Blockchain
Venture Capital

Management's Discussion and Analysis
Six Months Ended June 30, 2022

The following discussion and analysis is the responsibility of management. The board of directors ("Board of Directors") of Blockchain Venture Inc. ("BVCI" or the "Company") carries out its responsibility for review of the disclosure principally through its audit committee, comprised exclusively of independent directors. The audit committee reviews this disclosure and recommends its approval by the Board of Directors. The management's discussion and analysis (MD&A) is prepared to conform to National Instrument 51–102F1 *Management's Discussion and Analysis* and has been approved by the Board of Directors. This MD&A should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021 together with the accompanying notes and the unaudited financial statements for the interim period ended June 30, 2022, each of which are available on www.sedar.com. Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, fair value measurements of shares–based payments and contingent liabilities.

This MD&A is prepared as of August 29, 2022.

Forward-Looking Statements

Certain statements contained in the report constitute forward–looking statements. When used in this document the words "anticipate", "believe", "estimate", "expect", "plan", "future", "intend", "may", "will", "should", "predicts", "potential", "continue", and similar expressions, as they relate to BVCI or its management, are intended to identify forward–looking statements. In particular, this MD&A includes forward-looking statements related to: the Company's strategic plans and growth strategies, intentions to finance future operations; and business objectives and related milestones, estimated costs and completion timelines. Such statements reflect the current views of BVCI with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in legislation governing digital currency and blockchain technology, market demand for blockchain and distributed ledger technology, uncertainties relating to the availability and costs of financing needed in the future, the capital and operating costs varying significantly from estimates, delays in the development of projects, as well as those risk factors discussed or referred to herein, including those set forth under the heading "Risks and Uncertainties" in addition to the risk factors set out in Item 17 of the Company's Listing Statement which is available on www.sedar.com and which risk factors are incorporated by reference herein. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Unless required by law, the Company undertakes no obligation to update forward–looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward–looking statements.

Description of Business

BVCI is a provider of an innovative technology infrastructure to participants in the emerging blockchain and ledger technology industry. Instrumental to BVCI's business and growth strategy is BVC Chain, a proprietary blockchain platform and ledger technology which serves as a platform and infrastructure for BvcPay and CADT, as well as the potential future development of a multitude of blockchain platform–based solutions, products and services. Collectively, BVC Chain, BvcPay and CADT strategically position BVCI to capture the full value chain resulting from the transitioning of data and other financial assets to a blockchain platform and ledger, and the new paradigm of conducting business that utilize such technologies.

BVCI was incorporated on June 18, 2018 under the *Business Corporations Act* (Ontario), and has its head office at 130 King Street West, Suite 1800, Toronto, ON M5X 1E3.

On August 3, 2022, the Company filed articles of amalgamation in connection with its RTO (as defined below).

Going Concern

These financial statements have been prepared in accordance with IFRS applicable to a going concern, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has no source of operating revenues and its ability to operate as a going concern in the near-term will depend on its ability to successfully raise additional financing and to commence profitable operations in the future. These financial statements do not purport to give effect to adjustments, if any, that may be necessary should the Company be unable to continue and therefore, be required to realize its assets and discharge its liabilities in a manner other than in the ordinary course of business. These circumstances create material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

Overall Performance

As at June 30, 2022, the Company has negative working capital of $182,337, compared to working capital of $202,618 as at December 31, 2021. Working capital was reduced during the six months ended June 30, 2022 by cash used in operating activities of $1,099,533, which was predominantly from the net loss of $1,328,519 during the period. Working capital increased by cash provided by financing activities of $990,939, which were comprised of $981,949 in proceeds from issuance of common shares and shares to be issued, plus $100,000 advance received from a director, and less $91,010 of share issuance costs paid.

Commercial operations in respect of the blockchain platform have not yet commenced, and the Company has not yet begun to generate revenue from the platform. During the first quarter, no revenue was earned.

Management intends to continue financing operations through equity financings until such time as the blockchain platform commences operating.

BVCI intends to have three business divisions: (i) BVC Chain, pursuant to which BVCI intends to provide fee based innovative technology infrastructure solutions and services to organizations and other business participants in the emerging blockchain and ledger technology industry; (ii) BvcPay, which is intended to provide a cloud based mobile application that functions as a digital asset wallet, and which can facilitate point of sale and online transactions over the BVC Chain using Bitcoin, Ethereum, CADT and Canadian Dollars; and (iii) CADT, pursuant to which BVCI is expected to issue CADT, a cryptographic stablecoin supported on a 1:1 basis with an equivalent amount of Canadian dollar held in a custodial account. Development of the BVC Chain technology, as well as BvcPay and CADT, was completed pursuant to a Blockchain Technology Service Purchase Contract dated November 10, 2018 between Hengwell Information Technology Co. Ltd. ("**Hengwell**") and BVCI, as subsequently replaced by a Software Development Agreement dated November 1, 2020 between Hengwell and BVCI (the "**Development Agreement**") and the Blockchain Software Maintenance and Support Agreement dated November 1, 2020 between BVCI and Hengwell (the "**Maintenance Agreement**"). The Development Agreement provided for a purchase price for the work product of $1,200,000, and a provision that allowed BVCI to pay such amount by way of a promissory note. As all work was completed under the Development Agreement, BVCI issued the Promissory Note, dated November, 2018 to Hengwell in the amount of $1,200,000. The Promissory Note is unsecured, does not bear interest, and it is repayable on or before November 10, 2023. On November 7, 2019, BVCI entered into a set-off agreement with Hengwell whereby 378,000 BVCI common chares were issued to Hengwell in exchange for the settlement of $200,000 of the principal amount owing under a promissory note. As at March 31, 2022, $750,000 remained owing under the promissory note. Pursuant to the Maintenance Agreement, Hengwell developed BvcPay and CADT on behalf of BVCI, and is to provide 24/7 maintenance and support services to BVCI, resolve any service incidents reported by BVCI, develop corrections, bug fixes, improvements and enhancements with respect to such technology, and provide new and/or updated documentation to reflect maintenance and further updates or changes to such technology, as well as provide training to BVCI's representatives. The Maintenance Agreement provides for annual fee of $24,000.

To allow BVCI to carry out its CADT -related business, BVCI filed an application on June 17, 2021 to obtain registration as an exempt market dealer in accordance with applicable securities laws in Ontario, Alberta, and British Columbia. Such application is pending, and there is no assurance that BVCI will obtain such registration. Unless and until BVCI is registered under applicable securities laws for purposes of carrying out its CADT related business, or BVCI is otherwise satisfied that it can conduct such business in compliance with all applicable securities laws, it intends to have all its CADT trading occur through a dealer (via the BVC Chain (as defined below)) that is registered in a category of registration under applicable securities laws which permits CADT to be traded through it - i.e., KVB Financial Canada Inc. ("**KVB**"). BVCI has entered into a dealer services agreement ("**Dealer Services Agreement**") with KVB pursuant to which CADT trading may occur through KVB; however, there is no assurance that the conditions to the benefit of KVB in the Dealer Services Agreement will be satisfied. Accordingly, there is no assurance BVCI will be able to pursue its proposed CADT business or any related BvcPay business that relies on CADT. The business that BVCI is currently capable of carrying out is limited to its BVC Chain business division.

The following table describes BVCI's business objectives that it expects to accomplish in the next 12 months:

Business Objective	Milestones	Estimated Costs related to Business Objective	Time to complete
Grow BvcPay User base	Obtain 300,000 registered Users	$500,000	12 months

Business Objective	Milestones	Estimated Costs related to Business Objective	Time to complete
Build out BVC Chain ecosystem with 10 additional solutions or services implemented on it for customers.	8 non-binding memorandums of understanding (MOUs) are in place with prospective customers in relation to BVC Chain solutions related to: • E-commerce portal(1) • Culture intellectual property protection(2) • Fintech and banking solutions(3) BVCI intends to take steps to try to convert such MOUs into and otherwise secure definitive binding contracts, and then implement the applicable solution on behalf of the client.	$500,000	6 to 12 months
Become a major payment solution provider in North America	Establish relationships with merchants such as retail/wholesale, international trades, vendors, restaurants, banks and cities. Attend trade shows hosted by The Real Home Expo, the Canadian International Automobile (Toronto) Show, and Trillium Automobile Dealers Association et cetera. Working with a “Point of Sale” technology developer to implement BvcPay into restaurant chain by adding BvcPay to the hardware of that developer which is used by the restaurant chain. Enter agreements with “Point of Sale” (POS) processing companies to integrate BvcPay into POS hardware.	$300,000	12 months
Obtain registration as an exempt market dealer under applicable securities laws.	Take such steps as may be reasonably necessary with the intent of addressing any regulatory concerns in respect of the pending application.	$50,000	unknown(4)
Complete work required under the Dealer Services Agreement(5)	Develop KVB Wallet, and generally satisfy KVB that such wallet functions in a manner that complies with applicable securities laws.	$10,000	1 month

Notes:

(1) Ecommerce portal solutions contemplated by the MOUs generally relate to implementing faster, modern and efficient payment solutions for prospective client's e-commerce business by integrating the prospective client's internal computer software into the BVC Chain via an application program interface to allow it to accept payments from its clients via an internet portal and via the BVC Chain. One such prospective client sells hardware, construction materials, décor and other various items through its website. A second prospective client operates an online food delivery platform.

(2) Cultural intellectual property protection contemplated by one MOU relates to development of non-fungible tokens (NFTs) for a prospective client's film production. Certain non-fungible tokens may constitute securities and/or derivatives under applicable securities laws. While it is not intended that BVCI would be the issuer of any NFT developed for such client, such laws may nonetheless affect the ability of the Issuer or the prospective client to successfully develop or deploy the work contemplated under this Agreement.

(3) The fintech and banking solutions contemplated by the MOUs generally relate to the following: (i) integrating BVCPay and / or CADT into current payment processing payment systems of prospective client's payment channels and systems; (ii) providing payment solution services directly to a prospective client that is a retailer or wholesaler, which may include integrating the prospective client's computer software program(s) into the BVC Chain, integrating BVC Pay, and or CADT such that its clients and other service provides can settle transactions between them. In one specific case, the applicable MOU relates to enhancing the prospective clients currency exchange business through the use of CADT. In another specific case, the MOU relates to integrating CADT into the prospective client's other payment solutions that it provides to its clients.

(4) As registration is subject to approval of the applicable securities regulators or regulatory authorities, there is no assurance when BVCI will obtain registration as an exempt market dealer under applicable securities laws, if at all.

(5) Certain conditions must be satisfied before any CADT can be issued through KVB.

Amalgamation with Flexwork Properties Ltd.

On August 3, 2022, the Company completed its reverse takeover ("RTO") of Flexwork Properties Ltd. ("Flexwork") by way of amalgamation pursuant to section 174 of the *Business Corporations Act* (Ontario) (the "Amalgamation"). The resulting issuer entity continued to carry on its business under the name Blockchain Venture Capital Inc. (the "Resulting Issuer").Pursuant to the Amalgamation, each one (1) issued and outstanding common share of BVCI and Flexwork received one (1) common share of the Resulting Issuer entity, respectively.

In connection with and immediately prior to the Amalgamation, Flexwork completed a share consolidation (the "Consolidation"), pursuant to a certificate of amendment effective July 28, 2022. The Consolidation was carried out in a manner such that upon Amalgamation 95% of the common shares of the Resulting Issuer were allocated to the shareholders of BVCI, and the remaining 5% allocated to the shareholders of Flexwork, on an undiluted basis. To achieve such allocation, the issued and outstanding common shares of Flexwork were consolidated on the basis of one post-Consolidation common share of Flexwork for every 21.25353 pre-Consolidation common shares of Flexwork. All outstanding options of Flexwork were reissued by the amalgamated corporation based on this consolidation ratio.

At the time of the amalgamation, BVCI had 24,414,219 common shares outstanding and Flexwork had 1,284,960 common shares outstanding, for a total of 25,699,179 common shares issued by the amalgamated company.

Prior to the completion of the RTO, BVCI completed a series of private placement financings as follows:

- 137,833 common shares at a price of $1.50 per share, 57,143 units ("Units"), each comprised of one common share and one warrant exercisable into a common share at $2.00 at a price of $1.75, and 198,600 common shares at a price of $2.00 were issued for aggregate gross proceeds of $703,949.75. The $703,949.75 of gross proceeds were used by BVCI to pay general and administrative costs previously incurred; and
- 675,050 common shares at a price of $2.00 and 85,715 Units at a price of $1.75 were issued for aggregate gross proceeds of $1,500,101.25.

The $1,500,101.25 of gross proceeds will be used by BVCI to fund costs related to its business objectives and for general working capital purposes, as further disclosed in Company's Listing Statement which is available on www.sedar.com. The Company commenced trading on the Canadian Securities Exchange under the ticker symbol "BVCI" on August 12, 2022.

Results of Operations

Six Months Ended June 30, 2022 compared to 2021

During the six months ended June 30, 2022, net loss was $1,328,519, compared to $740,268 for the six months ended June 30, 2021.

Net loss for the quarter is primarily comprised of the following:

- Professional fees of $417,150 were incurred in the six months ended June 30, 2022 (2021 – $403,367), which are legal fees for preparing the listing statement, work on the reverse takeover transaction, corporate record keeping, and review of agreements totaling $350,948 (2021 - $359,297) and accounting and audit fees of $66,202 (2021 - 44,070) related to the CFO's services, and the annual year-end audits.

- Blockchain costs of $248,539 were incurred for the six months ended June 30, 2022 compared to $39,309 for the six months ended June 30, 2021. Blockchain costs include consulting fees of $230,925 (2021 – $16,893), anti–money laundering fees of $12,529 (2021 – $21,568), and API fees of $5,085 (2021 – $848).

- Office and general expenses of $225,078 were incurred for the six months ended June 30, 2022 (2021 – $65,802), which is comprised of adverting and promotion of $69,193 (2021 - $6,990), rent of $46,590 (2021 – $18,441), investor relations of $33,900 (2021 - $nil), insurance expense of $19,607 (2021 – $nil), server hosting fees of $12,967 (2021 - $7,550), meals and entertainment of $11,991 (2021 – $295) and other items such as office supplies, travel, telephone, listing fees, bank charges, and computer and internet expenses totaling $30,832 (2021 – $32,526).

- Trustee fees of $140,686 (2021 - $93,790) were incurred to Wyth Trust (formerly Concentra Trust) a subsidiary of Wyth Bank, for the six months ended June 30, 2022 for administration of custodial funds for the Company's CADT stablecoin. Monthly fees of $23,448 began being charged on March 1, 2021. The increase relates to six months of fees paid in 2022 versus three months paid in 2021.

- Accretion expense of $32,402 was incurred for the six months ended June 30, 2022 (2021 – $38,906), in respect of the Company's long-term debt due to the vendor of its core blockchain technology and on the Canadian Emergency Business Account ("CEBA") program loan due to the Government of Canada. Accretion is accrued at the rate of 10% per annum until the maturity of the long-term debt, which is due November 10, 2023, and the loan payable which is due December 31, 2023. The decrease relates to the amortization of debt and reduction of the discount of present value versus principal value.

- Salaries and wages expense of $215,320 was incurred for the six months ended June 30, 2022 (2021 – $42,494) which includes salaries for the President of $48,000 (2021 – $26,000) and for other part–time staff. As at December 31, 2021, the Company has 5 full-time staff members, compared to 2 full-time staff members as at December 31, 2020.

- Blockchain service fees totaled $30,000 (2021 - $nil) for the six months ended June 30, 2022, and related to payments made to Hengwell, the vendor of the core underlying blockchain technology. These fees were in respect of the maintenance and support contract, for work performed in testing and improving the platform.

- Share-based payments totaled $19,344 (2021 - $56,544) for the six months ended June 30, 2022, which represent the value of options granted to officers, directors, and consultants under the company's incentive stock option plan, which was adopted on August 31, 2020. The decrease relates to fewer options remaining to vest under the graded vesting schedule on options granted.

Loss per share was $0.06 for the six months ended June 30, 2022, compared to $0.04 for the six months ended June 30, 2021.

Three Months Ended June 30, 2022 compared to 2021

During the three months ended June 30, 2022, net loss was $630,987, compared to $350,327 for the three months ended June 30, 2021.

Net loss for the quarter is primarily comprised of the following:

- Professional fees of $198,568 were incurred in the three months ended June 30, 2022 (2021 – $140,825), which are legal fees for preparing the Listing Statement, work on the RTO, corporate record keeping, and review of agreements totaling $150,521 (2021 - $123,310) and accounting and audit fees of $48,047 (2021 - $17,515) related to the CFO's services, and the annual year-end audits.

- Blockchain costs of $129,553 were incurred for the three months ended June 30, 2022 compared to $16,622 for the six months ended June 30, 2021. Blockchain costs include consulting fees of $115,775 (2021 – $11,593), anti–money laundering fees of $11,235 (2021 – $4,181), and API fees of $2,543 (2021 – $848).

- Office and general expenses of $83,721 were incurred for the three months ended June 30, 2022 (2021 – $41,665), which is comprised of adverting and promotion of $30,475 (2021 - $4,990), rent of $22,558 (2021 – $10,524), insurance expense of $9,431 (2021 – $nil), listing fees of $3,250 (2021 – $16,950) and other items such as office supplies, telephone, bank charges, meals, computer and internet expenses totaling $18,007 (2021 – $9,201).

- insurance expense of \$19,607 (2021 – \$nil), server hosting fees of \$12,967 (2021 - \$7,550), meals and entertainment of \$11,991 (2021 – \$295) and other items such as office supplies, travel, telephone, listing fees, bank charges, and computer and internet expenses totaling \$30,832 (2021 – \$32,526).

- Trustee fees of \$70,343 (2021 - \$70,342) were incurred to Wyth Trust for the three months ended June 30, 2022 for administration of custodial funds for the Company's CADT stablecoin. Monthly fees to the trustee are \$23,448 and were consistent for both periods.

- Accretion expense of \$16,286 was incurred for the three months ended June 30, 2022 (2021 – \$19,556), in respect of the Company's long-term debt due to the vendor of its core blockchain technology and on the CEBA loan due to the Government of Canada. Accretion is accrued at the rate of 10% per annum until the maturity of the long-term debt, which is due November 10, 2023, and the loan payable which is due December 31, 2023. The decrease relates to the amortization of debt and reduction of the discount of present value versus principal value.

- Salaries and wages expense of \$122,844 was incurred for the three months ended June 30, 2022 (2021 – \$33,041) which includes salaries for the President of \$48,000 (2021 – \$26,000) and for other part–time staff. As at June 30, 2022, the Company has 5 full-time staff members, compared to 2 full-time staff members as at June 30, 2021.

- Blockchain service fees totaled \$30,000 (2021 - \$nil) for the three months ended June 30, 2022, and related to payments made to Hengwell, the vendor of the core underlying blockchain technology. These fees were in respect of the maintenance and support contract, for work performed in testing and improving the platform.

- Share-based payments totaled \$9,672 (2021 - \$28,272) for the three months ended June 30, 2022, which represent the value of options granted to officers, directors, and consultants under the company's incentive stock option plan, which was adopted on August 31, 2020. The decrease relates to fewer options remaining to vest under the graded vesting schedule on options granted.

Loss per share was \$0.03 for the three months ended June 30, 2022, compared to \$0.03 for the three months ended June 30, 2021.

Discussion of Operations

The Company is in a very early stage of development and as of the date hereof has no revenue. As a result, there are no costs of sales or gross profits to report. This year, the Company has been focused on building a relationship with a schedule 1 Canadian bank and trust company, building a relationship with a payment service provider, and raising funds pursuant to various private placements in order to cover the cost of operating expenses. In the near future, the Company plans to organize and conduct a marketing campaign in an effort to bring users onto the Company's platform. Effective July 20, 2020, the Company entered into a custodial agreement ("Custodial Agreement") with Wyth Trust (formerly Concentra Trust), a subsidiary of Wyth Bank, a federal trust company incorporated pursuant to the laws of Canada. Users who purchase the Company's stablecoin CADT will deposit Canadian dollar funds with the Company, who is holding funds in trust for the benefit of the users. Under the terms of the Custodial Agreement, the Company has nominated Wyth Trust as its agent to hold the Canadian dollar funds representing corresponding CADT issued to users.

To date there have been no unusual or infrequent events or transactions.

Outstanding Debts

Outstanding debts are comprised of a loan payable of $40,000, long-term debt of $750,000, and advances from a director of $100,000 as at June 30, 2022.

Both the loan payable and long-term debt are unsecured and are stated at the present value of the principal amounts, utilizing a discount rate of 10% per annum, and are presented as non-current liabilities on the statement of financial position.

Loan Payable

The loan payable was received from to the Government of Canada under the CEBA program and is due December 31, 2023. Under the CEBA program, the Government of Canada will forgive $20,000 of the original principal of $60,000, assuming that the loan is repaid before its due date of December 31, 2023.

At the time the CEBA loan was received, the due date was December 31, 2022, however on January 12, 2022, the Government of Canada announced an automatic extension of 1 further year, such that the loans would not be due until December 31, 2023.

The Company recognized income of $27,867 in its financial statements during the year ended December 31, 2020, representing the forgivable portion of $20,000, as well as $7,867 as the present value of the interest-free portion. The Company intends to settle the debt before the due date in order to ensure it receives the forgivable amount.

Accretion expense was $1,736 for the period ended June 30, 2022 and $3,472 for the year ended December 31, 2021 in respect of this loan payable.

The carrying value of the remaining principal of $40,000 as at June 30, 2022 is $38,266.

Long-Term Debt

The long-term debt is an amount payable on the purchase of the Company's core blockchain technology, to the vendor Hengwell, and is due November 10, 2023. The long-term debt was recognized as a liability of $745,106 at the time of purchase, on November 10, 2018, for the present value of the purchase price of $1,200,000 over a 5-year term.

On November 7, 2019, the Company settled $200,000 of the principal of the debt by way of a set-off agreement, whereby 378,000 common shares of the Company were issued to Hengwell. The Company recognized a loss on early settlement of $63,397 in its financial statements for the year ended December 31, 2019, being the difference between the carrying value of $136,603 and the settled principal amount of $200,000.

On September 29, 2021, the Company repaid $250,000 of the principal of the debt and recognized a loss on early settlement of $45,642 in its financial statements for the year ended December 31, 2021, being the difference between the carrying value of $204,358 and the settled principal amount of $250,000.

Accretion expense was $30,666 for the period ended June 30, 2022, and $71,028 for the year ended December 31, 2021 in respect of this long-term debt.

The carrying value of the remaining principal of $750,000 as at June 30, 2022 is $659,382.

Advances from Shareholder

On June 29, 2022, BVCI received an advance of $100,000 from the President of the Company for working capital purposes. The advance is interest-bearing at 15% per annum, and is due on June 29, 2023.

Summary of Quarterly Results

The Company's selected quarterly results for the eight most recently completed interim financial periods are as follows.

Quarter Fiscal Year	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**	**Q3 2020**
Net loss	(630,987)[1]	(697,532)[2]	(1,026,614)[3]	(497,159)[4]	(350,327)[5]	(389,941)[6]	(245,066)[7]	(271,754)[8]
Loss per share	(0.03)	(0.03)	(0.04)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)

(1) Decrease from prior quarter was $66,545 and was primarily comprised of a decrease in office and general expenses of $57,636, and a decrease in professional fees of $20,014, since fewer expenses and legal services were incurred during this quarter.

(2) Decrease from prior quarter was $329,082 and was primarily comprised of a decrease in stock-based compensation of $111,000 since no warrants were issued in Q1, a decrease in professional fees of $78,604, a decrease in office and general expenses of $67,439, and a decrease in blockchain service fees of $65,000 since fewer legal services, blockchain service fees and other activities occurred during this quarter.

(3) Increase from prior quarter was $529,455 and was primarily comprised of an increase in professional fees of $116,281 due to additional work on the Company's previously filed prospectus (which has since been withdrawn) and year-end audit fees, an increase of $145,636 in office and general related to advertising, an increase of $59,850 in salaries and wages due to hiring of 2 new staff members, and an increase of $95,000 for blockchain service fees due to the vendor of the core technologies.

(4) Increase from prior quarter was $146,832 and was primarily comprised of an increase in professional fees of $40,080, an increase in salaries and wages of $23,368, an increase in insurance expense of $24,300, and a loss on debt settlement of $45,642. The debt settlement was a one-time payment of $250,000, which reduced the carrying value of long-term debt by $204,358.

(5) Decrease from prior quarter was $39,614 and was primarily comprised of a decrease in professional fees of $121,717, an increase in trustee fees of $46,894, an increase in office and general expenses of $41,165, and an increase in salaries and wages by $23,588. Legal fees were incurred in regard to the company's prospectus.

(6) Increase from prior quarter was $144,875 and was primarily comprised of an increase in professional fees of $111,688 and an increase in blockchain costs of $18,732. Legal fees were incurred in regards to the company's prospectus.

(7) Decrease from prior quarter was $26,688 and was primarily comprised of a decrease in share-based payments of $61,752 due to options vesting in Q3 and an increase in legal fees of $13,669 and an increase in office and general of $28,512.

(8) Decrease from prior quarter was $223,546 and was primarily comprised of a decline in legal fees of $178,905 and a decline in system development service charges from Hengwell of $90,000.

Liquidity and Capital Resources

As at June 30, 2022, the Company has cash of $120,868 available to settle current liabilities of $331,231 (December 31, 2021 – cash of $229,462 to settle current liabilities of $72,661). The Company also has a non–current liabilities of $750,000 due November 10, 2023 and $40,000 due December 31, 2023, which are presented at their present value of $697,648 on the statement of financial position as at June 30, 2022 (December 31, 2021 – non-current liabilities have a present value of $665,246).

The Company does not currently have a recurring source of revenue and has incurred negative cash flows from operations since inception. As at June 30, 2022, the Company has negative working capital of $182,337 consisting of cash plus prepaids and deposits, less payables and advances to shareholders. All cash is held at a chartered bank in Canada and is unrestricted.

Management intends to finance operations through continued equity financings until the Company's blockchain platform is ready to operate, at which time it can begin earning revenue.

The Company does not have bank debt or banking credit facilities in place as at the date hereof.

The Company has a contractual commitment to pay $24,000 per year to the vendor of its underlying blockchain technology for software maintenance and support, for the 5–year term ending November 10, 2023. The Company recognizes an expense when invoices are received in respect of this maintenance and support.

Outstanding Share Data

During the six months ended June 30, 2022, the Company transacted in its issued and outstanding common shares as follows:

(i) Issued 257,868 common shares at $1.50 per share and 56,750 common shares at $2.00 per share in private placements for gross proceeds of $500,302. Included in these shares issuances is $271,303 that had been collected prior to December 31, 2021.

(ii) Paid referral fees of $19,344 which are categorized as share issuance costs.

As at June 30, 2022, the Company has 23,259,878 common shares issued and outstanding.

During the period from July 1, 2022 up to August 29, 2022 (the date of this MD&A), the Company:

(i) Issued 137,833 common shares at $1.50 per share and 873,630 common shares at $2.00 per share in private placements for gross proceeds of $1,954,050.

(ii) Issued 142,858 Units at $1.75 per unit in private placements for gross proceeds of $250,001. Each unit is comprised of one common share and one warrant. Warrants are exercisable into common shares at $2.00 per share for a period of two years from the date of issuance.

(iii) Issued 1,284,960 common shares to the former shareholders of Flexwork, pursuant to the amalgamation, which occurred on August 3, 2022.

As at August 29, 2022, the Company has 25,699,179 common shares issued and outstanding.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements as at June 30, 2022.

Transactions with Related Parties

All transactions with related parties have occurred in the normal course of operations. The Company's related party transactions are as follows:

(a) Key management personnel are those individuals having responsibility for planning, directing, and controlling the activities of the Company. BVCI considers its President and Chief Executive Officer to be the sole member of key management. The President and Chief Executive Officer is also a significant shareholder and is a director of the Company. Compensation paid to key management was expensed as follows in the statement of comprehensive loss:

	2022	2021
Salaries and benefits	$ 48,000	$ 11,000
Share-based payments	2,601	3,801
	$ 50,601	$ 14,801

(b) On June 29, 2022, BVCI received an advance of $100,000 from the President and Chief Executive Officer of the Company for working capital purposes.

Key Risks and Uncertainties

Management has identified the following risks and uncertainties:

The Issuer's CADT and BvcPay businesses are not currently operational and there is no assurance they will ever be operational

To allow BVCI to carry out its CADT related business, BVCI filed an application on June 17, 2021 to obtain registration as an exempt market dealer in accordance with applicable securities laws in Ontario, Alberta, and British Columbia. Such application is pending, and there is no assurance that BVCI will obtain such registration. Unless and until BVCI is registered under applicable securities laws for purposes of carrying out its CADT related business, or BVCI is otherwise satisfied that it can conduct such business in compliance with all applicable securities laws, it intends to have all its CADT trading occur through a dealer (via the BVC Chain) that is registered in a category of registration under applicable securities laws which permits CADT to be traded through it. BVCI has entered into a Dealer Services Agreement with KVB pursuant to which CADT trading may occur through KVB; however, there is no assurance that the conditions to the benefit of KVB in the Dealer Services Agreement will be satisfied. Accordingly, there is no assurance BVCI will be able to pursue its proposed CADT business or any related BvcPay business that relies on CADT. The business the BVCI is currently capable of carrying out is limited to its BVC Chain business division, which is intended to provide fee based innovative technology infrastructure solutions and services to organizations and other business participants in the emerging blockchain and ledger technology industry.

If BVCI does not obtain registration as an exempt market dealer or the conditions in the Dealer Services Agreement are not met, it would have a material adverse effect on BVCI's business prospects, future cash flows and financial position.

Additionally, BVCI currently assumes that CADT is a security and accordingly, securities laws require, among other things, that (i) BVCI not distribute CADT unless a prospectus has been filed in respect of CADT, and a receipt issued form the regulator or regulatory authority for such prospectus, or an exemption from such requirement is relied upon (the "**Prospectus Requirement**"). With respect to the Prospectus Requirement, BVCI intends to rely on one or more exemptions from such requirement. In particular, BVCI primarily intends to rely on the offering memorandum exemption provided for in National Instrument 45-106 *Prospectus Exemptions* (the "Offering Memorandum Exemption"). In order to rely on such exemption, BVCI must prepare an offering memorandum in accordance with the prescribed form, and it must deliver a copy of such offering memorandum to all users prior to or at the time the user purchase CADT. Such offering memorandum will also be accessible through the KVB Wallet. Provided the applicable conditions of the Offering Memorandum Exemption are satisfied, BVCI will be permitted to issue and redeem CADT, and effectively act as the counter-party to all trades in CADT without the need to comply with the Prospectus Requirement. However, by relying on the Offering Memorandum Exemption, some users will be subject to limitations on the amount of CADT that they are permitted to acquire in any 12-month period. In particular, some users will not be permitted to purchase more than a maximum of $10,000 of CADT in any 12-month period (on a rolling basis), subject to certain exeptions. Further, such maximum purchase limit may be reduced in certain circumstances, such as where the user has acquired other securities in reliance on the Offering Memorandum Exemption in the prior 12-month period, or it is determined that a lower limit is more suitable to the user. Other limitations may also apply depending on the specific circumstances applicable to each user.

Failure to Realize Benefits of RTO

BVCI, as the Resulting Issuer may not realize the anticipated benefits of the RTO, or may not realize them in the time frame expected. There can be no assurance that the Company will be able to grow or even sustain the cash flow generated by the RTO. Difficulties encountered as a result of the RTO may prove problematic to overcome such as, without limitation, the inability to integrate or retain key personnel, the inability to retain business relationships with current customers, and difficulties with adoption or implementation of new business plans, standards, controls, processes and systems.

Absence of Operating History

The Company has a limited operating history on which an investor might evaluate its performance. It is therefore subject to many of the risks common to early–stage enterprises, including under–capitalization, cash shortages, limitations with respect to personnel and financing sources and lack of revenues, any of which could have a material adverse effect on the Company and may force it to reduce or curtail its operations. The Company is not currently profitable and has incurred operating losses since its inception. There is no assurance that the Company will generate profits in the future, or that profitability will be sustained, and the likelihood of success must be considered in light of the early stage of its operations. Even if the Company accomplishes its objectives, it may not generate positive cash flows or profits.

Operational Risk

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

Operational errors or significant operational delays could materially negatively impact the Company's ability to conduct its business or service its clients, which could adversely affect results of operations due to potentially higher expenses and lower revenues, create liability for the Company or its clients or negatively impact its reputation. Recurring operational issues may also raise concerns among regulators regarding the Company's governance and control environment.

Future Capital Needs and Uncertainty of Additional Financing

The Company currently anticipates that its cash balance will be sufficient to meet its presently anticipated working capital and capital expenditure requirements over the next 12 months. However, the Company may need to raise additional funds in order to support expansion, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. The Company may be required to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Company, or at all. Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Company will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of other shares in the capital of the Company. If adequate funds are not available on acceptable terms the Company may be unable to develop or enhance its business, take advantage of future opportunity or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

Digital Assets and distributed ledger technology may not be widely adopted

Digital Currency is a new asset class that, as of yet, have not been widely adopted. The majority of the Company's business relies, and will rely, on the acceptance and use of CADT at a scale to create demand sufficient to make the Company's business lines commercially viable. Though the Company believes that the anticipated benefits of Digital Currencies will create such demand, there can be no assurance that this will occur, or if it does occur that it will be in the near term.

Unproven Market

CADT is a novel application of technology to the use of Canadian currency as a storage of value and a medium of exchange which aims to facilitate everyday transactions. There is currently no proven market for a service of this kind, and there can be no assurance that a market will develop in the near future, or at all. BVCI is relying on its ability to convince customers that its services are an attractive alternative to other forms of transaction–accessible accounts (such as bank accounts, and competitor virtual payment solutions), and other stores of monetary value (such as currencies, commodities, equities, debt instruments, and ETFs). BVCI believes that its assumptions and projections are reasonable, based on the proven markets for Canadian currency, and for internet–based payment settlement services, but there can be no assurance that this will be the case. Any failure to develop and sustain a market for BVCI's services could adversely affect BVCI's business, operations, and financial condition.

Interest in Canadian Dollars

The development of BVCI's business depends on the interest of the public wishing to hold and transact in Canadian dollars. Accordingly, BVCI's ability to establish its business and become profitable depends on the public's perception of Canadian dollars and on its future foreign exchange rate with other currencies, and will be significantly affected by changes in such foreign exchange rates. Foreign exchange rates can be subject to volatile price movements which can be material and occur over short periods of time, and which are affected by numerous factors, all of which are beyond BVCI's control. Such factors include, but are not limited to, interest rates, inflation or deflation, fluctuations in the value of the Canadian dollar and foreign currencies, global and regional supply and demand, speculative trading, and political and economic conditions. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, the strength of and confidence in the Canadian dollar, and political developments. The effect of these factors on the value of the Canadian dollar (and hence the CADT), and therefore the economic viability of any of BVCI's business, cannot be accurately determined.

Lack of Regulation and Customer Protection

BVCI's business is designed to be in full compliance with all legal and regulatory requirements of its users, including anti–money laundering legislation and banking department recordkeeping requirements, as well as being fully integrated with the ability to check various worldwide watch lists for wanted criminals and terrorists. Nevertheless, the fact that BVCI is not a bank, investment dealer or trust company, may result in the business of BVCI not being subject to a regulatory environment which is as extensive and robust as the regulatory environment for financial institutions. Furthermore, BVCI does not have insurance through government sponsored programs or deposit insurance and has no private insurance coverage. Although Canadian money will be held by the custodian there can be no assurance that a third party will not claim an interest in such property in a legal proceeding or claim against BVCI, the custodian, or any of their respective affiliates.

Critical Accounting Judgments, Estimates, and Assumptions

Preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates, and assumptions could result in material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

Going Concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. However, material uncertainty exits that casts significant doubt upon the Company's ability to continue as a going concern.

Share-based Payments Expense

The Company uses the Black-Scholes option pricing model to determine the fair value of options and warrants in order to calculate share-based payments expense. The Black-Scholes model involves six key inputs to determine fair value of an option or warrant: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

Recognition of Deferred Tax Assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. These estimates will affect the reported amounts of deferred tax assets and expenses.

Measurement of Long-term Debt and Loan Payable

Long-term debt and loan payable are measured at the present value of the principal amount of the debt, using a discount rate which is an estimate of the Company's marginal borrowing rate. This estimate is highly subjective, given that the Company does not presently have any interest–bearing debt, and its actual borrowing rate may change over the period to maturity, given the nature of the Company's business and the market in which it operates. These estimates will impact the carrying value of the liabilities and accretion expense recognized.

Financial Risk Management

Fair Values

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, loan payable, and long-term debt. The fair values of these instruments, except for loan payable and long-term debt, approximate their carrying values due to the short–term nature of these instruments. The loan payable and long-term debt are carried at their present value, which is the discounted value of the cash flows required to settle the obligation.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Officers of the Company are actively involved in the review and approval of planned expenditures. As at June 30, 2022, the Company has liabilities of $331,231 due within twelve months and has cash of $120,868 to meet its current obligations (December 31, 2021 – liabilities of $72,661 and cash of $229,462). The Company is a pre-revenue business and is dependent on raising money through equity financing to continue as a going concern. As a result, management has judged liquidity risk to be high.

The following are the Company's financial obligations based on their due dates:

	Payments due by period			
	Less than 1 year	**1 - 3 years**	**4 - 5 years**	**Total**
June 30, 2022				
Accounts payable	$ 231,231	$ -	$ -	$ 231,231
Advances from director	100,000			100,000
Loan payable	-	40,000	-	40,000
Long-term debt	-	750,000	-	750,000
	$ 331,231	$ 790,000	$ -	$ 1,121,231
December 31, 2021				

Accounts payable	$	72,661	$	-	$	-	$	72,661
Loan payable		-		40,000		-		40,000
Long-term debt		-		750,000		-		750,000
	$	72,661	$	790,000	$	-	$	862,661

Credit Risk

Credit risk is the risk of loss associated with a counter–party's inability to fulfil its payment obligations. As at June 30, 2022, the Company's maximum exposure to credit risk is $120,868 and is comprised of cash (December 31, 2021 – $229,462). All of the Company's cash is held in a chartered bank in Canada and grant receivable is due from the Government of Canada, which are both considered of high credit quality. Management has judged credit risk to be low.

Management of Capital

The Company includes the following in its managed capital:

		2022		**2021**
Share capital	$	4,100,770	$	3,691,478
Shares to be issued		752,950		271,303
Reserves		343,128		323,784
Deficit		(6,074,587)		(4,746,068)
	$	(877,738)	$	(459,503)

The Company's objectives in managing capital are to:

(a) Ensure the Company maintains the minimum level of capital required to effectively operate its business;
(b) Ensure the Company's ability to provide capital growth to its shareholders; and
(c) Maintain a flexible structure that optimizes the cost of capital at acceptable levels of risk.

To maintain its capital structure, the Company keeps all of its assets in very liquid form. The Company's primary sources of capital were proceeds from the issuance of shares. There were no changes in the Company's approach to capital management during the periods presented. The Company are not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Segmented Information

Reportable segments are defined as components of an enterprise about which separate financial information is available, that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

All of the Company's revenues are earned in Canada and all of the Company's assets are located in Canada and accordingly, the Company has no segmented information to disclose.

Significant Accounting Policies

The same accounting policies and methods of computation were followed in the preparation of the interim financial statements for the six months ended June 30, 2022 as were followed and described in the Company's audited annual financial statements as at December 31, 2021.

Additional Information

Additional information about the Company is available on SEDAR at www.sedar.com and at the Company's website at https://www.bvcadt.com/