

Limited Operating History
eXeBlock has limited operating history. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the cryptocurrency and blockchain market. There is no certainty that the Company will operate profitably.

No Profits to Date
eXeBlock has not made profits since its incorporation and it is expected that it will not be profitable for foreseeable future. Its future profitability will, in particular, depend upon its success in defining a path forward with technology that has a defined path to profit. Because of the limited operating history, the changes in the business and the uncertainties regarding the development of blockchain technology, management does not believe that the operating results to date should be regarded as indicators for eXeBlock's future performance.

Additional Requirements for Capital
Substantial additional financing may be required if the Company is to be successful at pivoting to a technology business with revenue opportunities. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Negative Operating Cash Flow
eXeBlock does not generate operating revenue and has negative cash flow from operating activities. It is anticipated that the Company will continue to have negative cash flow in the foreseeable future. Continued losses may have the following consequences:

(a) increasing the Company's vulnerability to general adverse economic and industry conditions;

(b) limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and

(c) limiting the Company's flexibility in planning for, or reacting to, changes in its business and industry.

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

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

(a) Worldwide adoption and usage of bitcoins and other cryptocurrencies;

(b) Regulations by governments and/or by organizations directing governmental regulations (such as the European Union) regarding the use and operation of and access to bitcoins and cryptocurrencies;

(c) Changes in consumer demographics and public behavior, tastes and preferences;

(d) Redirection and liberalization of using fiat currencies as well as the development of other forms of publicly acceptable means of buying and selling goods and services; and

(e) General economic conditions and the regulatory environment relating to cryptocurrencies.

Regulatory Risks
Changes in or more aggressive enforcement of laws and regulations could adversely impact the Company's business. Failure or delays in obtaining necessary approvals could have a materially adverse effect on the Company's financial condition and results of operations. Furthermore, changes in government, regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Regulatory agencies could shut down or restrict the use of platforms or exchanges using virtual currencies or blockchain based technologies. This could lead to a loss of any investment made in the Company and may trigger regulatory action by the BCSC or other securities regulators.

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

Dependence on Third Party Relationships
The Company is dependent on a number of third party relationships to conduct its business and implement expansion plans including the out-sourcing of a variety of business functions ranging from accounting and bookkeeping services, employee salary and deduction providers, server and email providers and similar vendors. It cannot be assured that all of these partnerships will turn out to be as advantageous as currently 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 or that any strategy agreement will be specifically enforceable by the Company.

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

Intellectual Property Rights
The only significant intellectual property rights are certain domain names which eXeBlock owns as well as the licenses which have to be in accordance with certain industry standards**.** The Company does not believe that it is dependent on any of these intellectual property rights; however, the loss of several of them at any one time could harm its business, results of operations and its financial condition. Although the Company 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 eXeBlock business have arisen to date, any such claims and disputes arising may result in liability for substantial damages which in turn could harm the Company's business, results of operations and financial condition.

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

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

(a) Global cryptocurrency demand depending on the acceptance of cryptocurrency by retail merchants and commercial businesses, the perception that the use and holding of cryptocurrency is safe and secure as well as the lack of regulatory restrictions;
(b) Investor's expectations with respect to the rate of inflation;
(c) Interest rates;
(d) Currency exchange rates, including exchange rates between cryptocurrency and fiat currency;
(e) Fiat currency withdrawal and deposit policies on cryptocurrency exchanges and liquidity on such cryptocurrency exchanges
(f) Interruption of services or failures of major cryptocurrency exchanges;
(g) Large investment and trading activities in cryptocurrency;
(h) No regulated exchanges for cryptocurrencies;
(i) Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
(j) Regulatory measures restricting the use of cryptocurrency as a form of payment or the purchase of cryptocurrency;
(k) Global or regional political, economic or financial events and situations, including increased threat of terrorist activities; and/or
(l) Self-fulfilling expectations of changes in the cryptocurrency market.

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

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

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

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

In particular, misuses could occur if a malicious actor or botnet (i.e. a series of computer controlled by a networked software coordinating the actions of the computers) obtains a majority of the processing power controlling the cryptocurrency validating activities and altering the blockchain which cryptocurrency transactions rely upon.

Moreover, if the award for solving transaction blocks declines and transaction fees are not sufficiently high, the incentive to continue validating blockchain transactions would decrease and could lead to a stoppage of validation activities. The collective processing power of the blockchain network would be reduced, which would adversely affect the confirmation process for transactions by decreasing the speed of the adaption and adjustment in the difficulty for transaction block solutions. Such slower adjustments would make the blockchain network more vulnerable to malicious actors or botnets obtaining control of the blockchain network processing power.

Recording of Transactions
It is feasible that blockchain validators will cease to record transactions in solved transaction blocks. In particular, transactions that do not include the payment of transaction fees will not be recorded on the blockchain until a transaction block is solved by validators who are not required to pay such transaction fees. Any widespread delays

in the recording of transactions could result in a loss of confidence in the blockchain network which could adversely affect an investment in the Company.

Competition

The market for blockchain technology and DApps is highly competitive on both a local, national and international level. The Company believes that the primary competitive factors in this market are:

- product features, functionality and ease of use;
- ongoing product enhancements;
- price;
- quality service and support; and
- reputation and stability of the vendor.

The current marketplace in Canada is dominated by other new adopters to new technology and the Company will face substantial competition from other established competitors, which have greater financial, technical, and marketing resources than it does. The Company’s competitors may also have a larger installed base of users, longer operating histories or greater name recognition than the Company will.

Key Personnel

The future success of the Company will depend, in large part, upon its ability to retain its key management personnel and to attract and retain additional qualified marketing, sales and operational personnel to form part of its technical and customer services support center. The Company may not be able to enlist, train, retain, motivate and manage the required personnel. Competition for these types of personnel is intense. Failure to attract and retain personnel, particularly marketing, sales and operational personnel as well as consultants, could make it difficult for the Company to manage its business and meet its objectives.

Failure to manage growth successfully may adversely impact the Company's operating results. The growth of the Company's operations places a strain on managerial, financial and human resources. The Company's ability to manage future growth will depend in large part upon a number of factors, including the ability to rapidly:

(a) build and train development, sales and marketing staff to create an expanding presence in the evolving marketplace for the Company's products;

(b) attract and retain qualified technical personnel in order to administer technical support required for customers located in Canada, the United States and other countries around the world;

(c) develop customer support capacity as sales increase, so that customer support can be provided without diverting resources from product sales efforts; and

(d) expand internal management and financial controls significantly, so that control can be maintained over operations as the number of personnel and size of the Company increases.

(e) Inability to achieve any of these objectives could harm the business and operating results of the Company.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company’s ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate and manage its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Conflicts of interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest between the Company and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Currency Risk

To the extent that the Company expands its business into the United States and Europe, the Company will be exposed to foreign currency fluctuations to the extent that certain operations are located in the United States and Europe and therefore certain expenditures and obligations are denominated in US dollars and Euros, yet the Company is headquartered in Canada, has applied to list its Common Shares on a Canadian stock exchange and typically raises funds in Canadian dollars. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company.

No dividend history

No dividends have been paid by the Company to date. The Company anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the board after taking into account many factors, including the Company's financial condition and current and anticipated cash needs.

CRITICAL ACCOUNTING POLICIES

eXeBlock's significant accounting policies and new accounting standards issued but not yet effective are disclosed in note 2, *Summary of Significant Accounting Policies*, of the consolidated financial statements of eXeBlock Technology Corporation for the period ended August 31, 2018.

Information about critical accounting judgments and estimates in applying accounting policies that have the most significant impact on the amounts recognized in the unaudited condensed interim financial statements are outlined below.

Valuation and amortization of internally generated intangible assets

The Company will capitalize certain costs incurred for the development of its DApps. Estimates are used in order to determine the point in time whereby the recognition criteria are met and the allocation and nature of costs to capitalize in accordance with IAS 38, *Intangible Assets*. The capitalized costs may include the cost of direct labour and other costs directly attributable to preparing the intangible asset for its intended use. Management will then estimate the expected term over which the Company will receive benefits from the software application. A change in these estimates may have a significant impact on the carrying value of an intangible asset and the amortization and expenses recognized in the statements of loss and comprehensive loss.

SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Estimates are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical accounting judgments and estimates in applying accounting policies that have the most significant impact on the amounts recognized in the unaudited condensed interim consolidated financial statements are outlined below.

OUTSTANDING SHARE INFORMATION

The Company has authorized an unlimited number of common shares without par value. As of May 31, 2019 and July 29, 2019, the Company had 51,476,531 common shares outstanding. Effective April 26, 2019, in association with the sale of assets transaction, 9,965,000 common shares were cancelled.

As at May 31, 2019, and July 29, 2019, the Company had 3,890,557 common share purchase warrants outstanding with a weighted average exercise price of $0.15 per warrant expiring on November 19, 2019 and August 20, 2020.

As at May 31, 2019 and July 29, 2019 the Company had 1,500,000 outstanding stock options.

OTHER INFORMATION

Additional information regarding the Company is available on the SEDAR website at www.sedar.com and the Company's website at www.exeblock.com.