Date prepared: July 5, 2021

The following Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") for ZeU Technologies Inc. ("Company") should be read in conjunction with the audited financial statements for the year ended December 31, 2020. Those financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All currency amounts are in Canadian dollars unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements with respect to the Company. By their very nature, these forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated. The Company considers the assumptions upon which these forward-looking statements are based to be reasonable but cautions the reader that these assumptions regarding future events, many of which are beyond the Company's control, may ultimately prove to be incorrect.

2020/ 2021 HIGHLIGHTS

On **October 15, 2020**, the Company changed its name to ZeU Technologies Inc. to better reflect the nature of the Company and its offerings. The rebranding intends to put the focus on blockchain and distributed ledger technology, the bedrock of the Company's products.

In **Q1 and Q2, 2020**, the Company began onboarding users to MulaMail; however, certain obligations, such as "Legal Intercept" posed challenges to the fundamental nature of the technology. On **December 14, 2020**, the Company announced a redesign of the product alongside new intellectual property.

On **February 4, 2021**, ZeU created a new subsidiary ZeUPay Inc. through which it subsequently acquired all of the issued and outstanding shares of Prego International Group AS.

OVERVIEW

ZeU Crypto Networks Inc. ("ZeU") was incorporated under the Canadian Corporation Act on **January 4, 2018**, as a subsidiary of St-Georges Eco-Mining Corp. ("St-Georges"), a publicly-traded corporation listed on the Canadian Securities Exchange ("CSE") under the trading symbol "SX".

In **May 2018**, St-Georges signed an Arrangement Agreement providing for the spin-out of ZeU with the intent of listing the Company on the CSE. In **July 2018**, the Superior Court of Quebec approved the Arrangement. St-Georges filed to obtain conditional approval from the CSE to list ZeU and complete the distribution of ZeU shares to St-Georges' shareholders of record on **August 7, 2018**.

On **December 24, 2019**, the CSE accepted the listing of the common shares of ZeU, and the Company started trading on the CSE on **December 30, 2019**, under the trading symbol "ZEU". On the effective date, the Company ceased to be a wholly-owned subsidiary of St-Georges upon the distribution of 11,098,074 shares of the 20,000,000 shares held by St-Georges to its shareholders pursuant to the Arrangement. St-Georges' shareholders received approximately one share of ZeU for every eight shares they owned of St-Georges.

As of **December 31, 2020**, the Company held 151,751 shares to be distributed to certain St-Georges shareholders at a later date, and St-Georges retained 8,750,175 shares of ZeU.

The Company is a forward-thinking Canadian technology company that provides the foundation for the next generation of private and secure communication. The Company's technology maximizes transparency, security, and scalability as well as big data management. The Company's strategy is to monetize Peer-to-Peer and blockchain distributed ledger technology transactions in diverse sectors such as payment, gaming, data, and healthcare.

The Company's commercialization strategy included cooperating with other already-deployed ecosystems to make them more profitable using ZeU's technologies. The Company plans to commercialize its Random Number Generator solution in collaboration with gaming operators and to commercialize its blockchain-based email solution in collaboration with retailers and third-party offerings.

DESCRIPTION OF BUSINESS

The Company's product development strategy is simple: patents – projects - partners. The Company has been working on a series of interconnecting technological patents. The focus of these patents is primarily on innovations that can be quickly commercially deployed. The Company uses these patents to create marketable products for communication, gaming, and payments and has conducted tests on potentially patentable new applications and smart contract improvements for applications in the gaming industry. The Company then cooperates with other already-deployed ecosystems to distribute and promote cutting-edge, peer-to-peer, distributed ledger products.

PATENTS

In **October 2018**, the Company filed a provisional patent titled "Biocrypt Digital Wallet" with the US Patent Office. The invention is a newly designed biometric digital wallet allowing the cold storage of cryptocurrencies.

In **December 2018**, the Company filed a provisional patent titled "System and Method for Augmenting Database Applications with Blockchain Technology" with the US Patent Office. The application developed by the Company and related to this invention patent provides a migration method that allows a database application that accesses a local database to be synchronized with a blockchain. The invention is protocol-agnostic, and the management believes that it could be used as a gateway to share data between applications using different protocols.

In **January 2019**, the Company filed a provisional patent titled "A Method for Generating Random Numbers in Blockchain Smart Contracts," with the US Patent Office relating to a distributed and decentralized random number generation method. This method ensures that it is impossible to manipulate the random number seed or the block content. Initially developed to address issues with gaming applications, the technology will also be deployed for testing with partners to create fundamentally more secure financial transactions. The technology can also be applied wherever impartiality is required: double-blind medical trials, computer-simulated training, random sampling for quality assurance, even a military draft.

On **March 3, 2019**, the Company filed a provisional patent titled "Blockchain-Based Secure Email System" with the US Patent Office. A complete blockchain email system supports both internal and cross-chain emails with the potential to interact with non-blockchain email systems. Through this method, as long as the sender or the recipient of the email is a blockchain mailbox, the email information will be recorded in the blockchain to ensure the email's authenticity. Moreover, when blockchain mailboxes exchange messages, the email information will be encrypted and stored in distributed storage; only the recipient can obtain the unique cipher key and storage location of the email, thereby ensuring the security of email transmissions.

On **August 8, 2019**, the Company filed a provisional patent titled "A method and system to complete cross-chain transactions" with the US Patent Office for its Cross-Chain Atomic Swaps & Contract-less Distributed Ledger Applications Interoperability, the augmented engine and structure of the Company's Internet of Blockchain. The engine is agnostic to any and all blockchain protocols currently on the market or expected in the future.

On **August 18, 2019**, the Company filed a provisional patent application titled "A Method and System for a Transactional Decentralized Communication Protocol Infrastructure (using the Company's Cross-Chain Multi-Chain Atomic Swap)" with the US Patent Office for a New Internet Communication Protocol. The protocol will enable a smoother transition of legacy systems into the distributed digital economy, or Web 3.0. This patent describes a method to create a highly scalable, smart contract-less communication protocol, much like TCP/IP, using distributed consensus, an atomic transaction framework, Unspent Transaction Output (UTXO), and a Byzantine Fault Tolerance standard. This protocol leverages the cross-chain, multi-chain particularities of the Company's Atomic Swap.

In **October 2019**, the Company filed a provisional patent titled "Method and system for distributed data real-time backup and recovery based on blockchain" with the US Patent Office. Based on blockchain technology, the data stored can never be altered. With no central node, the system displays none of the vulnerabilities of traditional backup methods. All historical data changes are recorded, allowing users to restore data to a specified data snapshot. Compared to conventional data backup and recovery, this method combines real-time performance, security, and reliable data storage while being flexible enough to handle even difficult requirements. The solution and a recorded demo will be released in an on-premise solution comprising a dashboard and licensed software.

On **December 5, 2019**, the Company filed a new provisional patent titled "Method and System for Converting Database Applications into Blockchain Applications" with the US Patent Office. The new IP provides a convenient method for combining traditional applications with blockchain technology. This method does not require any modifications to existing applications. Multiple applications on different nodes can automatically perform global data consensus to prevent data conflicts. Each node monitors the blocks on the blockchain and synchronizes the data back to the database. In the case of conflicting or illegal data, the data can not pass consensus and synchronize with the other nodes in the blockchain. The local nodes automatically roll back when detecting invalid data.

On **January 14, 2020**, the Company filed a provision patent titled "Symmetric Asynchronous Generative Encryption" with the US Patent Office. The Company's encryption team has completed the testing of its new symmetric asynchronous generative encryption or SAGE, a ground-breaking post-quantum encryption algorithm. The development of the algorithm was spearheaded by a joint team of shared resources between the Company and vSekur. As a result of the joint effort, the Company will issue a perpetual license to vSekur. The mechanics of the license and the mutual royalties are being negotiated. The algorithm uses random number generation, currently the Company's patented RNG, a code, and an encryption key to ensure the security of data. Furthermore, the key mutates every time it is used, always keeping data ahead of decryption. In addition, it does all this without sacrificing performance.

On **May 21, 2021**, the Company filed a provision patent titled "Method and System for Safe Custody of Private Data Using Blockchain" with the US Patent Office. The invention tackles the problem of lost private keys resulting in users being locked out of their accounts. The solution provides a method for reliably restoring access to lost keys by storing data fingerprints and keys on blockchain while building a safe deposit box for data.

MULA PLATFORM AND MULAMAIL

In **February 2020**, the first alpha build of the Mula Platform was completed and deployed. The Mula Platform, comprised of MulaMail and the suite of related applications, is the Company's flagship application. MulaMail uses ZeU's patented technology to ensure a private communication experience allowing users to determine which information, if any, is sold to third parties. MulaMail will be available in three classes, Freemium, Premium, and Enterprise Solutions. MulaMail Freemium aims to marry email and marketing by allowing corporations to buy targeted marketing campaigns. Users will engage with marketing campaigns in exchange for vouchers that can be redeemed against products and services. MulaMail Premium will allow users to opt out of marketing campaigns for a low monthly fee but retain the benefits of blockchain email. MulaMail Enterprise Solutions will be for organizations that desire the benefits of blockchain email without the marketing influence and will include the option for modules specifically of interest to businesses.

In **April 2020**, planning started on the Enterprise Solution application of the Mula suite, specifically encrypted video conferencing and a virtual office suite. Planning was also started for a BaaS connector to allow third-party developers to connect their applications to the platform. Subsequent design analysis allowed for an expansion of the original vision for Mula, including addressing significant challenges pertaining mostly to third-party email interaction, integration of ZeUPay functionalities, offline access, corporate employer auditing, and significant elements of legal intercept obligations.

In **December 2020**, the Company announced it had completed the Mula Platform's redesign. The Mula Platform, engineered around the core MulaMail application, was completely redesigned over the course of five months. Certain obligations, like the "Legal Intercept", were impossible to meet due to a bulletproof security design. These obligations challenged some basic concepts at the core of the technology and forced the designers and engineering team to propose fundamental changes. Other challenges pertaining mostly to third-party email interaction, integration of ZeUPay functionalities, offline access, and corporate employer auditing have been resolved. The resulting solutions represent a generational shift in the way people should use blockchain as the basis for communications. Furthermore, the efforts have resulted in a significant sum of intellectual property, which should give way to half a dozen new patentable functions. At this point, the Mula Platform has officially split into non-commercial and commercial designations. Mula Black is a non-commercial variant with restricted usage. Mula Purple is the commercial variant. Additionally, several new functionalities were introduced. The redesigned and redefined Mula Project covers more domain than the previous iteration. It has also been further opened to third-party applications, the community, and open-source efforts. The core Mula development team continues to grow with the addition of functional teams on an as-needed basis.

SUBSEQUENT DEVELOPMENT: In **March 2021**, major encryption and security changes were tested, and the coding of an alpha version of this element of the Mula platform was completed. The management is evaluating the possibility of filing additional patents regarding these important improvements.

In the **first half of 2021**, the Company expects to have the ability to distribute Mula- and ZeU-branded credit and debit cards to integrate with ZeU wallets and MulaMail accounts using ZeU's stable staking token. The technological platform and the infrastructure should be in place in the first quarter. The commercial roll-out will occur shortly after the obtention of the operating license. The European Union's GDPR rules regulate Malta's banking and financial institutions. Therefore, it will not allow the Mula Black version to participate in the program.

PARTNERSHIPS & AGREEMENTS

BOREALIS DERIVATIVES DEX EHF.

In the year ending **December 31, 2020**, the development of the Borealis Derivative Marketplace accelerated. The Company has developed a basic distributed exchange (DEX) platform for Borealis Derivatives DEX ehf.

Baseline development will allow initial transactions within 90 days of reception of regulatory and governmental authorisations or license to operate the exchange. The timeline for the regulatory authorization of the DEX is still unknown as for institutional trading of digital derivatives.

PREGO INTERNATIONAL GROUP AS

On **December 21, 2018**, the Company executed an agreement with Prego International Group AS ("Prego") to develop and integrate certain proprietary technologies in a Global Multi Payment and E-Money Services Platform. Prego is a global payment solution provider based in Norway that develops and operates a range of payment services for partners and clients worldwide, including Everyday Digital.

On **September 28, 2020**, the Company entered into an arm's length binding letter of intent with Prego and its majority shareholder to acquire all of Prego's outstanding securities.

SUBSEQUENT DEVELOPMENT: On **February 8, 2021**, the Company executed the definitive agreement to acquire all of the issued and outstanding shares of Prego through ZeUPay Corp. ("ZeUPay"), a wholly-owned subsidiary of ZeU, for a total consideration of $8,125,000, pursuant to the terms of the share exchange agreement entered into between the Company, ZeUPay, and Roxer NUF, the sole shareholder of Prego. Both Roxer NUF and Prego are arm's length private corporations incorporated under the laws of Norway.

Prego brings a highly complementary product portfolio and customer base to the Company's business. Prego's product range will significantly add to the Company's offerings. Prego's products financially support works, refugees, and migrants globally. The portfolio includes payroll solutions, business-client payment solutions, global remittance, and payment concepts for employers of foreign labor, government organizations, and humanitarian organizations. With sales projected to reach accumulated revenues in excess of the Company's current market capitalization over the coming 36 months. Prego is currently debt-free. Prego also brings immediate revenues to facilitate the integration and pursuit of opportunities in the next generation of encrypted and distributed networks, which are among the fastest-growing segments in global payment solutions.

Under the terms of the agreement, the consideration of $8,125,000, which shall be paid and satisfied as follows:

a) Issuance of 2,500,000 common shares of the Company at a deemed price of $0.325 for an aggregate price of $625,000;

b) The issuance of $7,500,000 aggregate principal amount of convertible debentures of ZeUPay; and

c) The issuance of 7,500,000 non-transferable share purchase warrants of the Company, each entitling the holder to acquire one common share of the Company at a price of $0.90 per share for a period of 12 months from the closing of the transaction, or at a price of $1.50 for a period of 12 months from the closing date.

ZeUPay will bring custodial and legacy banking support for the Mula Platform as well as ZeU's other DeFi and Gaming initiatives. It will offer default legacy KYC and AML coverage for a suite of initiatives without limiting the possibilities to bring third-party augmented compliance offerings for which the Company is actively seeking commercial partnerships.

On **March 1, 2021**, the Company issued 2,500,000 shares at a fair value of $625,000, issued 7,500,000 warrants, and issued $7,500,000 convertible debentures of ZeUPay for the acquisition of Prego. In connection with and on the closing of the Acquisition, Ronald Eriksen was appointed to the Company's board of directors. Mr. Eriksen is the founder and conceptual developer of Prego's business concept and has 20 years of previous sales and marketing experience within leading global IT companies, mobile telecommunications, and internet service providers. He developed Prego's business concept with financial inclusion operations, cross-border payment channels, and general fintech market development.

KAMARI LTD.

On **November 13, 2019**, the Company executed a joint venture agreement with Kamari Limited ("Kamari") of Malta for the joint development and deployment of lotteries and gaming offerings in Africa ("JV Co."). Under the terms of the JV Co., both parties agreed to invest up to Euro 50,000. The Company agreed, among other things, to grant JV a non-exclusive license to its technologies in exchange for a 30% interest in JV Co. Kamari agreed to provide JV Co. with support in accessing online lottery markets exchange for a 70% interest in JV Co.

On **November 13, 2019**, the Company completed a 12% unsecured convertible debentures financing for an aggregate principal amount of $7,834,000, subscribed in consideration of digital assets, consisting of 24,000,000 Kamari("KAM"), at a deemed value of $0.326 each.

As of **December 31, 2020**, the JV Co. with Kamari Limited remains inactive.

SUBSEQUENT DEVELOPMENT: On **March 31, 2021**, the Company exercised its option to repay an equivalent of $500,000 of debentures and pay all accrued interest representing $661,834 for a total of $1,161,834 using 3,336,564 KAM tokens to complete the transaction.

GAMING INITIATIVES

In **June 2020**, the Company deployed four categories of blockchain-based games on the EOS Testnet network to collect data for the following 90 days. The generated dataset is a requirement for most of the Company's clients currently in operation or in the process of obtaining regulated gaming licenses. The four games being deployed are dice, lottery, auction and slot.

In **early 2021**, the test period for gathering data on the usage and behavior related to the blockchain gambling games deployed on the EOS Testnet was completed. No difficulties were encountered. The data will be compiled for delivery to the relevant gaming regulators. The development of a full suite of peer-to-peer (P2P) casino games is also underway, including skills games and smart contract components that will allow users to create their own gaming and gambling offers. The design phase of a series of skill games is ongoing with a potential gaming partner. The Company has sourced out a series of partners, and their integration in the P2P gaming initiative is underway. A number of MulaPay certified functions will be available in the Mula Platform, allowing users to create customized and personalized P2P gambling offerings within their contacts. This will allow users, within a few clicks, to create a smart-contract sports pool for followers of social media platforms, work colleagues, friends, etc. Participation and pay-out will be automated via the automatic smart contract built with the Mula Smart Contract Builder. The platform will primarily use the MulaMail Token and be monetizable via atomic swap to other digital assets or cashable via ZeUPay debit/credit cards.

SUBSEQUENT DEVELOPMENT: In **April 2021**, the first wave of P2P gaming offerings is in preparation to go live. The Company expects its partner network, Kamari, to go live during 2021 with the Auction Lottery based on the Company's patent-pending Random Number Generator.

RESULTS OF OPERATIONS

For the year ended December 31, 2020, the Company recorded a net loss of $9,504,212 (2019 – $3,025,675) and had accumulative deficit of $16,941,947 (2019 - $7,437,735). The Company had no source of operating revenues or any related operating expenditures.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations for the prior two fiscal years.

For the year ended December 31	**2020** **$**	**2019** **$**
Cash	1,944	62,673
Digital assets	-	6,884,765
Working capital (deficiency)	(5,166,513)	(1,259,428)
Total assets	16,944	6,951,647
Shareholders' equity (deficiency)	(9,419,731)	(1,044,336)
Revenue	354,860	-
Net loss and comprehensive loss for the year	(9,504,212)	(3,025,675)
Basic and diluted loss per share	(0.39)	(0.15)

Year ended December 31, 2020:

The Company recorded development services revenue of $354,860 for services provided to a subsidiary of St-Georges, a shareholder of the Company. The Company incurred a net loss of $9,504,212 in 2020. Operating expenses were $2,393,115, and the Company recorded an unrealized loss on digital assets of $6,881,396 as the Kamari coins were currently not trading and therefore a fair value could not be determined, resulting in a $nil value assigned to them. The Company still has the contractual right to repay the related convertible debt of $3,904,516 plus any accrued interest with the Kamari coins, which would result in a reversal of the impairment at that time.

Year ended December 31, 2019:

The Company had no revenue. The Company incurred a net loss of $3,025,675 in 2019. Operating expenses were $3,173,677. The Company recorded an unrealized gain on digital assets of $392,865 due to the general change in digital assets in the market, loss on sale of marketable digital assets of $72,124, gain on payment with marketable digital assets of $6,010, and loss on fair market value change in derivative liability of $178,749.

SUMMARY OF QUARTERLY RESULTS

The following table outlines selected unaudited financial information of the Company for the last eight quarters.

	Dec.31, 2020	*Sept.30, 2020*	*Jun.30, 2020*	*Mar.31, 2020*
Total assets	16,944	6,434,989	6,566,875	21,862,830
Working capital (deficiency)	(5,166,513)	(71,490)	(623,007)	6,993,018
Shareholders' equity (deficiency)	(9,419,731)	(2,774,397)	(2,331,781)	13,371,628
Revenue	173,951	36,530	70,450	73,929
Net income (loss)	7,873,657	(628,452)	(15,703,409)	(1,046,008)
Net income (loss) per share	0.32	(0.03)	(0.64)	(0.04)

	Dec.31, 2019	*Sept.30, 2019*	*Jun.30, 2019*	*Mar. 31, 2019*
Total assets	6,951,647	868,853	2,005,603	1,421,384
Working capital (deficiency)	(1,259,428)	(5,405,785)	496,294	236,059
Shareholders' equity (deficiency)	(1,044,336)	(5,185,785)	(4,134,507)	(4,303,185)
Revenue	-	-	-	-
Net income (loss)	(1,755,755)	(1,051,278)	168,678	(387,320)
Net income (loss) per share	(0.09)	(0.05)	0.01	(0.02)

The main factors contributing to variances to the quarters up to December 31, 2020, were share-based compensation of $527,332 and a unrealized loss of $6,881,396 on digital assets in December 2020, development services revenue of $173,951 (Dec 2020), $36,530 (September 2020), $70,450 (June 2020) and $73,929 (March 2020) with no corresponding amounts in 2019. Also, unrealized losses on digital assets of $15,309,139 (Jun 2020), $487,241 (March 2020), and $1,923,214 (December 2019) were offset by a gain of $9,062,829 in the last quarter of 2020, a gain of $70,168 on sale of Ether coins and a gain of

$44,957 on payments with Ether coins in the quarter ended June 30, 2019. The Company recorded a loss of $130,959 on sale of certain Ether coins, a loss of $37,484 on payments with Ether coins and unrealized loss on digital assets of $228,762 in the quarter ended September 30, 2019.

Total assets and working capital increased largely in the period ended December 31, 2019, as a result of a financing of convertible debentures for $7,834,000 in November 2019. The Company sold certain Ether coins for proceeds totalling $745,046 in the year ended December 31, 2019. In 2020, the Company impaired the value of its Kamari coins as there was no longer an objective market value for the coins, except for the right to repay its Karmari debt at a mark to market price.

THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019

For the three months ended December 31, 2020 and 2019, the Company incurred a net gain of $7,873,657 in the period compared to a net loss of $1,755,755 in the prior comparable period. Operating expenses for the three months ended December 31, 2020, were $727,417 (2019 - $1,490,649).

Major variances in expenses were as follows:
- Accretion and interest expenses were $449,092 (2019 - $198,028) as a result of increased convertible debts in the current year;
- Compensation expenses were $nil (2019 - $380,621) as the compensation was fully earned in 2019;
- Consulting fees were $145,929 (2019 - $158,994);
- Marketing and promotion fees were $1,466 (2019 - $49,483) a reduction as a result of Covid restricted efforts;
- Research and development expenses were $165,678 (2019 - $432,797) reduced due to financial constraints;
- Share-based compensation was $527,332 (2019 - $nil) due to the issuance of stock options; and
- Travel expenses were $nil (2019 - $35,660) due to Covid restricted travel.

During the three months ended December 31, 2020, the Company recognized a loss of $nil (2019 - $1,463) on payments with Ether coins and a loss of $nil (2019 - $11,333) upon sale of certain Ether coins. The Company recorded an unrealized gain on digital assets of $9,062,829 (2019 - $1,436 loss) as a result of digital assets not having an active market (and correcting for previous estimated losses), a loss of $506,764 (2019 - $250,874) on the fair market value change in derivative liabilities and convertible debentures, and a loss on debt extinguishment of $101,851 (2019 - $nil). During the three months ended December 31, 2020, the Company recorded revenue of $173,951 (2019 - $nil) on the development of Borealis Derivative Marketplace.

YEAR ENDED DECEMBER 31, 2020 AND 2019

For the years ended **December 31, 2020 and 2019**, the Company incurred a net loss of $9,504,212 in the year compared to a net loss of $3,025,675 in the prior year. Operating expenses for the year ended December 31, 2020 were $2,393,115 (2019 - $3,173,677).

Major expenses are as follows:
- Accretion and interest expenses were $397,089 (2019 - $747,785) due to the conversion of debentures to share capital.;
- Compensation expenses were $nil (2019 - $482,568) as the compensation for these debentures was fully earned in 2019;

- Consulting fees were $216,243 (2019 -$397,123) which was reduced due to Covid restrictions;
- Marketing and promotion fees reduced to $13,820 (2019 - $101,493) due to Covid restrictions on activities;
- Office expenses were $167,785 (2019 - $34,692) as a result of increased rents due to expanded operations;
- Research and development expenses were $588,030 (2019 - $770,711)) due to Covid restrictions on activities;
- Share-based compensation were $527,332 (2019 - $nil) as no options were issued in the prior year; and
- Travel expenses were $nil (2019 - $58,733) a reduction due to restricted travel because of the impacts of COVID-19.

During the year ended December 31, 2020, the Company recognized a gain of $332 (2019 - $6,010) on payments with Ether coins and a loss of $nil (2019 - $72,124) upon sale of certain Ether coins. The Company recorded an unrealized loss on digital assets of $6,881,396 (2019 - $392,865 gain) as a result of Kamari assets not having an active market and recording a $nil value correcting for previous estimated losses in the digital assets held. The Company recorded a loss in derivative liability fair market value change of $483,042 (2019 - $178,749). During the year ended December 31, 2020, the Company recorded revenue of $354,860 on the development of Borealis Derivative Marketplace (2019 - $nil).

LIQUIDITY AND CASH FLOW

At December 31, 2020, the Company had cash of $1,944 (2019 -$62,673) and working capital deficiency of $5,166,513 (2019 - $1,259,428).

For the year ended December 31, 2020, significant cash flows were as follows:

Net cash used in operating activities for the year was $60,729. Net loss for the year of $9,504,212 included non-cash accretion and accrued interest expenses of $397,089 on convertible debentures; unrealized loss on marketable digital assets of $6,881,396 as mentioned above and a gain on payment with marketable digital assets of $332. Net changes in working capital items were $10,791 from an increase in prepaid expenses, $1,063,896 from an increase in accounts payable and accrued liabilities.

Net cash provided by investing activities for the year was $nil. The Company paid director fees of $3,701 with 20 Ether coins.

On November 25, 2019, the Company issued 626,549 common shares on conversion of $550,000 convertible debentures and $76,549 accrued interest.

On December 30, 2019, the Company converted $1,191,209, representing 25% of the principal amount of the debenture issued on July 5, 2018, together with accrued interest of the outstanding 10% debentures into 1,191,209 common shares of the Company at a deemed price of $1 per share upon the listing for trading of the shares on the CSE (Liquidity Event).

On November 13, 2019, the Company completed a 12% unsecured convertible debentures financing for an aggregate principal amount of $7,834,000, subscribed in consideration of digital assets, consisting of 24,000,000 Kamari("KAM"), at a deemed value of $0.326 each.

On December 30, 2019, the Company converted $3,963,445, representing 50% of the principal amount together with accrued interest of the outstanding 12% debentures into 2,642,297 common shares of the Company at a deemed price of $1.50 per share, upon the listing for trading of the shares on the CSE (Liquidity Event).

On February 11, 2020, the Company issued 50,000 common shares on conversion of $50,000 debentures in shares of the Company at a price of $1 per share to Cassiopeia Services Ltd.

On December 22, 2020, the Company issued 1,030,200 common shares on conversion of $240,040 debentures and $17,510 accrued interest at a price of $0.25 per share.

On December 17, 2020, the Company granted 2,450,000 stock options to certain eligible directors, officers and consultants to purchase common shares of the Company. The stock options vested immediately and are exercisable, in whole or in part, at $0.30 per share on or before December 17, 2025. The estimated grant date fair value of these options was $527,332.

The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of $0.24; exercise price of $0.30; expected life of 5 years; expected volatility of 150%; risk free interest rate of 0.45%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

SUBSEQUENT DEVELOPMENTS:

On January 7, 2021, the Company completed a non-brokered private placement for gross proceeds of $625,000 by issuing 2,500,000 units at a price of $0.25 per unit. Each unit is comprised of one common share and one share purchase warrant, entitling the holder to purchase one share at an exercise price of $0.35 before January 7, 2023.

The Company paid finders fees of $19,350 in cash and issued 71,400 finder's warrants with a fair value of $21,308. The finder's warrants are exercisable at $0.35 per share for a period of two years.

On January 14, 2021, the Company redeemed $27,012 of amended convertible debentures with $27,012 in cash.

ZeUPay Inc. ("ZeUPay") was incorporated on February 4, 2021, and is a wholly-owned subsidiary of the Company.

On February 8, 2021, the Company executed a definitive agreement to acquire all of the issued and outstanding shares of Prego International Group AS, through ZeUPay (Note 7) for a total consideration of $8,125,000 comprised of:

i) Issuance of 2,500,000 common shares of the Company at a price of $0.325,;

ii) The issuance of $7,500,000 of convertible debentures of ZeUPay; and

iii) The issuance of 7,500,000 non-transferable share purchase warrants of the Company, each entitling the holder to acquire one common share of the Company at a price of $0.90 per share for a period of 12 months from the closing of the transaction, or at a price of $1.50 for a period of 12 months from the date that is 12 months from the closing date.

The ZeUPay Debentures bear interest at the rate of 6.00% per annum the issuance date until the earlier of: (i) their date of conversion or (ii) the date that is 48 months from the Closing Date (the "Maturity Date"). The interest on the ZeUPay Debentures may, at the sole discretion of ZeUPay, be paid (i) in cash or (ii) by the issue of the equivalent value in common shares of ZeUPay at a price per share equal to the greater of (a) $1.00 and (b) the last financing price of ZeUPay.

The principal amount of the ZeUPay Debentures, together with the interest accrued thereon, will automatically convert into common shares of ZeUPay on the earlier of: (i) the Maturity Date and (ii) the occurrence of a liquidity event, at a conversion price equal to the higher of: (a) $1.00 and (b) the last financing price of ZeUPay.

Holders of the ZeUPay Debentures have a right to convert all of the outstanding principal amount of the ZeUPay Debentures, together with the interest accrued thereon, into common shares of the Company at a price equal to the higher of: (i) $1.00 and (ii) the 5-day volume-weighted average price of the Common Shares on the CSE, at any time prior to the earlier of: (i) the Maturity Date and (ii) the occurrence of a liquidity event.

An aggregate of 2,100,000 Consideration Shares and the Common Shares issuable upon conversion of the ZeUPay Debentures are subject to a voluntary resale restriction of one year from the Closing Date or the date of conversion, as applicable.

On March 11, 2021, 1,386,016 warrants were exercised by St Georges for proceeds of $415,805..

On March 31, 2021, the Company exercised its option to repay $500,000 of the Kamari convertible debentures and all accrued interest for a total of $1,161,834 using 3,336,564 KAM tokens. As the Company had recorded a $nil value on the balance sheet at December 31, 2020 due to a lack of objective market price, this transaction will result in a gain in the subsequent period.

On May 4, 2021, the Company entered into a letter of intent with Money Line Sports Inc, ("Money Line") a licensed platform and provider of streaming sports content, to acquire all of their outstanding securities for consideration of $1,501,500 which was paid by the issuance of 1,500,000 in unsecured convertible debentures of ZeU's subsidiary and the issuance of 1,500,000 non-transferable ZeU share purchase warrants at $0.91 for a period of 2 years from the closing. The principal amount of the convertible debentures will bear interest at a rate of 6% per annum for 2 years from the closing date.

On May 18, 2021, the Company granted 575,000 stock options to purchase common shares of the Company at an exercise price of $0.65 per share on or before May 18, 2023, on May 31, 2021, granted 250,000 stock options to purchase common shares of the Company at an exercise price of $1.00 per share on or before May 31, 2023, on June 7, 2021, granted 300,000 stock options at an exercise price of $0.75 per share on or before June 7, 2023, and on June 15, 2021, granted 350,000 stock options at an exercise price of $0.90 per share on or before June 15, 2026.

Subsequent to the year end, the Company issued 1,817,391 common shares to settle an aggregate debt of $594,000 .

Subsequent to the year end, the Company issued 130,924 common shares upon the conversion of debentures and accrued interest of $99,640, issued 1,910,555 common shares for warrants exercised for proceeds of $578,917, and issued 450,000 common shares for stock options exercised for proceeds of $135,000.

FINANCIAL RISK MANAGEMENT AND FINANCIAL ESTIMATES

Financial Risk

The primary goals of the Company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward are achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risks through preventive controls and transferring risk to third parties.

The Company's exposure to potential loss from financial instruments is primarily due to various market risks, including interest rate, liquidity and credit risk. There has been no change in the financial risk of the Company during the period.

Market Risk

Market risk is the risk of loss arising from adverse changes to market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates, and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how those exposures are currently managed.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. To manage cash flow requirements, the Company may have to issue additional common shares or conclude private placements.

As at December 31, 2020, the Company has accounts payable and accrued liabilities of $1,366,895 (2019 - $306,664), $296,977 (2019 - $3,579,727) in debentures due within 12 months, and has cash of $1,944 (2019 - $62,673), and digital assets, current portion of $nil (2019 - $2,985,307) to meet its current obligations. As a result, the Company faces liquidity risk as it expends funds towards its projects.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Company to credit risk consist primarily of cash. The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada. This amount best represents the Company's maximum exposure to any potential credit risk. The risk is assessed as low.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's convertible debentures fix interest at 10% per annum and accordingly is not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to reduce its exposure to risk. The management of the Company considers its interest rate risk is minimal.

Fair Value Measurement

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The carrying amount and fair value of financial instruments, with the exception of the secured debenture, are considered to be a reasonable approximation of fair value because of their short-term maturities.

The carrying values of the convertible debentures approximate its fair value at the reporting date because the convertible debentures were calculated by discounting future cash flows using rates that the Company would otherwise use for such debt with similar terms, conditions and maturity dates, adjusted for the Company's credit risk. Management believes that no significant change occurred in the risk of these instruments.

COVID-19 Disclosure

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak are unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at December 31, 2020, the Company's shareholders' deficiency was $9,419,731 (2019 - $1,044,336). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. To meet these objectives, management monitors the Company's capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case-by-case basis.

Capital for expansion comes mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient for a certain amount of research and development work on its blockchain technologies and for working capital purposes. Additional funds are required to finance the Company's corporate objectives. There was no change in the Company's capital management policy for the year ended December 31, 2020.

The Company is not currently exposed to any externally imposed capital requirements.

RELATED PARTY TRANSACTIONS

a) Related party transactions

During the year, the Company incurred transactions with related parties including a company controlled by its Chief Architect, Chief Technology Officer, and Chief Executive Officer.

During the year ended December 31, 2020, the Company incurred consulting fees of $321,478 (2019 - $409,240) which were expensed as research and development costs, management fees of $342,057 (2019 - $355,229), and consulting fees of $141,243 (2019 - $42,879). 50% of the CEO's time was devoted to research and development. The board of directors and officers of the Company did not receive any compensation in the second quarter of 2020 to mitigate the financial impacts of the pandemic.

During the year ended December 31, 2018, related parties received signing bonuses in the form of convertible debentures for $400,000, which are being recognized over the vesting period of 4 years. On November 25, 2019, all of the signing bonuses of $400,000 convertible debentures and accrued interest of $55,672 were converted into 455,672 common shares at a price of $1 per share. The signing bonuses totaling $454,521 provided to the management of the Company were recorded as compensation expense.

During the year ended December 31, 2020 the Company invoiced to a subsidiary of St-Georges $354,860 (2019 - $nil) for development services which were recorded as development services revenue.

b) Due to Related Parties

As at December 31, 2020, included in accounts payable is $778,463 (2019 - $115,587) owing to directors. These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

As at December 31, 2020, the Company has a convertible debenture payable to St-Georges with a fair value of $348,702 (2019 $Nil). As at December 31, 2019 $346,507 was owing to St-Georges in the form of a promissory note which was non-interest bearing, unsecured and had no fixed terms of repayment. During the year ended December 31, 2020, the shareholder advanced $nil (2019 - $122,911) to the Company.

The Company also granted 1,386,016 warrants to the shareholder, one warrant for every unit of $0.25 of debenture. The 2-year warrants exercise price is $0.30 per share.

c) Stock Options Granted

During the year ended December 31, 2020, a total of 1,950,000 stock options were granted to the key management to purchase common shares of the Company at an exercise price of $0.30 per share on or before December 17, 2025. The Company also incurred stock-based compensation of $419,713 with related parties during the year ended December 31, 2020.

B**oard of directors and management team**:

Frank Dumas, President, CEO and Director
Mark Billings, CFO and Director
Neha Tally, Corporate Secretary and Director
Jean-Philippe Beaudet, CTO and Director
The Honorable Lord Timothy Edward Razzall, Director
Fenglian (Frances) Xu, Director (Resigned on May 14, 2020)
Jasseem Allybokus, Director (Appointed in April 2020)
Ronald Eriksen, Director (Appointed in March 2021)

Patricia Popert-Fortier, Chief Operating Officer
Yuming Qian, Chief Architect

Outstanding Share Data

As at December 31, 2020, the Company has 25,523,972 common shares outstanding of which 3,100,313 of the issued shares are held in escrow. Subsequent to the year ended December 31, 2020, the Company issued 130,924 shares for the conversion of debentures and accrued interest. The Company also issued 145,106 for obligation issued shares, 1,910,555 shares for warrants exercised, issued 450,000 shares for stock options exercised, issued 2,500,000 shares for the private placement closed in January 2021, issued 1,817,391 shares to settle debt, and issued 2,500,000 for the acquisition of Prego.

As of the current date, the Company has 34,977,948 common shares outstanding.

Warrants

As at December 31, 2020, the Company has 3,104,998 warrants outstanding. Subsequent to the year ended December 31, 2020, 1,910,555 warrants were exercised, and 2,571,400 warrants were issued for the private placement and finders, and 7,500,000 warrants issued for the acquisition of Prego.

As of the current date, the Company has 11,265,843 warrants outstanding.

Stock Options

As at December 31, 2020, the Company has 2,450,000 stock options outstanding. Subsequent to the year ended December 31, 2020, 450,000 stock options were exercised, and 1,475,000 stock options were granted to certain consultants.

As of the current date, the Company has 3,475,000 stock options outstanding.

RISK FACTORS

Financing and Development

The Company does not presently have sufficient financial resources to undertake its planned research and development programs. Development of the Company's blockchain depends on its ability to raise the additional funds required. There can be no assurance that the Company will succeed in obtaining the funding required. The Company also has limited experience in developing blockchain, and its ability to do so depends on the use of appropriately skilled personnel or signature of agreements with other large resource companies that can provide the required expertise.

Digital assets – valuation

Many digital assets are traded in active markets and are valued based upon quoted prices (less costs to sell); a portion of such digital assets may not be actively traded and are carried at cost. The Company determines if these digital assets are impaired by considering relevant market information and other valuation techniques. These valuations require the Company to make significant estimates and assumptions. Digital assets are generally considered to be commodities or similar to commodities. Unrealized gains and losses on digital assets are recorded as net unrealized gain (loss) on digital assets. For digital assets traded in an active market, in the statement of loss and comprehensive loss unrecognized gains above the cost or fair market value, on the date of recognition, are recorded in other comprehensive income.

signed "Frank Dumas"

President and Chief Executive Officer

signed "Mark Billings"

Chief Financial Officer