

ZeU Technologies Inc.

MANAGEMENT DISCUSSION AND ANALYSIS

SIX MONTHS ENDED SEPTEMBER 30, 2023

Date prepared: November 29, 2023

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 Company's condensed consolidated interim financial statements for the six months ended September 30, 2023, and the audited financial statements for the year ended March 31, 2023. 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.

DESCRIPTION OF BUSINESS

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 decentralized, distributed ledger technology transactions in diverse sectors such as payment, gaming, data, and healthcare.

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.

OVERVIEW

ZeU Crypto Networks Inc. ("ZeU") was incorporated under the Canadian Corporations 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.

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".

As of September 30, 2023, the Company held 151,751 (March 31, 2023 – 151,751) shares to be distributed to certain St-Georges shareholders at a later date, and St-Georges retained 11,522,519 (March 31, 2023 -

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10,136,191) shares of the Company. As of the report date, St-Georges retained 11,423,519 shares of the Company.

On **October 7, 2020**, the Company announced a name change from ZeU Crypto Networks Inc. to ZeU Technologies, Inc. Shares began trading on the CSE under the new name on October 15, 2020.

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.

On **July 29, 2021**, ZeU created a new subsidiary ZeU Gaming Inc. (“ZeU Gaming”).

2022 Highlights

On **February 28, 2022**, the Company announced the change of financial year-end from December 31 to March 31.

In **April 2022**, the Company announced that the management initiated the process required to distribute the majority of its ownership in its banking and financial services subsidiary, ZeUPay, to its shareholders via a plan of arrangement under the rules in place in the province of Quebec. However, subsequent developments hindered a plan of arrangement to the degree that it was canceled.

On **September 30, 2022**, the operations of its subsidiary ZeUPay AS were completely stopped.

2023 Highlights

On **March 31, 2023**, the Company entered into debt settlement agreement with a large creditor of the Company to eliminate \$9,985,663 of debt and claims from its balance sheet. The Company issued a promissory note of \$175,000 and 4,130,000 shares of the Company valued at \$227,150.

On **March 31, 2023**, the Company entered into debt settlement agreement with St-Georges to consolidate the loans from St-Georges into one convertible debenture of \$947,467 bearing 18% annual interest, conversion price at a minimum of \$0.10 per share with a maturity date of April 30, 2027. The Company also issued 1,386,328 shares at a deemed price of \$0.10 per share for the \$1,386,328 accrued interest and 6,500,000 three years warrants at an exercise price of \$0.15 per share.

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

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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.

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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.

On **August 23, 2021**, the Company filed a provision patent titled “Permission-based multi-level encryption scheme document for decentralized storage” with the US Patent Office. The invention is in the field of distributed cloud computing and the internet of things, or IoT, and will compete with cutting-edge cloud storage technologies. The patent describes a method for structuring a document in a granular fashion such that each block of granularity is encrypted based on a permission level and that each block could be decrypted by the participant(s) it was aimed to address. The patent covers elements already integrated into the Mula platform that will add IoT functionalities.

Projects

The Mula Platform

Project Summary

The Mula Platform, a suite of private, secure communication tools, is the Company’s flagship application. It uses ZeU’s patented technology to ensure a private communication experience allowing customers to determine which information, if any, is anonymously sold to third parties. The Mula Platform is comprised of MulaMail and a suite of related applications. The modular approach allows customers to use only the services they desire. The Mula Platform will be available in four classes, Freemium, Premium, Pro, and Enterprise Solutions. Mula Freemium aims to marry email and marketing via targeted marketing campaigns. Mula Premium will allow customers to opt out of targeted marketing campaigns. Mula Pro and Mula Enterprise Solutions will allow clients access to modules specifically of interest to businesses. The Company will also offer a non-commercial variant with restricted usage, Mula Black.

Project Highlights

In **March 2020**, the Company announced that one of its special projects, MulaMessage, is now being integrated as part of the Mula Platform. MulaMessage is designed to be a secure, end-to-end encrypted messaging system that features a noncustodial encryption key management process.

In **May 2021**, stemming from the Mula redesign, the Company filed a provision patent titled “Method and System for Safe Custody of Private Data Using Blockchain” with the US Patent Office. For more information, please see the patent section of this document.

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In **August 2021**, stemming from the Mula redesign, the Company filed a provision patent titled “Permission-based multi-level encryption scheme document for decentralized storage” with the US Patent Office. For more information, please see the patent section of this document.

In **June 2022**, the Company stated that it is in the process of getting the initial version of MulaMessage vetted to be available in the App Store, the Android version is currently being stress-tested, and the desktop version will follow.

In **July 2022**, the Company stated that the Android and Apple versions are currently being stress-tested.

Gaming Initiative

Project Summary

The Company is developing a white-label gaming service under its subsidiary, ZeU Gaming, and using ZeU’s patented technology to drive customer confidence by ensuring the auditability of gaming outcomes. A full suite of peer-to-peer (P2P) casino games is under development. The first four games developed are Dice, Lottery, Auction, and Slot. Integration with the Company’s Mula Platform will connect customer accounts and enable customers to access smart contract components that will allow users to create their own gaming offers, such as sports pools, with participation and payout automated via Mula Smart Contract Builder.

Project Highlights

In **July 2021**, the Company incorporated a new subsidiary, ZeU Gaming Inc.

In **November 2021**, the Company announced that a first online gaming company had completed production testing of one of its games developed in partnership with Kamari’s KamPay. The dice game will be operated by MJ Global, owner of the PlayMoon.io website. Players will be able to play the game using KamPay tokens. According to the JV agreement between the two companies, token transactions will be automated for payouts and fees after a short live testing period following the soft launch.

In **January 2022**, the Company announced advancements in the design of the Peer-to-Peer Casino. Players passively holding or staking gaming tokens in their wallets will be sharing the expected revenue stream of the P2P Casino.

In **March 2022**, the Company stated that it expects that PlayMoon, one of the users of its gaming platform, will have completed its mobile application front end within a few weeks.

Banking Initiative

In **January 2022**, the Company announced that strategic planning discussions with custodial and banking partners were completed. The discussions covered the potential parallel deployment of the Company’s decentralized banking platform, now headed for production coding.

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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.

Prego International Group AS

On **February 5, 2021**, ZeU created a new subsidiary called ZeUPay Inc. (“ZeUPay”) to proceed with the final acquisition of Prego International Group AS (“Prego”).

On **February 8, 2021**, the Company executed the definitive agreement to acquire all of the issued and outstanding shares of Prego through ZeUPay, 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.

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 \$0.25 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 brought custodial and legacy banking support for the Mula Platform as well as ZeU’s other DeFi and Gaming initiatives. It offered 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. Prego changed its name to ZeUPay AS when the transaction was completed.

In **August 2021**, the Company announced that policy developments from major credit card issuers had created a situation that might require ZeUPay to be operated at arm’s length from the core business of ZeU. The Company has been advised that the Mula platform will be required to be open to competing payment

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solutions from ZeUPay competitors. The situation does not affect the relationship between the ZeU-related entities. However, it is forcing management to consider alternative ownership options. The Company will be considering various scenarios in the coming weeks, including but not limited to the sale of a portion of ZeUPay's equity or a going public transaction via a plan of arrangements and distribution of shares to its shareholders.

In **January 2022**, the Company announced that significant strides were made with most of the required strategic planning discussions with custodial and banking partners were completed.

On **March 10, 2022**, ZeU disclosed that ZeUPay signed an agency agreement with NIUM UAB, an EU/Singapore-based payment card issuer and a key player in the digital banking industry. ZeUPay is in the process of completing its infrastructure to be able to operate as a global digital bank. The agreement is intended to support ZeUPay's new digital banking & payment platform.

In **April 2022**, the Company announced that the management had initiated the process required to distribute the majority of its ownership in its banking and financial services subsidiary, ZeUPay, to its shareholders via a plan of arrangement under the rules in place in the province of Quebec. Shares of record of the Company at a record date to be established further along in the process will be entitled to a pro-rata distribution of ZeUPay common shares.

ZeUPay AS put together a platform for micro-payments and remittance services based in Norway. Over the last year, the policies and fees structure of the clearing banks made the business model impossible to carry forward due to excessive new cost.

The operation was halted in August 2022, and the Company's attempts to replace the original setup failed. The operations of ZeUPay AS were completely stopped on **September 30, 2022**.

During the year ended March 31, 2023, the Company impaired the balance of \$446,400 of intangible assets as the Company discontinued operations in the area.

During the year ended March 31, 2023, the Company settled \$1,514,910 accounts payable and loans of ZeUPay AS, a 7,500,000 convertible debenture issued for the purchase agreement plus accrued interest of \$935,753, and \$35,000 in accrued director fees with a promissory note of \$175,000 and 4,130,000 shares of ZeU valued at \$227,150. The Company recorded a gain of \$7,966,523 on the debt settlement.

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."). As of September 30, 2023, the JV Co. with Kamari Limited remains inactive.

On **November 13, 2019**, the Company completed a 12% unsecured convertible debenture 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 **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.

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On **November 11, 2021**, the Company announced that a first online gaming company had completed production testing of one of its games developed in partnership with KamPay. The dice game will be operated by MJ Global, owner of the PlayMoon.io website. Players will be able to play the game using KamPay tokens. According to the JV agreement between the two companies, token transactions will be automated for payouts and fees after a short live testing period following the soft launch.

On **March 21, 2022**, the Company exercised its option to repay the remaining Kamari convertible and all accrued interest for a total of \$3,815,806 using 15,338,551KAM tokens to complete the transaction.

Money Line Sports Inc.

On **May 4, 2021**, the Company entered into a letter of intent with MoneyLine, a licensed platform and provider of streaming sports content, to acquire all of its outstanding securities.

On **August 11, 2021**, the Company, ZeU Gaming, MoneyLine and the shareholders of MoneyLine entered into a share purchase agreement, pursuant to which ZeU Gaming would acquire all of the issued and outstanding shares of MoneyLine for a total consideration of \$1,501,500, payable including CDN\$250,000 principal amount of convertible debenture of ZeU Gaming; 1,500,000 non-transferable common share purchase warrants at a price of \$0.91 for a period of 24 months following the Closing Date; and up to CDN\$1,250,000 in milestone bonuses.

On **August 20, 2021**, the Company loaned MoneyLine the sum of \$25,000 under a Promissory Note. The Note is payable within 30 days of written notice of demand.

On **September 24, 2021**, the Company did not complete the due diligence required to finalize the transaction and received notice from MoneyLine of its intent to withdraw from the proposed transaction. The Share Purchase Agreement with MoneyLine was undone. No securities were issued.

On November 25, 2022, the Company sent a Written Notice of Demand to MoneyLine requesting repayment of the \$25,000 Promissory Note dated August 20, 2021, by December 26, 2022.

During the year ended March 31, 2023, the Company fully impaired the \$25,000 promissory note receivable.

Other Agreements

On **June 7, 2022**, the Company received a letter of demand from Mantle Technologies regarding location rental and platform access. The Company is currently in talks with Mantle to settle the dispute.

On **July 21, 2022**, the Company received a letter of demand from 3 Chinese residents who were part of the original subscribers in the July 5, 2018, Convertible Debenture. The Company is currently in talks with its lawyers to resolve the situation.

MANAGEMENT CHANGES

On **November 25, 2022**, the Company accepted Ronald Aldor Eriksen's resignation in all capacities. Mr. Eriksen has resigned as Chairman and CEO of ZeUPay AS, as a director of ZeUPay Inc., and as a director of the Company.

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On **October 17, 2023**, Patricia Popert-Fortier, COO and director, and Neha Tally, Corporate Secretary and director have resigned from all their positions with the Company. Mark Billings, CFO and director has notified management of his intention to resign after the publication of the six months ended interim financial statements.

RESULTS OF OPERATIONS

For the period ended September 30, 2023, the Company recorded a net loss of \$344,019 (2022 – \$1,561,242), and had accumulative deficit of \$26,571,407 (March 31, 2023 - \$26,227,388).

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company’s financial operations for the year ended March 31, 2023 and the fifteen months ended March 31, 2022.

	Year ended March 31, 2023	Fifteen months ended March 31, 2022	Year ended December 31, 2020
	\$	\$	\$
Cash	15,032	24,281	1,944
Lawyer’s trust account	83,332	-	-
Digital assets	-	-	-
Working capital (deficiency)	(5,821,603)	(5,852,304)	(5,166,513)
Total assets	252,712	584,824	16,944
Shareholders’ equity (deficiency)	(6,789,070)	(12,096,035)	(9,419,731)
Revenue	-	-	354,860
Net income (loss) and comprehensive loss for the period	4,988,774	(14,274,215)	(9,504,212)
Basic and diluted income (loss) per share	0.13	(0.41)	(0.39)

Year ended March 31, 2023

The Company incurred a net gain of \$4,988,774 in the year. Operating expenses were \$2,699,541, and the Company recorded a gain of \$8,020,949 in the debt settlements and recognized a loss of \$446,400 in the impairment of intangible assets.

Fifteen months ended March 31, 2022

The Company incurred a net loss of \$14,274,215 in the fifteen months. Operating expenses were \$5,790,195, and the Company recognized a loss of \$23,755 upon the sale of certain marketable securities. The Company also recorded a recognized gain of \$4,491,806 on the repayment of \$3,917,000 Kamari convertible debentures plus accrued interest by transferring 18,705,115 Kamari tokens to the debenture holder. The Company recognized a loss of \$13,320,813 on the impairment of goodwill in a subsidiary.

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

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\$6,881,396 as the Kamari tokens were currently not trading. 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 tokens, which would result in a reversal of the impairment at that time.

SUMMARY OF QUARTERLY RESULTS

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

	<i>Sept.30,</i> <i>2023</i>	<i>Jun.30,</i> <i>2023</i>	<i>Mar.31,</i> <i>2023</i>	<i>Dec.31,</i> <i>2022</i>
Total assets	224,866	225,498	252,712	556,697
Working capital (deficiency)	(6,080,116)	(5,947,714)	(5,821,603)	(7,182,754)
Long term debt	(1,052,973)	(1,009,986)	(967,467)	(7,414,773)
Shareholders' equity (deficiency)	(7,133,089)	(6,957,700)	(6,789,070)	(14,597,527)
Revenue	-	-	-	-
Net income (loss)	(175,389)	(168,630)	7,504,933	(954,917)
Net income (loss) per share	(0.00)	(0.00)	0.20	(0.03)

	<i>Sept.30,</i> <i>2022</i>	<i>Jun.30,</i> <i>2022</i>	<i>Mar.31,</i> <i>2022</i>	<i>Dec.31,</i> <i>2021</i>
Total assets	546,664	524,169	584,824	13,685,663
Working capital (deficiency)	(6,587,867)	(6,295,504)	(5,852,304)	(8,276,982)
Long term debt	(7,054,743)	(6,563,117)	(6,243,731)	(5,209,749)
Shareholders' equity (deficiency)	(13,642,610)	(12,858,621)	(12,096,035)	(1,674,434)
Revenue	-	-	-	-
Net income (loss)	(798,656)	(762,586)	(10,436,131)	(1,333,757)
Net income (loss) per share	(0.02)	(0.02)	(0.28)	(0.04)

The main factors contributing to variances to the quarters up to September 30, 2023, were a gain of \$8,020,949 in the debt settlement in March 31, 2023, a gain on Kamari convertible debt settlement of \$3,391,988 and a loss of \$13,320,813 on impairment of goodwill in March 31, 2022.

In December 2020, the Company impaired the value of its Kamari tokens as there was no longer an objective market value for the tokens, except for the right to repay its Kamari debt at a mark to market price.

Three months ended September 30, 2023 and 2022

For the three months ended September 30, 2023, the Company incurred a net loss of \$175,389 in the period compared to a net loss of \$798,656 in the prior comparable period. Operating expenses for the three months ended September 30, 2023 were \$174,707 (2022 - \$816,913).

Major variances in expenses were as follows:

- Accretion and interest expenses were \$113,866 (2022- \$424,953) as a result of decreased convertible debts in the current period;

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- Foreign exchanges were \$682 (2022 - \$18,257 gain) due to the US dollar and Norwegian krone exchange rate changes over the comparative periods;
- Management fees were \$nil (2022 - \$157,478) due to the Company has implemented important cost-saving measures and the management didn't have compensations in the current period;
- Office expenses were \$13,140 (2022 - \$22,024) due to the Company decreasing the fees to maintain the on-going operation of the Company;
- Research and development expenses were \$4,551 (2022 - \$105,074) due to financial constraints in the current period;
- Salary was \$nil (2022 - \$41,756) due to the salary recorded in the subsidiary in discontinued operations in the prior period.

Six months ended September 30, 2023 and 2022

For the six months ended September 30, 2023 and 2022, the Company incurred a net loss of \$344,019 in the period compared to a net loss of \$1,561,242 in the prior comparable period. Operating expenses for the six months ended September 30, 2023 were \$344,122 (2022 - \$1,712,348).

Major variances in expenses were as follows:

- Accretion and interest expenses were \$226,494 (2022- \$842,543) as a result of decrease convertible debts in the current period;
- Foreign exchanges gain was \$118 (2022 - \$151,106) due to the US dollar and Norwegian krone exchange rate changes over the comparative periods;
- Management fees were \$nil (2022 - \$316,515) due to the Company has implemented important cost-saving measures and the management didn't have compensations in the current period;
- Office expenses were \$23,425 (2022 - \$37,475) due to the Company decreasing the fees to maintain the ongoing operation of the Company in the current period;
- Professional fees were \$45,239 (2022 - \$33,241) due to the increased accounting and lawyer fees in the current period;
- Research and development expenses were \$5,415 (2022 - \$312,938) due to financial constraints in the current period;
- Salary was \$nil (2022 - \$85,046) due to the salary recorded in the subsidiaries in the current period.

LIQUIDITY AND CASH FLOW

At September 30, 2023, the Company had cash of \$13,582 (March 31, 2023 - \$15,032), lawyer's trust account of \$164,332 (March 31, 2023 - \$83,332) and a working capital deficiency of \$6,080,116 (March 31, 2023 - \$5,821,603).

For the period ended September 30, 2023, significant cash flows were as follows:

Net cash used in operating activities for the period was \$1,450. The net loss for the period of \$344,019 included non-cash accretion and accrued interest expenses of \$226,494 on convertible debentures, which were offset by foreign exchange gain of \$118. Net changes in working capital items were \$20,000 payment to the \$175,000 promissory notes, \$82,086 from an increase in prepaid expenses, \$108,482 from a decrease in accounts receivable, and \$109,782 from an increase in accounts payable, accrued liabilities and debt.

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On March 21, 2022, the Company exercised its option to repay the remaining Kamari convertible debenture of \$3,417,000 plus \$398,806 of accrued interest by transferring 15,338,551 Kamari tokens to the debenture holder. The Company recorded a gain of \$3,391,988 on the debt settlement in the period ended March 31, 2022.

During the fifteen months period ended March 31, 2022, the Company issued 549,539 common shares for warrants exercised for proceeds of \$171,862, and issued 650,000 common shares for stock options exercised for proceeds of \$195,000.

On May 23, 2022, the Company announced that it would offer shares for debts to its creditors for up to a maximum of 3,000,000 shares at a price of \$0.30 per Share. The offering was cancelled at a later date.

On April 13, 2023, 4,130,000 shares are issued pursuant to the March 31, 2023 debt settlement agreement at a value of \$227,150, which are subject to a voluntary resale restriction for a period of 36 months from the date of issuance, with 20% of the shares being released every quarter starting on June 30, 2023.

Pursuant to the March 31, 2023 debt settlement agreement, on May 17, 2023, 6,500,000 warrants of the Company were released to St-Georges at an exercise price of \$0.15 per share until May 17, 2026, and on May 18, 2023, 1,386,328 shares of the Company were released to St-Georges at a deemed price of \$0.10 per share.

On June 6, 2023, the Company extended the term of 1,975,000 warrants originally issued as par of a private placement closed on December 20, 2021. The expiry date is extended by 12 months to June 20, 2024.

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 rates 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.

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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 will have to issue additional common shares, conclude private placements, and complete debt arrangements.

As at September 30, 2023, the Company has accounts payable and accrued liabilities of \$1,848,123 (March 31, 2023 - \$1,738,444), \$4,444,360 (March 31, 2023 - \$4,323,913) in debt due on demand and \$12,499 (March 31, 2023 - \$11,958) in debentures due within 12 months, and has cash of \$13,582 (March 31, 2023 - \$15,032) and lawyer's trust account of \$164,332 (March 31, 2023 - \$83,332) to meet its current obligations. Liquidity risk is assessed as high. At September 30, 2023, the Company has long term convertible debentures of \$1,032,973 (March 31, 2023 - \$947,467) with a maturity date of April 30, 2027. As a result, the Company faces liquidity risk as it expends funds towards its projects and acquisitions.

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, loan receivable and promissory note receivable. 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 and the loan receivable is assessed as medium.

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 use fixed interest rates and, accordingly, are not subject to cash flow interest rate risk due to changes in the market rate of interest. However, the debentures the Company holds are at a high rate of interest, and the risk must be considered as high. The Company does not use financial derivatives to reduce its exposure to risk.

Foreign exchange risk

Foreign exchange risk is the risk that the future fair value of cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's financial results are reported in Canadian dollars, while it conducts a significant portion of its business activities in US dollars and Norwegian Kroner. The assets, liabilities and expenses that are denominated in US Dollars and Norwegian Kroner will be affected by changes in the exchange rate between the Canadian dollar, the US Dollar and the Norwegian Krone.

At September 30, 2023, the Company had foreign exchange risk with respect to US accounts payable of CAD\$38,033 (March 31, 2023 - CAD\$38,151), and there are no Norwegian Krone accounts payable, which would therefore be no effect from foreign exchange. If the Canadian dollar changes by one percent against all foreign currencies, with all other variables held constant, the impact of the foreign currency change on the Company's foreign denominated financial instruments would result in a reduction or increase of after-tax net loss of approximately \$3,803 (March 31, 2023 \$3,815) for the period ended September 30, 2023.

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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 debentures, are considered to be a reasonable approximation of fair value because of their long-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.

CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2023, the Company's shareholders' deficiency was 7,133,089 (March 31, 2023 - \$6,789,070) and it carried long term debt of \$1,032,973 (March 31, 2023 - \$947,467). 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 and debt instruments. The net proceeds raised will only be sufficient for a certain amount of research and development work on its distributed, decentralized, peer-to-peer 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 period ended September 30, 2023.

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

RELATED PARTY TRANSACTIONS

a) Related Party Transactions

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

During the period ended September 30, 2023, the Company incurred research fees of \$nil (2022 - \$95,112), which were expensed as research and development costs, and management fees of \$nil (2022 - \$316,515) and consulting fees of \$30,000 (2022- \$30,000).

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b) Due to Related Parties

At September 30, 2023, included in accounts payable is \$674,390 (March 31, 2023 - \$644,128) owing to directors. These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

As at September 30, 2023, the balance of \$20,000 (March 31, 2023 - \$20,000) is due to a director of the Company and is included as a loan from related party. This amount is unsecured, non-interest bearing and has no fixed terms for repayment.

As at September 30, 2023, the Company has a convertible debenture payable to St-Georges with a fair value of \$1,032,973 (March 31, 2023 - \$947,467), and \$25,587 (March 31, 2023 - \$140,000) additional loans from St-Georges in the form of a promissory note which bearing 18% annual interest. The Company granted 6,500,000 warrants to St-Georges. The 3-year warrants exercise price is \$0.15 per share. The Company also issued 1,386,328 shares to St-Georges for the \$138,632 accrued interest.

Board of directors and management team:

Frank Dumas, President, CEO and Director

Mark Billings, CFO and Director

Neha Tally, Corporate Secretary and Director (resigned on October 17, 2023)

The Honorable Lord Timothy Edward Razzall, Director

Jasseem Allybokus, Director

Ronald Eriksen, Director (Appointed in March 2021, resigned on November 25, 2022)

Patricia Popert-Fortier, Chief Operating Officer and Director (Appointed in August 2021, resigned on October 17, 2023)

Yuming Qian, Chief Architect

Outstanding Share Data

As at September 30, 2023, and at the current date, the Company has 42,694,276 common shares outstanding, of which 2,478,000 are held in escrow.

Warrants

As at September 30, 2023, and at the current date, the Company has 8,475,000 warrants outstanding.

Stock Options

As at September 30, 2023, and at the current date, the Company has 2,150,000 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 distributed, decentralized, peer-to-peer products 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 distributed, decentralized, peer-to-peer products, and its ability to do so depends on the use of

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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