

# **Plank Ventures Ltd.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE MONTHS ENDED**

**OCTOBER 31, 2019 AND 2018**

## **TO OUR SHAREHOLDERS**

**December 27, 2019**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is management's discussion and analysis ("MD&A") of Plank Ventures Ltd.'s ("Plank" or the "Company") operating and financial results for the three months ended October 31, 2019 and 2018 as well as information and expectations concerning the Company's outlook based on currently available information. This report is dated December 27, 2019.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended October 31, 2019 and 2018, and the Company's audited annual financial statements for the years ended July 31, 2019 and 2018. Additional information is available at [www.sedar.com](http://www.sedar.com).

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management no less than quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

### **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

This MD&A contains forward-looking information including the Company's future plans. The use of any of the words "target", "plans", "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such forward looking information, including but not limited to statements pertaining to Company's future plans and management's belief as to the Company's potential involve known and unknown risks uncertainties, which could be significant, and other factors which may cause the actual results of the Company and its operations to be materially different from estimated costs or results expressed or implied by such forward-looking statements. Forward looking information is based on management's expectations regarding future growth, results of operations, future capital and other expenditures (including the amount, nature and sources of funding for such expenditures), business prospects and opportunities. These risks related to forward looking information include, but are not limited to: the risks associated with the commercial viability of any technologies the Company is in the process of developing or deploying, delays or changes in plans with respect to any technologies, costs and expenses, the risk of foreign exchange rate fluctuations, risks associated with securing the necessary regulatory approvals and financing to proceed with any planned business venture, product development or deployment, and risks and uncertainties regarding the potential to economically scale and bring to profitability any of the Company's current or planned endeavors. Although the Company has attempted to take into account important factors that could cause actual costs or results to differ materially, there may be other factors that cause the results of the Company's business to not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. See the Risk Management section of this MD&A for a further description of these risks. The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information.

## **1. SUMMARY OF OPERATIONS AND EVENTS**

Plank Ventures Ltd. (the "Company") was incorporated on May 1, 2013, under the Business Corporations Act. On February 22, 2019, the Company completed a plan of arrangement ("Plan of Arrangement") with its former parent, Mobio Technologies Inc. ("Mobio"), cancelling 15,265,211 common shares owned by Mobio and issuing 38,147,546 common shares to the shareholders of Mobio pursuant to the arrangement agreement between Mobio and the Company.

The Company invests in business opportunities in the technology arena. The target investments are early-stage start-ups that have already developed a customer and revenue base and are seeking funding for expansion.

### **Development of the Company's Business**

On July 9, 2019, the Company entered into an agreement to loan \$25,000 to ThinkCX. The loan is secured by a convertible promissory note that bears interest at 12% per annum and is due July 9, 2021. The promissory note is convertible into preferred shares of ThinkCX.

On July 22, 2019, the Company entered into an agreement to loan US \$13,628 (\$18,298) to Blue Mesa Health Inc. ("Blue Mesa"). The loan is secured by a promissory note that bears interest at 12% per annum and is due 90 days from the date of the agreement. The loan was subsequently amended on August 22, 2019, September 26, 2019, and November 20, 2019 to extend the maturity date for an additional 90 days.

On July 22, 2019, the Company entered into an agreement to loan US \$13,628 (\$18,298) to Blue Mesa Health Inc. ("Blue Mesa"). The loan is secured by a promissory note that bears interest at 12% per annum and is due 90 days from the date of the agreement.

On October 16, 2019, the Company entered into an agreement to loan \$20,000 to ThinkCX. The loan is secured by a convertible promissory note that bears interest at 12% per annum and is due October 16, 2021. The promissory note is convertible into preferred shares of ThinkCX.

In November 2019, the Company purchased 333,334 Series B Convertible Preferred Shares ("Series B Shares") in the capital of Votigo Inc. ("Votigo"), for a price of USD \$0.90 per Series B Share, or USD \$300,000 in the aggregate. The Company will be purchasing an additional 777,777 Series B Shares at USD \$0.90 per Series B Share, or USD \$699,999 in the aggregate, no later than the one-year anniversary of the closing. The Company is the only holder of Series B Shares.

As part of the transaction, the Company also purchased 834,349 Series A Convertible Preferred Shares ("Series A Shares") out of a total issued and outstanding 1,668,695 Series A Shares, for a purchase price of \$0.8333 per Series A Share, or USD \$695,263 in the aggregate. USD \$347,632 of the purchase price will be paid in cash at closing, and the remainder \$347,631 will be paid in shares of Plank if Plank's shares become listed on a securities exchange, at a volume weighted average price of Plank's shares for the first 30 days of listing. If the Company does not list its shares on an exchange prior to nine months after closing, then it must pay the remainder of the purchase price in cash.

In connection with the transaction, the Company issued 300,000 stock options to purchase common stock in the capital of the Company at an exercise price of \$0.10 per common share. The options vest over four years, with one quarter of the options vesting upon the one-year anniversary of closing, and thereafter vesting monthly.

In December 2019, the Company advanced an additional amount of \$20,000 to SiteMax in connection with its January 29, 2019 investment in SiteMax.

## **2. EARNINGS AND EXPENSES**

Following is a discussion of the Company's consolidated financial results for the three months ended October 31, 2019 and 2018. The condensed consolidated interim financial statements of the Company for the three months ended October 31, 2019, and 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All inter-company balances and transactions have been eliminated upon consolidation.

### **Three Months Ended October 31, 2019 and 2018**

#### **Revenue**

The Company's revenues are derived from cryptomining carried out by its subsidiary Exahash.

#### **Expenses**

The Company's expenses for the three-month period ended October 31, 2019, were \$74,141 compared to \$12,786 for the three-month period ended October 31, 2018. The Company was inactive during the prior year period and the expenses incurred consisted mainly of an unrealized foreign exchange loss on accounts payable from prior years. Major expenses for the current year period include

- Management and consulting fees of \$10,208 related to accounting and corporate secretarial services for the current period,
- Professional fees of \$50,125 consisting of an audit accrual of \$10,000 and legal fees incurred with respect to the Company's investment activity for the current period,
- Office and administration costs of \$7,600 consisting mainly of rent and utilities related to the cryptomining operations.

Other items for the three months ended October 31, 2019 totaled to a net expense of \$44,562 compared to \$11,475 for the three months ended October 31, 2018. Other items largely consisted of interest expense of \$52,723 incurred on loans. This expense was partially offset by interest and dividend income of \$12,379 earned on investments.

## **3. LIQUIDITY AND CAPITAL RESOURCES**

At October 31, 2019, the Company had a working capital deficit of \$7,078,173, compared to a working capital deficit of \$6,359,800 at July 31, 2019. Of the total working capital deficit outstanding at July 31, 2019, and October 31, 2019, \$6,543,118 is related to an amount owing to the former parent company.

On October 21, 2019, the Company received a loan in the amount of \$1,000,000 from a company controlled by a director of a related company. The loan is secured by a promissory note, bears interest at 5% and is due on demand.

The Company's continued activities over the long term are dependent upon the Company's ability to raise additional capital in the future, achieve profitability, monetize one or more of its proprietary technologies, or reduce discretionary expenditures.

#### 4. SELECTED QUARTERLY INFORMATION

The following table provides a brief summary of the Company's financial results for each of the eight most recent quarters. For additional information pertaining to the Company's quarterly results, please refer to the Company's audited annual consolidated financial statements for the years ended July 31, 2019 and 2018, to the Company's condensed consolidated interim financial statements for corresponding periods, and to the MD&A for each period presented, which are available at [www.sedar.com](http://www.sedar.com).

SUMMARY OF QUARTERLY RESULTS								
Quarter ended	Oct. 31 2019	Jul. 31 2019	Apr. 30 2019	Jan. 31 2019	Oct. 31 2018	Jul. 31 2018	Apr. 30 2018	Jan. 31 2018
Revenue	\$ 1,635	\$ 2,428	\$ 1,988	\$ 1,573	\$ -	\$ -	\$ -	\$ -
Expenses	74,141	5,456	40,377	(26,130)	12,786	6,020	8,395	(9,213)
Net income (loss)	(117,067)	(199,763)	(81,648)	231,684	(24,261)	(6,020)	(8,395)	9,213
Loss per share, basic and diluted	(0.00)	(0.00)	(0.00)	0.01	(0.00)	(0.00)	(0.00)	(0.00)

#### 5. RELATED PARTY TRANSACTIONS

During the period ended October 31, 2019, the Company received \$1,000,000 from a company controlled by an officer of a related company. The loan is secured by a promissory note, due on demand and bears interest at 5%.

Interest and accretion recorded on related party loans are as follows:

Three months ended October 31	2019	2018
Interest and accretion accrued on loans payable to companies with a common director and officer or to companies controlled by directors and/officers or by a director of a related company	\$ 52,723	\$ 11,475

Payments to key management and directors, for the periods ended October 31, 2019 and 2018 were as follows:

	2019	2018
Fees paid to a company controlled by the CFO	\$ 10,208	\$ -
Total compensation	\$ 10,208	\$ -

Fees paid to directors and officers are included in the line item "Management and consulting fees" in the Company's condensed consolidated interim statements of loss and comprehensive loss.

#### 6. NEW ACCOUNTING STANDARDS AND POLICIES

##### Leases

On August 1, 2019, the Company adopted IFRS 16. IFRS 16 is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The adoption of this new standard did not have a material impact on the condensed consolidated interim financial statements as the Company has no leases.

## 7. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, investments, accounts payable, and loans payable. As at October 31, 2019, there were no significant differences between the carrying amounts of these items and their estimated fair values. The carrying value of these items approximates their fair values.

Loans payable are measured at amortized cost using the effective interest rate method and transaction costs associated with the loans are amortized through net loss over the life of the loans.

### Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable.

The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's primary financial instruments are classified as follows:

Cash and restricted cash	Loans and receivables
Investments	Fair value through profit or loss
Accounts receivable	Loans and receivables
Trade payables	Other financial liabilities

As of October 31, 2019, cash is classified as Level 1 and investments are classified as Level 3.

The Board of Directors approves and monitors the risk management processes. The Company has exposure to the following risks from its use of financial instruments:

- Interest rate risk
- Credit risk
- Liquidity risk
- Market risk
- Currency risk

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. All of the Company's loans payable and investments have a fixed interest rate therefore the Company is not currently exposed to interest rate risk.

### Credit Risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. Management believes that the credit risk with respect to cash is minimal as balances are held with a high-credit quality financial institution.

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with

its financial liabilities. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

#### **Market Risk**

The Company's exposure to financial market risk is limited, as it presently does not have any investments where value fluctuates as a result of changes in prices quoted in open markets.

#### **Currency risk**

The Company is headquartered in Canada and its functional reporting currency is the Canadian dollar. At October 31, 2019, the Company has \$350,000 in US dollar loans and \$199,636 in US dollar investments. As such, the Company's results of operations are subject to foreign currency fluctuation risks and these fluctuations may adversely affect the financial position and operating results of the Company. As of October 31, 2019, the Company does not use derivative instruments to reduce its exposure to currency risk. At October 31, 2019, a ten percent change in the US dollar to the Canadian dollar exchange rate would impact the Company's net loss by \$19,788.

### **8. RISK MANAGEMENT**

Early stage technology companies face many risks. While management is unable to eliminate risks, the Company is intent on identifying and mitigating such risks as much as is reasonably possible.

In evaluating an investment in Plank, in addition to other information contained in this MD&A, investors should consider the following risk factors associated with Plank's business of investing in startup companies. These risk factors are not a definitive list of all risk factors associated with the Company and its business.

#### **Risk of Loss of Entire Investment**

Investing in startup companies involves a high level of risk. Startup companies may fail completely, or Plank may be unable to resell the shares it owns in the startup or collect upon the debt instrument that the Company has purchased from the startup. In these situations, Plank may lose the entire amount of the investment.

#### **Return on Investment is Not Guaranteed**

The amount of return on investment, if any, is highly variable and not guaranteed. Some startups may be successful and generate significant returns, but many will not be successful and will only generate small returns, if any at all. Investment returns that the Company may receive will be variable in amount, frequency, and timing.

#### **Delay in Return on Investment**

Any returns generated by startup companies may take several years to materialize. Most startups take five to seven years to generate any investment return, if at all.

#### **Liquidity Risk**

It may be difficult to resell the investment in a startup. Startup investments are privately held companies and are not traded on a public stock exchange. Also, there is currently no readily available secondary market for private buyers to purchase securities of startups. Furthermore, there may be restrictions on the resale of the shares of the startup and the ability to transfer those shares.

#### **Dilution Risk of the Investment**

Startup companies may need to raise additional capital in the future through the issue of additional shares. This will dilute the percentage ownership that Plank has in the company.

### **Risk of Inaccurate Valuation of the Investment**

Unlike publicly traded companies that are valued through market-driven stock prices, the valuation of private companies, especially startups, is difficult to assess. The issuer will set the share price of the investment and there is a risk of overpaying for that investment.

### **Risk of Failure of the Startup**

Investments in startups are speculative and these companies often fail. Unlike an investment in a mature business where there is a track record of revenue and income, the success of a startup often relies on the development of a new product or service that may or may not find a market.

### **Risk of Profitability of Startup Companies**

A startup company is still in an early phase and may be just beginning to implement its business plan. There can be no assurance that it will ever operate profitably. The likelihood of achieving profitability should be considered in light of the problems, expenses, difficulties, complications and delays usually encountered by companies in their early stages of development. The startup company may not be successful in attaining the objectives necessary for it to overcome these risks and uncertainties.

### **Funding risk**

A startup company may require funds in excess of its existing cash resources to fund operating expenses, develop new products, expand its marketing capabilities, and finance general and administrative activities. Due to market conditions at the time the startup company needs additional funding, it is possible that the company will be unable to obtain additional funding when it needs it, or the terms of any available funding may be unfavorable. If the company is unable to obtain additional funding, it may not be able to repay debts when they are due, or the new funding may excessively dilute existing investors. If the company is unable to obtain additional funding as and when needed, it could be forced to delay its development, marketing and expansion efforts and, if it continues to experience losses, potentially cease operations.

### **Disclosure risks**

The startup company is at an early stage and may only be able to provide limited information about its business plan and operations because it does not have fully developed operations or a long trading history. The company is also only obligated to provide limited information regarding its business and financial affairs to investors.

### **Personnel risks**

An investment in a startup is also an investment in the management of the company. Being able to execute on the business plan is often an important factor in whether the business is viable and successful. The startup company's management may not have the necessary expertise and experience to deliver on the company's business plan.

### **Growth risk**

For a startup to succeed, it will need to expand significantly. There can be no assurance that it will achieve this expansion. Expansion may place a significant strain on the company's management, operational and financial resources. To manage growth, the company will be required to implement operational and financial systems, procedures and controls. It also will be required to expand its finance, administrative and operations staff. There can be no assurance that the company's current and planned personnel, systems, procedures and controls will be adequate to support its future operations. The company's failure to manage growth effectively could have a material adverse effect on its business, results of operations, and financial condition.



### **Competition risk**

The startup may face competition from other companies, some of which might have received more funding than the startup has. One or more of the company's competitors could offer services similar to those offered by the company at significantly lower prices, which would cause downward pressure on the prices the company would be able to charge for its services. If the company is not able to charge the prices it anticipates charging for its services, there may be a material adverse effect on the company's results of operations and financial condition.

### **Market demand risk**

While a startup company believes that there will be customer demand for its products, there is no assurance that there will be broad market acceptance of the company's offerings. There also may not be broad market acceptance of the company's offerings if its competitors offer products which are preferred by prospective customers. In such event, there may be a material adverse effect on the company's results of operations and financial condition, and the company may not be able to achieve its goals.

### **Control risks**

Because the company's founders, directors and executive officers may be among the company's largest stockholders, they can exert significant control over the company's business and affairs and have actual or potential interests that may depart from Plank's. The company's founders, directors and executive officers may own or control a significant percentage of the startup company. In addition to their board seats, such persons will have significant influence over corporate actions requiring stockholder approval, irrespective of how the company's other shareholders, including Plank, may vote.

### **Cyber Security Risks**

As the Company continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Company relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. The Company has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. The Company believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications

## **9. ACCOUNTING POLICIES & USE OF CRITICAL ESTIMATES**

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. An area subject to significant estimates is the impairment of financial and non-financial assets. Actual results could differ from those estimates.

The most significant judgement applied in the preparation of these condensed consolidated interim financial statements relates to the carrying value of the Company's investments. The Company invests in startup technology companies whose products and services are under development. The successful development and commercialization of these products and services is subject to a high degree of risk. Judgement is applied in the consideration of impairment indicators of investments.

The preparation of these condensed consolidated interim financial statements required the use of judgment in assessing whether certain acquisitions meet the definition of a business as defined in IFRS 3, Business Combinations. Those acquisitions which meet the definition of a business are accounted for as a business combination using the purchase method and require the purchase price to be allocated to the fair values of the net assets acquired, including any intangible assets that may have arisen as a result of the acquisition, with the remainder of the purchase price allocated to goodwill. Those acquisitions which did not meet the definition of a business are accounted for as a purchase of assets. The judgment applied to making this determination includes assessing whether the acquisition contains inputs, processes, and outputs as described in IFRS 3.

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to asset impairment. The recoverable amount of an asset or a cash generating unit ( "CGU" ) is determined using the greater of fair value less costs to sell and value in use which requires the use of various judgments, estimates, and assumptions. The Company identifies CGUs as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets. Value in use calculations require estimations of discount rates and future cash flows derived from revenue growth, gross margin and operating costs. Fair value less costs to sell calculations require the Company to estimate fair value of an asset or a CGU using market values of similar assets as well as estimations of the related costs to sell.

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its condensed consolidated interim financial statements for the period ended October 31, 2019. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, current working capital levels, and potential sources of replacement financing.

As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecast and expectations with respect to access to financing for the next twelve months.

Estimates and assumptions 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.

## **10. OUTSTANDING SHARE DATA**

As of October 31, 2019, and the date of this report, 38,147,546 common shares were issued and outstanding. At the date of this report, the Company has 300,000 stock options and no warrants outstanding.