Management's Discussion and Analysis
Year Ended December 31, 2022

The following discussion and analysis is the responsibility of management. The Board of Directors 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 and has been approved by the Board of Directors. This MD&A should be read in conjunction with Blockchain Venture Capital Inc.'s ("BVCI" or the "Company") audited financial statements for the year ended December 31, 2022 together with the accompanying notes. 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 April 28, 2023.

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. Such statements reflect 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". 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

Blockchain Venture Capital Inc. ("BVCI" or the "Company") 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, Ontario, M5X 1E3.

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

BVCI currently assumes and conducts itself on the basis that CADT, either alone or in connection with a user agreement, will be a security and derivative. As such, BVCI assumes that it is required to be registered as a dealer pursuant to applicable securities laws in order to carry out its proposed CADT business, or that it must rely on an exemption from such requirement for registration. As BVCI is not currently registered as a dealer, all of its current CADT trading activities are expected to be carried out through KVB and the KVB Wallet in reliance on an exemption from the registration requirement, as contemplated under applicable securities laws in Alberta, British Columbia and Ontario. Similarly, BVCI intends to rely on an exemption from the prospectus requirement under such securities laws such that CADT can be distributed to the public without the need for the filing of a prospectus. Specifically, BVCI intends to prepare and maintain a current offering memorandum, and otherwise comply with the requirements of the offering memorandum exemption, as prescribed in National Instrument 45-106 *Prospectus Exemptions*.

Going Concern

These financial statements have been prepared in accordance with International Financial Reporting Standards ("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 December 31, 2022, the Company has negative working capital of $1,593,041, compared to working capital of $202,618 as at December 31, 2021. Working capital decreased during the year ended December 31, 2022 by cash used in operating activities of $3,637,711, which was primarily comprised of the net loss of $7,098,525 incurred. Cash provided by financing activities totaled $3,456,761 for the year 2022, which included $3,465,718 proceeds from the issuance of common shares, $152,700 net advances from shareholder, proceeds from options exercised of $35,853, less share issuance costs paid of $197,510.

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.

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 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 shares were issued to Hengwell in exchange for the settlement of $200,000 of the principal amount owing under a promissory note. As at September 30, 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. The following costs remain the same as presented in the management's discussion and analysis as of August 29, 2022, as the company continues to pursue permission to begin issuing CADT from the applicable securities commissions.

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
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: 1) E-commerce portal[(1)] 2) Culture intellectual property protection[(2)] 3) 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:

- 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.

- 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 Company of any NFT developed for such client, such laws may nonetheless affect the ability of the Company or the prospective client to successfully develop or deploy the work contemplated under this Agreement.

- 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.

- 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.

- 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, 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 were 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

Year Ended December 31, 2022 and 2021

During the year ended December 31, 2022, net loss was $7,098,525 compared to $2,264,041 for the year ended December 31, 2021.

Net loss for 2022 is primarily comprised of the following:

- Listing expense of $2,622,179 was a one-time expense incurred on the Amalgamation, which represents the difference between the purchase price and the net assets acquired. For accounting purposes, the purchase price is considered to be $2,624,527, being the fair value of the shares issued to Flexwork shareholders and replacement options granted to the former Flexwork directors. Net assets acquired were $2,348, representing minor working capital balances at the time of amalgamation.

- Professional fees of $1,292,560 were incurred in the year ended December 31, 2022 (2021 – $881,458), which are legal fees for preparing the listing statement, work on the RTO transaction, corporate record keeping, and review of agreements totaling $1,056,405 (2021 – $735,312) and accounting and audit fees of $236,155 (2021 – $146,146) related to the CFO's services, the annual year-end audits, and technology audits.

- Office and general expenses of $1,611,675 were incurred in the year ended December 31, 2022 (2021 – $309,418), which is comprised of advertising and promotion of $1,036,265 (2021 – $124,416), rent of $82,759 (2021 – $40,714), investor relations of $222,038 (2021 – $Nil), insurance expense of $39,279 (2021 – $8,100), transfer agent fees of $24,753 (2021 – $Nil), and other items such as office supplies, travel, telephone, listing fees, bank charges, meals and entertainment, computer and internet expenses totaling $206,581 (2021 – 136,188). The increase to advertising fees related to marketing fees paid to bring users to the platform, and subsequent to the RTO, the sponsorship of Trillium Automotive Dealers Association, and shareholder and business partners appreciation events.

- Blockchain costs of $712,614 were incurred for the year ended December 31, 2022 compared to $174,547 for the year ended December 31, 2021. Blockchain costs include consulting fees of $650,525 (2021 – $146,462), anti–money laundering fees of $12,529 (2021 – $17,067) and API fees of $49,560 (2021 – $11,018). Consulting fees were incurred to financial consultants as well as the Company's partner KVB in relation to its BvcPay app.

- Salaries and wages expense of $432,014 was incurred for the year ended December 31, 2022 (2021 – $215,162) which includes salaries for the President of $116,000 (2021 – $65,000) and for other staff. As at December 31, 2022 and 2021, the company has 5 full-time staff members. Included within salaries and wages expense for the year ended December 31, 2021 is a recovery of $30,838 in government grants.

- Share-based payments totaled $37,875 for the year ended December 31, 2022 (2021 – $205,488), 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, as well as warrants issued in November 2021. The decrease relates to fewer options remaining to vest under the graded vesting schedule on options granted.

- Trustee fees of $281,370 were incurred for the year ended December 31, 2022 (2021 – $234,475), which were paid to Concentra Trust for administration of custodial funds for the CADT stablecoin. Fees are charged at the rate of $23,447 per month, commencing on March 1, 2021. The increase relates to twelve months of fees paid in 2022 versus ten months paid in 2021.

- Blockchain service fees of $30,000 were incurred for the year ended December 31, 2022 (2021 – $95,000), which were paid to the vendor of the core blockchain technology, for 24/7 support and continuing development and service work provided by the vendor.

- Accretion expense of $66,343 was incurred in the year ended December 31, 2022 (2021 – $74,500), 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.

- Loss on debt settlement of $45,642 was incurred on September 29, 2021, when the Company paid $250,000 to settle a portion of the long-term debt having a carrying value of $204,358. The loss was computed as the excess of the settled amount over the carrying value. There was no loss on debt settlement during the year ended December 31, 2022.

Loss per share was $0.29 for the year ended December 31, 2022, compared to $0.10 for the year ended December 31, 2021.

Fourth Quarter Ended December 31, 2022 and 2021

During the fourth quarter ended December 31, 2022, net loss was $1,800,098 compared to $1,026,651 for the quarter ended December 31, 2021.

Net loss for Q4 2021 is primarily comprised of the following:

- Professional fees of $421,768 were incurred in the quarter ended December 31, 2022 (2021 – $297,186), which are legal fees for preparing the listing statement, work on the RTO transaction, corporate record keeping, and review of agreements totaling $308,880 (2021 – $245,790) and accounting and audit fees of $112,888 (2021 – $51,396) for the 2022 related to the CFO's services, the annual year-end audits, and technology audits.

- Office and general expenses of $941,961 were incurred in the quarter ended December 31, 2022 (2021 – $208,796), which is comprised of advertising and promotion of $684,741 (2021 – $93,246), rent of $18,084 (2021 – $14,639), investor relations of $108,475 (2021 – $10,000), and other items such as office supplies, travel, telephone, listing fees, bank charges, meals and entertainment, computer and internet expenses totaling $130,661 (2021 – $75,911). The increase to advertising fees related to marketing fees paid to bring users to the platform, and subsequent to the RTO, the sponsorship of Trillium Automotive Dealers Association, and shareholder and business partners appreciation events.

- Trustee fees of $70,342 were incurred for the quarter ended December 31, 2022 (2021 – $70,342), which were paid to Concentra Trust for administration of custodial funds for the CADT stablecoin. Fees are charged at the rate of $23,447 per month, commencing in March 2021.

- Salaries and wages expense of $118,230 was incurred for the quarter ended December 31, 2022 (2021 – $116,259) which includes salaries for the President of $36,000 (2021 – $24,000) and for other staff. As at December 31, 2022 and 2021, the company has 5 full-time staff members.

- Share-based payments totaled $4,943 for the quarter ended December 31, 2022 (2021 – $120,672), 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, as well as warrants issued in November 2021. The decrease relates to fewer options remaining to vest under the graded vesting schedule on options granted.

- Blockchain costs of $225,368 were incurred for the quarter ended December 31, 2022 compared to $102,563 for the quarter ended December 31, 2021. Blockchain costs primarily include consulting fees, which were incurred to financial consultants as well as the Company's partner KVB in relation to its BvcPay app.

- Blockchain service fees of $Nil were incurred for the quarter ended December 31, 2022 (2021 – $95,000), which were paid to the vendor of the core blockchain technology, for 24/7 support and continuing development and service work provided by the vendor.

- Accretion expense of $17,486 was incurred in the quarter ended December 31, 2022 (2021 – $15,833), 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.

Loss per share was $0.09 for the three months ended December 31, 2022, compared to $0.04 for the three months ended December 31, 2021.

Selected Annual Information

Selected annual information from the audited financial statements for the year ended December 31, 2022 is presented in the table below. The financial data has been prepared in accordance with International Financial Reporting Standards ("IFRS") and is reported in Canadian dollars

	December 31, 2022	**December 31, 2021**	**December 31, 2020**
Total assets	150,116	278,404	108,522
Total liabilities	1,741,681	737,907	1,052,936
Total equity	(1,591,565)	(459,503)	(944,414)
Net loss and comprehensive loss	(7,098,525)	(2,264,041)	(1,116,129)
Loss per share – basic and diluted	(0.29)	(0.10)	(0.05)

Total assets were $150,116 as at December 31, 2022, a decrease of $128,288 from $278,404 as at December 31, 2021. Assets are comprised of cash of $48,512, prepaids and deposits of $100,128, and computer equipment of $1,476 as at December 31, 2022. Assets held at December 31, 2021 are comprised of cash of $229,462, prepaids and deposits of $45,817, and computer equipment of $3,125.

Total liabilities were $1,741,681 as at December 31, 2022, an increase of $1,003,774 from $737,907 as at December 31, 2021. Current liabilities as at December 31, 2022 are comprised of trade payables of $845,497 and advances from shareholder of $164,595 (2021 – trade payables of $72,661). The increase in trade payables during the year ended December 31, 2022 relates primarily to unpaid legal fees in respect of the RTO and ongoing regulatory matters.

Total equity was ($1,591,565) as at December 31, 2022 compared to ($459,503) as at December 31, 2021. Equity is comprised of share capital of $9,696,689, reserves of $556,339, and an accumulated deficit of $11,844,593 as at December 31, 2022. Share capital increased from $3,691,478 to $9,696,689 as a result of private placements net of share issuance costs of $3,268,208 during the year, as well as $2,624,527 related to the RTO with Flexwork.

Outstanding Debts

Outstanding debts are comprised of a loan payable of $40,000 and long-term debt of $750,000, and advances from the President of $164,595 as at December 31, 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 Canadian Emergency Business Account (“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 $3,470 for the year ended December 31, 2022 and was $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 December 31, 2022 is $40,000.

Long-Term Debt

The long-term debt is an amount payable on the purchase of the Company’s core blockchain technology, to the vendor Jiangsu Hengwell Information Technology Co. Ltd. (“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, 2022, being the difference between the carrying value of $204,358 and the settled principal amount of $250,000.

Accretion expense was $62,873 for the year ended December 31, 2022 and was $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 December 31, 2022 is $691,589.

Advances from Shareholder

As at December 31, 2022, advances of $164,595 are due to the President of the Company (December 31, 2021 – $nil). These advances are unsecured, interest-bearing at 15% per annum, and are due June 29, 2022. The advances were made for general working capital purposes.

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 Concentra Trust, 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 Concentra Trust as its agent to hold the Canadian dollar funds representing corresponding CADT issued to users.

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**	**Q4** **2022**	**Q3** **2022**	**Q2** **2022**	**Q1** **2022**	**Q4** **2021**	**Q3** **2021**	**Q2** **2021**	**Q1** **2021**
Net loss	(1,800,098)[(1)]	(3,969,908)[(2)]	(630,987)[(3)]	(697,532)[(4)]	(1,026,614)[(5)]	(497,159)[(6)]	(350,327)[(7)]	(389,941)[(8)]
Loss per share	(0.09)	(0.16)	(0.03)	(0.03)	(0.04)	(0.02)	(0.02)	(0.02)

(1) Decrease from prior quarter was $2,169,810 and was primarily due to the one-time listing expenses of $2,622,179 related to the amalgamation of Flexwork that occurred in Q3, as well as an increase of $485,430 in office and general expenses related to marketing activities and a decrease of $62,102 in professional fees related to the timing of work on registration matters and public company matters.

(2) Increase from prior quarter was $3,338,921 and was primarily comprised of a listing expense of $2,622,179 related to the amalgamation of Flexwork, as well as an increase in office and general expense of $372,810 related to marketing activities, an increase in blockchain costs of $109,154 related to consulting fees paid, and an increase to professional fees related to legal fees in connection RTO.

(3) 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.

(4) 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.

(5) 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 prospectus 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.

(6) 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.

(7) 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 are incurred in regard to the company's prospectus.

(8) 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 are incurred in regards to the company's prospectus.

Liquidity and Capital Resources

As at December 31, 2022, the Company has cash of $48,512 available to settle current liabilities of $1,741,681 (2021 – cash of $229,462 to settle current liabilities of $72,661). The Company also has long-term debt and loans payable of $750,000 due November 10, 2023 and $40,000 due December 31, 2023, which are presented at their present value of $731,589 on the statement of financial position as at December 31, 2022 (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 December 31, 2022, the Company has negative working capital of $1,593,041 consisting of cash plus prepaids and deposits, less trade payables. 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 of this report.

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 year ended December 31, 2022, the Company transacted in its issued and outstanding common and preference shares as follows:

(i) Issued 826,134 common shares at $1.25 per share, 395,701 common shares at $1.50 per share, and 930,400 common shares at $2.00 per share in private placements for gross proceeds of $3,487,019. Included in these share issuances were proceeds of $271,303 that had been collected prior to December 31, 2021.

(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. Each warrant is exercisable at a price of $2.00 per share for 2 years from the date of issuance.

(iii) Issued 1,284,960 common shares pursuant to the amalgamation with Flexwork, as described in note 4.

(iv) Issued 26,906 common shares pursuant to the exercise of stock options at $1.06 and $1.50 per share. The option value of $12,785 was reallocated from reserves to share capital pursuant to this exercise.

(v) Paid referral fees of $197,510 which are categorized as share issuance costs.

During the year ended December 31, 2021, the Company transacted in its issued and outstanding common shares as follows:

(vi) Issued 538,915 common shares in private placements at a price of $0.53 per share for gross proceeds of $285,625. Included in these shares issuances were proceeds of $264,403 that had been collected prior to December 31, 2021.

(vii) Issued 1,666,759 common shares in private placements at a price of $1.50 per share for gross proceeds of $2,500,140.

(viii) Paid referral fees of $249,201 which are categorized as share issuance costs.

As at December 31, 2022, the Company has 26,552,219 common shares issued and outstanding.

On April 27, 2023, the Company issued 492,000 common shares at $1.25 per share in private placements for gross proceeds of $615,000.

As at April 28, 2023, the Company has 27,044,219 common shares issued and outstanding.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements as at December 31, 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 to be the sole member of key management. The President 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	$	116,000	$	65,000
Share-based payments		3,901		12,704
	$	119,901	$	77,704

(b) As at December 31, 2022, advances of $164,595 are due to the President of the Company (December 31, 2021

- $Nil). These advances are unsecured, interest-bearing at 15% per annum, and are due June 29, 2022. The advances were made for general working capital purposes. Interest incurred on these advances totaled $11,895 for the year ended December 31, 2022 (2021 - $28,340).

(c) During the year ended December 31, 2022, the Company incurred advertising expenses of $62,949 (2021 - $14,955) to The Justin Poy Agency, which is a company controlled by a director.

(d) During the year ended December 31, 2022, the Company incurred anti-money laundering consulting fees of $12,529 (2021 - $17,799) to The AML Shop, which is a company controlled by a director.

Key Risks and Uncertainties

Management has identified the following risks and uncertainties:

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 is held by the Escrow Agent 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 Trustee, 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 long-term debt and accretion expense recognized

Financial Risk Management

Fair Values

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, advances from shareholder, 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 obligations.

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 December 31, 2022, the Company has liabilities of $1,741,681 due within twelve months and has cash of $48,512 to meet its current obligations (2021 – current 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**
December 31, 2022				
Accounts payable	$ 845,497	$ -	$ -	$ 845,497
Advances from shareholder	164,595	-	-	164,595
Loan payable	40,000	-	-	40,000
Long-term debt	750,000	-	-	750,000
	$ 1,800,092	$ -	$ -	$ 1,800,092
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 December 31, 2022, the Company's maximum exposure to credit risk is $48,512 and is comprised of cash (2021 – $229,462). All of the Company's cash is held in a chartered bank in Canada. Management has judged credit risk to be low.

Management of Capital

The Company includes the following in its managed capital:

	2022	**2021**
Share capital	$ 9,696,689	$ 3,691,478
Shares to be issued	-	271,303
Reserves	556,339	323,784
Deficit	(11,844,593)	(4,746,068)
	$ (1,591,565)	$ (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 significant accounting policies used in the preparation of the financial statements are set out below. These policies have been consistently applied to the years presented.

Revenue Recognition

Other income is earned as a consulting fee from other blockchain companies for time spent aiding in implementation of a blockchain solution.

Revenue is recognized when (i) the Company and its customer have signed a contract identifying each party's rights and payment terms for the delivery of services; (ii) it is probable that the Company will collect its fees under the contract; and (iii) the Company has satisfied its performance obligations for the delivery of services.

Financial Instruments

Recognition and Derecognition

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of an instrument. Financial assets and liabilities are derecognized when the rights to receive cash flows from a financial asset have expired or substantially all risks and rewards of ownership have been transferred, or when obligations under financial liabilities have been discharged, cancelled, or expired.

Gains and losses on derecognition, determined as the difference between the settlement amount and the carrying value of a financial asset or liability, are recognized in the statement of comprehensive income (loss).

Classification

Financial assets and liabilities are classified in the following measurement categories: i) those to be measured subsequently at fair value (either through profit or loss or through other comprehensive income), and ii) those to be measured subsequently at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss. For financial assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. Classification of financial assets or financial liabilities at fair value through either profit or loss or other comprehensive income, is an irrevocable designation at the time of recognition.

Financial assets are reclassified when, and only when, the Company's business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications:

Cash and grant receivable are classified as subsequently measured at amortized cost.

Accounts payable and accrued liabilities, advances from shareholder, loan payable, and long-term debt are classified as subsequently measured at amortized cost.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of that instrument. Transaction costs of financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest are measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any change taken through profit or loss or other comprehensive income.

Impairment

The Company assesses all information available, including on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is significant increase in credit risk, the Company compares the risk of default occurring as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward looking information.

Share Capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of shares and share options are recognized as a deduction from equity. When share capital is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity.

Share-based Payments

The Company has a stock option plan that is described in the financial statements. Employees (including officers), directors, and consultants of the Company receive remuneration in the form of stock options granted under the plan for rendering services to the Company. Any consideration received by the Company on the exercise of stock options is credited to share capital. The cost of options is recognized, together with a corresponding increase in reserves, over the period in which the corresponding performance and/or service conditions are fulfilled, ending on the date on which the relevant optionee becomes fully entitled to the award ("vesting date").

The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and the Company's best estimate of the number of options that will ultimately vest on the vesting date. The Company records compensation expense and credits contributed surplus for all stock options granted, which represents the movement in cumulative expense recognized as at the beginning and end of that period.

Stock options granted during the period are accounted for in accordance with the fair value method of accounting for share-based payments. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model. The Company is also required to estimate the expected future forfeiture rate of options in its calculation of share-based payments expense.

Where the terms of a stock option award are modified, the minimum expense recognized is the amount as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the option, or is otherwise beneficial to the optionee as measured at the date of modification. Where an option is cancelled, any expense not yet recognized for the vested options on the date of cancellation is recognized immediately.

Income Taxes

The Company follows the asset and liability method of tax allocation in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for loss carry-forwards. The resulting changes in the net deferred tax asset or liability are included in income.

Deferred tax assets and liabilities are measured using enacted, or substantively enacted, tax rates expected to apply to taxable income (loss) in the years in which temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates, is included in income in the period that includes the substantive enactment date. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency at the rate in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange in effect on the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the initial transaction.

Loss Per Share

Basic earnings (loss) per share is calculated based on the weighted average number of common shares outstanding during the fiscal year. Diluted earnings (loss) per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all potentially dilutive shares. Instruments which would be anti-dilutive are not included in the calculation of diluted earnings (loss) per share.

Government Assistance and Grants

Government assistance and grants are recorded as either a reduction of the cost of the applicable assets, or credited against the related expense incurred in the statement of comprehensive loss, as determined by the terms and conditions of the agreements under which the assistance is provided to the Company or the nature of the expenditures which gave rise to the grants. Government assistance and grants receivable are recorded when their receipt is reasonably assured.

Research and Development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditures are capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, they are recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses.

Recent Accounting Pronouncements

The following are IFRS changes that have been issued by the IASB, which may affect the Company, but are not yet effective:

(a) Amendments to IAS 1, Presentation of Financial Statements

On January 23, 2020, the IASB issued amendments to IAS 1, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period.

The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted.

(b) Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

On February 12, 2021, the IASB issued amendments to IAS 8, which introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

(c) Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments help companies provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

The Company has not yet begun the process of assessing the impact that the new standards will have on its financial statements or whether to early adopt any of the new requirements.

Risk Factors

An investment in Issuer Common Shares involves a high degree of risk and should only be considered by persons who can afford to lose their entire investment. The following are certain risk factors relating to an investment in Issuer Common Shares which prospective investors should carefully consider before deciding whether to purchase any Issuer Common Shares. The following information must be read in conjunction with the detailed information appearing the Listing Statement dated August 8, 2022. Such risk factors may have a material adverse effect on the financial position or results of operations of the Company or the value of the Company Common Shares.

Due to the nature of the Company's business and its present stage of development, prospective investors should carefully consider certain risks involved in an investment in the securities of the Company including: (i) the Company's absence of any operating history; (ii) future capital needs and uncertainty of additional financing; (iii) the competitive nature of the industry; (iv) unproven market for the Company's services; (v) the Company's ability to evaluate and respond to market conditions; (vi) volatility of the Canadian Dollar exchange and public interest in Canadian Dollars; (vii) the need for the Company to manage its planned growth and expansion; (viii) action taken by regulatory authorities may limit the Company's business and operations; (ix) lack of regulation and consumer protection; (x) the effects of product development and need for continued technology change; (xi) dependence on technical infrastructure; (xii) foreign growth restrictions; (xiii) currency trading risks; (xiv) protection of intellectual property rights; (xv) the effect of government regulation and compliance on the Company and the industry; (xvi) use and storage of personal information and compliance with privacy laws; (xvii) network security risks; (xviii) the ability of the Company to maintain properly working systems; (xix) market expansion risks; (xx) use of the Company's services for improper or illegal purposes; (xxi) theft and risk of physical harm to personnel; (xxii) reliance on key personnel; (xxiii) customer complaints and negative publicity; (xxiv) global economic and financial market deterioration impeding access to capital or increasing the cost of capital; (xxv) volatile securities markets impacting security pricing unrelated to operating performance; (xxvi) dividend policy; (xxvii) concentration of control of the Company; and (xxviii) uninsurable risks. Prospective investors of securities of the Company should carefully consider the risks described below.

The Company's operations are high-risk due to the nature of the Company's business and its present stage of development. The following describes some of the risks that could affect the Company and could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company. The Company may face additional risks and uncertainties other than those listed below (or elsewhere in this Application), including risks and uncertainties that are unknown to the Company and risks and uncertainties that the Company now believes to be immaterial, which could turn out to be material, that could have a material adverse effect on the business of the Company. If any of the risks described actually occur, the business, financial condition and/or results of operations of the Company could be materially adversely affected.

Risks Related to the Company's Business and Industry

The Company'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. See "Government Regulation and Compliance" and "Reliance on Third-Party Service Providers" below for additional information.

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.

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.

Although the Company anticipates earning revenue in the near future, it is also incurring substantial expenses in the establishment of its business. To the extent that such expenses do not result in revenue gains that are adequate to sustain and expand its business, the Company's long-term viability may be materially and adversely affected. A significant portion of the Company's financial resources have been and will continue to be directed to the development of its business and marketing activities. The success of the Company will ultimately depend on its ability to generate revenues and profits from its business. There is no assurance that the future expansion of the Company's business will be sufficient to raise the required funds to continue the development of its business and marketing activities.

There can be no assurance that the Company will be successful in developing and marketing BvcPay and CADT in a timely manner or at all, or that the solutions and services will adequately address market demands. Market acceptance and adoption of these products will depend on, among other things, these products and the related solutions they provide demonstrating a real advantage over existing products and services, the success of our sales and marketing teams in creating awareness of these products, competitive pricing of such solutions and services, customer recognition of the value of our technology and the general willingness of potential customers to try new technologies. In particular, if we are unable to achieve sufficient market adoption of the BVC Chain, our growth strategy may be adversely affected.

It is possible that BvcPay will not be adopted by a large number of Users. Such a lack of use or interest may result in insufficient demand for the BvcPay business to be commercially viable, which could have an adverse effect on the Company's business, financial condition and results of operation.

The digital currency is a new and rapidly evolving industry, and the viability and future growth of the industry and adoption of digital currencies and the underlying technology is subject to a high degree of uncertainty, including based upon the adoption of the technology and regulation of the industry, among other factors. Because the sector is relatively new, additional risks which are not yet known or quantifiable may exist or materialize in the future.

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 is 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.

The Company is establishing risk management and oversight policies and procedures to provide a sound operational environment for the types of risk to which it is subject, including operational risk and market risk. However, as with any risk management framework, there are inherent limitations to the Company's current and future risk management strategies, including risks that it has not appropriately anticipated or identified and that certain policies may be insufficient when used in connection with the BVC Chain. Accurate and timely enterprise-wide risk information is necessary to enhance management's decision making in times of crisis. If the Company's risk management framework proves ineffective or if the Company's enterprise-wide management information is incomplete or inaccurate, it could suffer unexpected losses or fail to generate the expected revenue, which could materially adversely affect its business, financial condition and results of operations.

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 Blockchain Technology May Not be Widely Adopted

Digital Currency is a new asset class that, as of yet, has not been widely adopted. The majority of the Company's business will rely on the acceptance and use of CADT at a scale to create demand sufficient to make the Company's business 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.

Furthermore, the growth of the blockchain industry in general, as well as the blockchain technology on which the Company relies, is subject to a high degree of uncertainty. The factors affecting the further development of blockchain technology and Digital Assets, include, without limitation:

- worldwide growth in the adoption and use of Digital Assets and blockchain technology;
- government and quasi-government regulation of Digital Assets and blockchain technology and their use, or restrictions on or regulation of access to and operation of blockchain technology or similar systems;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using government-backed currencies or existing networks;
- general economic conditions and the regulatory environment relating to Digital Assets; and
- a decline in the popularity or acceptance of Digital Assets.

The blockchain industry as a whole has been characterized by rapid changes and innovations and is constantly evolving. Although it has experienced significant growth in recent years, the slowing or stopping of the development, general acceptance and adoption and usage of blockchain technology and Digital Assets may materially adversely affect the Company's business plans.

Unproven Market

CADT will be 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. The Company 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). The Company 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 the Company's services could adversely affect the Company's business, operations, and financial condition.

Ability to Evaluate and Respond to Market Conditions

The Company has no operating history, and operates in an evolving market that may not grow as expected. This limited operating history makes it difficult to effectively assess the Company's future prospects. The Company's business and prospects should be considered in light of the risks and difficulties that the Company may encounter in acquiring customers; offering a superior user experience; earning and preserving customers' trust with respect to the security of their storage of Canadian funds, payment processing, and personal financial information; processing, storing, and using customers' personal information in compliance with applicable privacy laws; complying with existing and new laws and regulations, which may be onerous; building and maintaining a scalable, high-performance technology infrastructure that can efficiently and reliably handle CADT transactions and payment processing; and international expansion. If the market for the services that the Company provides does not develop as expected, or if the Company fails to address the needs of this market, the Company's business will be harmed. The Company may not be able to successfully address these risks and challenges, including those described elsewhere in these risk factors. Failure to adequately address these risks and challenges could harm the Company's business and results of operations.

As digital assets and blockchain technologies become more widely available, the services and products associated with them may evolve. In order to stay current with the industry, the Company's business model may need to evolve as well. From time to time, the Company may modify aspects of its business model relating to its product mix and service offerings. Any such modifications we may make may not be successful and may result in harm to our business. We may not be able to manage growth effectively, which could damage our reputation, limit our growth and negatively affect our operating results.

Interest in Canadian Dollars

The development of the Company's business depends on the interest of the public wishing to hold and transact in Canadian dollars. Accordingly, the Company'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 the Company'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 the Company's business, cannot be accurately determined.

Ability to Manage Growth

The Company may experience rapid growth in the scope of its operations. Growth may result in increased responsibilities for the Company's existing personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will need to continue to implement and improve its operational, financial and management information systems, as well as hire, manage and retain its employees and maintain its corporate culture including technical and customer service standards. There can be no assurance that the Company will be able to manage such growth effectively or that its management, personnel or systems will be adequate to support the Company's expansion. Any failure to implement cohesive and efficient operating, financial, and management information systems, to add resources on a cost-effective basis or to otherwise properly manage the Company's expansion could have a material adverse effect on its business and results of operations.

Lack of Regulation and Customer Protection

The Company'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, terrorists and other sanctioned persons. Nevertheless, the fact that the Company is not a bank, investment dealer or trust company, may result in the business of the Company not being subject to a regulatory environment which is as extensive and robust as the regulatory environment for financial institutions. Furthermore, the Company does not have insurance through government sponsored programs or deposit insurance. The Company does not have insurance which protects User funds in the Custodial Account. Although Canadian money is 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 the Company, the Custodian, or any of their respective affiliates.

If the Company and/or any governmental agency believe that it has accepted capital contributions by, or is otherwise holdings assets of, any person or entity that is acting directly or indirectly in violation of any money laundering or corruption laws, rules, regulations, treaties, sanctions or other restrictions, or on behalf of any suspected terrorist or terrorist organization, suspected drug trafficker or senior foreign political figure(s) suspected in engaging in foreign corruption, the Company and/or such governmental agency may "freeze the assets" of such person or entity. The Company may also be required to report and remit or transfer those assets to a governmental agency. Any such action may harm the Company's reputation and materially and adversely affect its business, financial condition and results of operations.

Product Development and Rapid Technological Change

The advent of internet-based digital money and payment solutions may erode established money markets resulting in a significant adverse effect upon the Company's continued growth and profitability. The development of a cashless society has been impeded by factors such as issues respecting infrastructure, cultural resistance, distribution problems and patchwork regulations. The Company's success could be seriously affected by a competitor's ability to develop and market technologies that compete with the Company or with established money markets in general. To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality and features of its technology and payment platform.

The Internet and the e-commerce industry are characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Company's existing operations and proprietary technology and systems obsolete. The Company's success will depend, in part, on its ability to develop leading technologies useful in its business, enhance its existing services, develop new services and technology that address the increasingly sophisticated and varied needs of its existing and prospective Users and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of Internet and other proprietary technology entails significant technical, financial and business risks. There can be no assurance that the Company will successfully implement new technologies or adapt its proprietary technology and transaction-processing systems to customer requirements or emerging industry standards. If the Company is unable to adapt in a timely manner, or at all, in response to changing market conditions or customer requirements for technical, legal, financial or other reasons, the Company's business could be materially adversely affected.

Many participants in the financial industry (including certain regulators) and other industries may oppose the development of products and services that utilize blockchain technology. The market participants who may oppose such products and services may include entities with significantly greater resources, including financial resources and political influence, than the Company has. The ability of the Company to operate and achieve its commercial goals could be adversely affected by any actions of any such market participants that result in additional regulatory requirements or other activities that make it more difficult for the Company to operate.

As an alternative to currencies that are backed by central governments, Digital Currencies, which are relatively new, are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is largely uncertain but could be harmful to the Company. Political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally. Such events could have a material adverse on our business, prospects or operations.

Dependence on Technical Infrastructure

The Company's ability to attract, retain, and serve Users will be dependent upon the reliable performance of the CADT platform and the underlying technical infrastructure. The Company's systems or those systems of third parties on which the Company relies or will rely, may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be harmful to the business. If the CADT platform is unavailable when Users attempt to access it, or if it does not load as quickly as they expect, Users may close their accounts. As the user base continues to grow, the Company will need an increasing amount of technical infrastructure, including network capacity, and computing power, to continue to satisfy the needs of Users. It is possible that the Company may fail to effectively scale and grow its technical infrastructure to accommodate these increased demands. In addition, the business is subject to interruptions, delays, or failures resulting from earthquakes, other natural disasters, terrorism, or other catastrophic events. Any disruption or failure in the services the Company receives from third party Internet or technology providers used to facilitate its business could harm the Company's ability to handle existing or increased traffic and could significantly harm its business. Any financial or other difficulties these providers face may adversely affect the Company's business, and the Company exercises little control over these providers, which increases vulnerability to problems with the services they provide.

The success of blockchain technology-based products and services will depend on the continued development of a stable infrastructure, with the necessary speed, data capacity and security, and complementary products such as high-speed networking equipment for providing reliable internet access and services. Digital Assets have experienced, and are expected to continue to experience, significant growth in the number of Users and amount of content. There is no assurance that the relevant public infrastructure will continue to be able to support the demands placed on it by this continued growth or that the performance or reliability of blockchain technology will not be adversely affected by this continued growth. There is also no assurance that the infrastructure or complementary products or services necessary to make Digital Assets a viable product for their intended use will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs to adapt to changing technologies. The failure of these technologies or platforms or their development could materially and adversely affect the Company's business, financial condition and results of operation.

CADT will be created, issued, transmitted, and stored according to protocols run within the BVC Chain. It is possible these protocols will have undiscovered flaws or could be subject to network scale attacks which could result in losses to the Company. Advancements in quantum computing could break the cryptographic rules of protocols which support CADT.

Foreign Restrictions on Operations

Foreign governments may restrict or block access to the CADT platform within their jurisdictions, or impose restrictions that may affect the accessibility of CADT in their country for an extended period of time or indefinitely. For example, some countries like South Africa limit the amount physical currency a resident is permitted to leave the country with, and others may impose restrictions on exchanging local currency into foreign currency (or other assets backed by foreign currency). In addition, foreign governments may seek to restrict access to CADT if they consider the Company's business to be in violation of their laws. If access to CADT is restricted in whole or in part in one or more countries, or competitors are able to successfully penetrate geographic markets that the Company cannot access, the Company's ability to retain or increase its user base and user engagement may be adversely affected, the Company may not be able to maintain or grow revenue as anticipated, and financial results could be adversely affected.

Intellectual Property

Proprietary rights are important to the Company's success and its competitive position. Although the Company seeks to protect its proprietary rights, its actions may be inadequate to protect any trademarks and other proprietary rights or to prevent others from claiming violations of their trademarks and other proprietary rights. In addition, effective copyright and trademark protection may be unenforceable or limited in certain countries, and the global nature of the Internet makes it impossible to control the ultimate designation of the Company's work. Any of these claims, with or without merit, could subject the Company to costly litigation and the diversion of the time and attention of its technical management personnel. If the protection of proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of the Company's brand and other intangible assets may be diminished and competitors may be able to more effectively mimic the Company's service and methods of operations. Any of these events could have an adverse effect on the Company's business and financial results.

There is no certainty that the intellectual property used in the operation of the Company's business does not infringe the rights of any other third party. The Company acquired the BVC Chain technology, its core blockchain technology, pursuant to the Hengwell Agreement (as subsequently replaced by the Development Agreement and the Maintenance Agreement), and such technology is from time to time improved upon and upgraded pursuant to the Maintenance Agreement. While the Development Agreement and the Maintenance Agreement include some assurances and protections in respect of ownership of intellectual property rights in the BVC Chain technology, and related technology, there is no certainty such technology does not infringe the rights of any other third party, or that Hengwell does not otherwise breach any provision contained in those agreements or otherwise challenge the Company's ownership rights in the BVC Chain technology or any related technology. The Company did not perform any due diligence on Hengwell, or in respect of the BVC Chain technology to ensure it does not infringe the rights of any third party. See Item 3 - "General Development of the Business".

The intellectual property used in the operation of the Company's business has not been patented and may not be patentable, and therefore it will rely significantly on trade secrets, trade and service marks and copyright. The Company also relies on trade secret protection and confidentiality agreements with its employees, consultants, suppliers, third-party service providers, and others to protect its intellectual property and proprietary rights. Nevertheless, the steps the Company takes to protect its intellectual property and proprietary rights against infringement or other violation may be inadequate and it may experience difficulty in effectively limiting the unauthorized use of its patents, trade secrets, trade and service marks, copyright and other intellectual property and proprietary rights worldwide. The Company cannot guarantee that others will not independently develop technology with the same or similar function to any proprietary technology it relies on to conduct its business and differentiate itself from competitors.

Pursuant to the Development Agreement, Hengwell developed the Company's technology on behalf of the Company, and Hengwell continues to have access to the Company's technology in connection with its role a service provider to the Company pursuant to the Maintenance Agreement. As a result, there is a risk that Hengwell wrongfully discloses or uses, or otherwise purports to transfer, sell or license the Company's technical source code, technical files and other documents and proprietary information, thereby severely prejudicing the Company's competitive position in the marketplace and negatively impacting the Company's financial performance. There is a risk that Hengwell could disclose the Company's business secrets which Hengwell acquired in the course of their business relationship to a third party, which could negatively impact the Company's financial performance. There is a risk that Hengwell could compete with the Company in Canada or in international jurisdictions, which would have a materially adverse impact to the Company and its business.

The Company could incur significant costs and management distraction in pursuing claims to enforce its intellectual property and proprietary rights through litigation, and defending any alleged counterclaims. If the Company is unable to protect or preserve the value of its patents, trade secrets, trade and service marks, copyright, or other intellectual property and proprietary rights for any reason, its brand and reputation could be damaged and its business, financial condition and results of operations could be materially adversely affected.

Due to the fundamentally open-source nature of blockchain technology, the Company may not always be able to determine that it is using or accessing protected information or software. For example, there could be issued patents of which the Company is not aware that its products infringe. Moreover, patent applications are in some cases maintained in secrecy until patents are issued. The publication of discoveries in scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made and patent applications were filed. Because patents can take many years to issue, there may be currently pending applications of which the Company is unaware that may later result in issued patents that its products infringe.
If one or more other persons, companies or organizations obtains a valid patent covering technology critical to the operation of the Company's business, there can be no guarantee that such an entity would be willing to license such technology at acceptable prices or at all, which could have a material adverse effect on the Company's business, financial condition and results of operations. Moreover, if for any reason the Company were to fail to comply with its obligations under an applicable license agreement, it may be unable to operate, which would also have a material adverse effect on the Company's business, financial condition and results of operations.

The Company could expend significant resources defending against patent infringement and other intellectual property right claims, which could require it to divert resources away from operations. Any damages the Company is required to pay or injunctions against its continued use of such intellectual property in resolution of such claims may cause a material adverse effect to its business, financial condition and results of operations.

Government Regulation and Compliance

The law and regulation surrounding the operation of the Company's businesses with respect to CADT is unclear, uncertain, rapidly evolving and not assured to develop in a way that is favorable to the Company. As blockchain technology and Digital Currency have grown in popularity and in market size, governments, regulators and self-regulators (including law enforcement and national security agencies) around the world are examining the operations of blockchain technology and Digital Currency issuers, users, investors and platforms. To the extent that any government or quasi-governmental agency exerts regulatory authority over the Digital Currency industry in general, the issuance of CADT, and trading and ownership of and transactions involving the purchase and sale or pledge of CADT, may be adversely affected, which could materially adversely affect the Company's business, financial condition and results of operations. Staff of the Ontario Securities Commission have expressed the view that CADT alone, and or in connection with a User Agreement, may be considered to be a security and or a derivative under applicable securities laws. While no formal decision was made on the matter, to alleviate concerns, BVCI now assumes and conducts itself on the basis that CADT, either alone or in connection with a User Agreement, is a security and derivative for the purpose of compliance with the securities laws that would otherwise apply if CADT and or the User Agreement was in fact a security and a derivative. As a result, 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. There is no assurance that any third party dealer will agree, or continue to agree on an ongoing basis, to act as a dealer in respect of its issuance on behalf of BVCI.

The anticipated business activities of the Company may cause regulatory bodies to delay, or refuse to issue, licenses and qualifications to the Company that it would otherwise receive. There is a risk that the Company's business, in whole or in part, could be outlawed in jurisdictions in which it seeks to do business, or subjected to laws which impose costly and onerous obligations which could materially affect the Company's ability to expand its business and become profitable. For example, governments and other regulatory bodies may restrict or ban the use of Digital Currency in their country or by their residents as certain Digital Currencies, such as stablecoins, may, or may be perceived to, adversely impact a governments ability to implement monetary policies intended to preserve the value of its money.

The Company's services are subject to a wide range of laws and regulations intended to help detect and prevent money laundering, terrorist financing, fraud and other illicit activity. The interpretation of those requirements by judges, regulatory bodies and enforcement agencies is changing, often quickly and with little notice. Economic and trade sanctions programs that are administered by the Department of Foreign Affairs, Trade, and Development prohibit or restrict transactions to or from or dealings with specified countries, their governments, and in certain circumstances, with individuals and entities that are specially designated nationals of those countries, narcotics traffickers and terrorists or terrorist organizations. As regulatory scrutiny and enforcement action in these areas increase, the Company expects its costs to comply with these requirements will increase, perhaps substantially. Failure to comply with any of these requirements could result in the limitation, suspension or termination of the Company's services, the seizure and/or forfeiture of the Company's assets and/or the imposition of civil and criminal penalties, including fines. the Company's senior management have limited experience dealing with regulatory requirements in relation to Digital Assets.

The Company is subject to Canadian and foreign laws and regulations that affect companies conducting business on the Internet, which regulate user privacy, data protection, content, intellectual property, distribution, electronic contracts and other communications, competition, consumer protection and taxation. In particular, the Company is subject to federal, provincial, and foreign laws regarding privacy and protection of user data. Foreign data protection, privacy, and other laws and regulations are often more restrictive than those in Canada. Existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, increase operating costs, require significant management time and attention, and subject the Company to claims or other remedies, including fines or demands that the Company modify or cease existing business practices.

The Company is registered with FINTRAC and is subject to regulatory oversight and enforcement by FINTRAC. In the event that registration and reporting requirements under PCMLTFA change, the Company may become subject to more onerous reporting, recordkeeping and anti-money laundering provisions of the PCMLTFA. Any non-compliance with anti-laundering or reporting procedures could result in significant financial penalties and the possibility of criminal prosecution. The foregoing laws and regulations are constantly evolving, unclear and inconsistent across various jurisdictions, making compliance challenging. Many of these laws are still evolving and being tested in the courts, and could be interpreted in ways that could harm the Company's business. If the Company fails to update its compliance systems to reflect legislative or regulatory developments, the Company could incur penalties. New legislation, changes in laws or regulations, implementing rules and regulations, litigation, court rulings, changes in industry practices or standards, changes in systems rules or requirements or other similar events could expose the Company to increased compliance costs, liability, reputational damage, and could reduce the market value of the Company's services or render them less profitable or obsolete. Responding to inquiries, investigations, audits, lawsuits and proceedings, regardless of the ultimate outcome of the matter, is time-consuming and expensive and can divert the attention of senior management. The outcome of such proceedings may be difficult to predict or estimate until late in the proceedings, which may last a number of years.

Money transfers are regulated by provincial, federal and foreign governments. The Company and the Custodian are subject to an extensive set of legal and regulatory requirements. The Company's international operations may become subject to licensing requirements. If federal, state, provincial or foreign regulators were to take actions that interfere with the Company's ability to reliably effect payment transfers, hold (indirectly through the Custodian) Canadian currency on behalf of customers, or limit or prohibit the Company or payment services partners from transferring or transacting in Canadian currency, this could harm the Company's business. If the Company is prevented from transferring or transacting in Canadian currency from particular jurisdictions that are significant to its business, it could harm the Company's business and results of operations.

The regulatory risks described above may be greater for companies in the blockchain industry as it is relatively new and clients, counterparties and regulators are expected to need significant education to understand the mechanics of products and services that rely on blockchain technology.

Personal Information and Privacy Laws

The Company receives, transmits, and stores confidential personal information and other customer data in connection with its services, including, bank account numbers, credit and debit card information, identification numbers, addresses, telephone numbers, and images of government identification, and information relating to financial transactions. These activities are subject to the laws and regulations of Canada and other jurisdictions. The requirements imposed by these laws and regulations, which often differ materially among the many jurisdictions where the Company intends to offer service, are designed to protect the privacy of personal information and to prevent that information from being inappropriately disclosed.

The Company is required to comply with the privacy provisions the *Freedom of Information and Protection of Privacy Act* (Ontario). There are also numerous other federal, provincial and local laws around the world regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other customer data, the scope of which are changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other applicable rules. It is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or the Company's business practices. Additionally, with advances in computer capabilities and data protection requirements to address ongoing threats, the Company may be required to expend significant capital and other resources to protect against potential security breaches or to alleviate problems caused by security breaches. Any failure or perceived failure by the Company to comply with its privacy policies, privacy-related obligations to customers or other third parties, or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, may result in governmental enforcement actions, fines or litigation.

If any third parties with whom the Company works, such as marketing partners, vendors or developers, violate applicable laws or the Company's policies, such violations may put the Company's customers' information at risk and could harm the Company's business. Any negative publicity arising out of a data breach or failure to comply with applicable privacy requirements could cause reputational damage and cause customers to lose trust in the Company, which could adversely affect the Company's business, results of operations, financial position and potential for growth.

Cybersecurity Risks

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments, including improper acts by third parties, may result in a compromise or breach of the security measures that the Company uses to protect its systems. Failures of the Company's cybersecurity system could harm its reputation, subject it to legal claims and otherwise materially and adversely affect its business, financial condition and results of operations.

The blockchain industry is a particular target for cybersecurity incidents, which may occur through intentional or unintentional acts by individuals or groups, including state-sponsored actors, having authorized or unauthorized access to the Company's systems or the Company's clients' or counterparties' information, all of which may include confidential information. These individuals or groups include employees, third-party service providers, customers and hackers. The information and technology systems used by the Company and its service providers are vulnerable to unauthorized access, damage or interruption from, among other things: hacking, ransomware, malware and other computer viruses; denial of service attacks; network failures; computer and telecommunication failures; phishing attacks; infiltration by unauthorized persons; fraud; security breaches; usage errors by their respective professionals; power outages; terrorism; and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Recently, the cryptocurrency exchange industry has become a significant target for fraud.

While the Company will deploy a range of defenses, it is possible the Company could suffer an impact or disruption that could materially and adversely affect it. The security of the information and technology systems used by the Company and its service providers may continue to be subjected to cybersecurity threats that could result in material failures or disruptions in the Company's business. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Company or a service provider may have to make a significant investment to fix or replace them. As a company whose material business include financial services, the Company has and will continue to have access to sensitive, confidential information of clients and counterparties which makes the cybersecurity risks identified above more important than they may be to other non-financial services companies.

The Company relies on a variety of technologies to provide security to its systems. Despite the implementation of network security measures, the Company's infrastructure is potentially vulnerable to computer break-ins and similar disruptive problems. The Company could also suffer from an internal security breach. Computer viruses, break-ins or other security problems could lead to misappropriation of proprietary information and interruptions, delays or cessation in service to the Company Users. If a third party or employee were to misappropriate, misplace or lose corporate information, including financial and account information, customers' personal information, or source code, the Company's business may be harmed. The Company may be required to expend significant capital and other resources to protect against these security breaches or losses or to alleviate problems caused by these breaches or losses. If third parties gain improper access to the Company's systems or databases or those of the Company's partners or contractors, they may be able to steal, publish, delete or modify confidential customer information. A security breach could expose the Company to monetary liability, lead to inquiries and fines or penalties from regulatory or governmental authorities, lead to reputational harm and make Users less confident in the Company's services, which could harm the Company's business, financial condition and results of operations.

Risk of System Failure or Inadequacy

The Company's operations are dependent on its ability to maintain its equipment in effective working order and to protect its systems against damage from fire, natural disaster, power loss, telecommunications failure or similar events. In addition, the growth of the Company's customer base may strain or exceed the capacity of its computer and telecommunications systems and lead to degradations in performance or systems failure. The Company may in the future experience failure of its information systems which may result in decreased levels of service delivery or interruptions in service to its Users. While the Company continually reviews and seeks to upgrade its technical infrastructure and provides for certain system redundancies and backup power to limit the likelihood of systems overload or failure, any damage, failure or delay that causes interruptions in the Company's operations could have a material and adverse effect on the Company's business. All of the Company's applications are hosted by external service providers. Any failure on the part of those external service providers to maintain their equipment in good working order and to prevent system disruptions could have a material and adverse effect on the Company's business.

Loss of Private Key

CADT will be controllable only by the possessor of the private key or keys relating to the "digital wallet" in which the CADT is held. Private keys must be safeguarded and kept private in order to prevent a third party from accessing the CADT while held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised by the Company or another digital party and no backup of the private key is accessible, the Company will be unable to access the CADT held in the related digital wallet. Any loss of private keys relating to digital wallets used to store CADT held by the Company from time to time could adversely affect its business, financial condition and results of operations. If any such CADT is lost, stolen or destroyed under circumstances rendering a party liable to the Company, the responsible party may not have the financial resources sufficient to satisfy the Company's claims.

Risks Associated with Market Expansion and Growth

The Company's opportunities to expand its operations into new markets abroad by increasing the number of eligible countries from which Users may open and transact using CADT may be limited. Any future expansion into new markets could place the Company in unfamiliar competitive environments and involve various risks, including incurring losses or failing to comply with applicable laws and regulations. Such expansion would also require significant resources and management time, and there is no guarantee that, after expending such resources and time, the Company would receive the necessary approvals to operate in such new markets. If the Company were granted authority to operate in such new markets, it is possible that returns on such investments would not be achieved for several years, if at all. There is no guarantee that the Company's business model will be successful in a new market, that the Company could maintain acceptable profit margins in any such new market, or that international expansion would help grow the Company's business. If the Company is unable to successfully expand operations into new markets, future growth rates may be harmed.

As the Company grows its business, its employee headcount and the scope and complexity of its business may increase dramatically. The Company only has a limited operating history at its current scale and its management team does not have substantial tenure working together. Consequently, if the Company's business grows at a rapid pace, it may experience difficulties maintaining this growth and building the appropriate processes and controls. Growth may increase the strain on resources, cause operating difficulties, including difficulties in sourcing, logistics, maintaining internal controls, marketing, designing products and services and meeting customer needs.

In addition, the Company may seek to run more than one business line and, while these business lines are anticipated to be complimentary, there can be no assurance that the Company will be able to effectively deliver internal or external resources effectively to each business line as and when needed, particularly when multiple business lines are experiencing high levels of need at the same time. Finally, some or many of the Company's business lines are or are expected to be interlinked. Delays or the inability to roll out products in one business line may pose corresponding issues in other business lines.

If the Company does not adapt to meet these challenges, it could have a material adverse effect on its business, financial condition and results of operations.

Use of the Company's Services for Improper or Illegal Purposes

The Company's services remain susceptible to potentially illegal or improper uses as criminals are using increasingly sophisticated methods to engage in illegal activities involving Internet services and payment providers. Because the Company's customers will be able to transfer CADT, and money using bank accounts via the Internet, and these are not face-to-face transactions, these transactions involve a greater risk of fraud. Other illegal or improper uses of CADT and the Company's services may include money laundering, terrorist financing, drug trafficking, human trafficking, illegal online gaming, and other online scams, illegal sexually-oriented services, prohibited sales of pharmaceuticals, fraudulent sale of goods or services, piracy of software, movies, music and other copyrighted or trademarked goods, unauthorized uses of bank accounts and similar misconduct. Users of CADT and the Company's services may also encourage, promote, facilitate or instruct others to engage in illegal activities. If the measures the Company takes are too restrictive and inadvertently screen proper transactions, this could diminish the Company's customer experience which could harm the Company's business. Despite the Company's efforts, there can be no assurance that measures taken by the Company will stop all illegal or improper uses of CADT and the Company's services. The Company's business could be harmed if customers use CADT or the Company's services for illegal or improper purposes.

The use of Digital Assets for illegal purposes, or the perception of such use, even if such use does not involve the Company's services or products, could result in significant damage to the Company's reputation, damage to the reputation of Digital Assets and a loss of confidence in the services provided by the blockchain technology community as a whole.

Risk of Theft and Misconduct

The Canadian dollars exchanged in consideration of the purchase of CADT will be held by the Custodian, who, as part of its daily business, faces the risk of theft and employee dishonesty. Of particular concern are circumstances where employees could collude with customers to engage in theft by evasion of internal and other controls and cause damage which may not be predictable or within the terms of existing insurance coverage.

There is a risk that an employee of, or contractor to, the Company or any of its affiliates could engage in misconduct that adversely affects the Company's business. It is not always possible to deter such misconduct, and the precautions the Company takes to detect and prevent such misconduct may not be effective in all cases. Misconduct by an employee of, or contractor to, the Company or any of its affiliates, or even unsubstantiated allegations of such misconduct, could result in direct financial harm to the Company.

Litigation Risk

As an enterprise whose primary business line is considered a financial service, the Company depends to a significant extent on its relationships with its clients and its reputation for integrity and high-caliber professional services. As a result, if a client is not satisfied with the Company's services or if there are allegations of improper conduct, including improper conduct by any of the Company's partners, by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to the Company, it may harm the Company's reputation and may be more damaging to the Company than to businesses in other nonfinancial industries.

Customer Complaints and Negative Publicity

Customer complaints or negative publicity about the Company's services could diminish consumer confidence in the Company, which could lead to a reduced use of the Company's services. Breaches of customers' privacy and security measures could have the same effect. The Company may take measures to combat risks of fraud and breaches of privacy and security such as cancelling customer transactions or closing customer accounts that may damage relations with the Company's customers. These measures heighten the need for prompt and accurate customer service to resolve irregularities and disputes. Effective customer service will require significant personnel expense, and this expense, if not managed properly, could impact the Company's profitability. Any inability to manage or train customer service representatives properly could compromise the Company's ability to handle customer complaints effectively. If the Company does not handle customer complaints effectively, its reputation may be harmed and the Company may lose its customers' confidence.

Reliance on Key Personnel

The Company currently has a small senior management group, which is sufficient for the Company's present level of activity. The Company's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Company relies on a limited number of key employees, consultants and members of senior management and there is no assurance that the Company will be able to retain such key employees, consultants and senior management. The loss of one or more of such key employees, consultants or members of senior management, if not replaced, could have a material adverse effect on the Company's business, financial condition and prospects. The development of the Company is dependent upon its ability to attract and retain key personnel, particularly the services of Richard Zhou. See Item 13 – "Directors and Officers". The loss of Mr. Richard Zhou's services could have a materially adverse impact on the business of the Company. There can be no assurance that the Company can attract and train qualified personnel in the future. To operate successfully and manage its potential future growth, the Company must attract and retain highly qualified managerial and financial personnel. The Company faces intense competition for qualified personnel in these areas. If the Company is unable to hire and retain additional qualified personnel in the future to develop its business, then its financial condition and operating results could be adversely affected.

Reliance on Third-Party Service Providers

CADT will be backed by Canadian dollars stored by the Custodian in the Custodial Account. Any failure by the Custodian to properly secure the Canadian dollars backing the CADT, resulting in part or all of the Canadian dollar backing the CADT being lost, damaged or stolen, or access to such money being restricted, whether by natural events (such as an earthquake) or human actions (such as a terrorist attack), could result in a decrease in the value of the CADT, which could expose the Company to liability and reputational harm and seriously curtail the utilization of the CADT which could have a material adverse effect on our business, financial condition, or results of operations.

The Company's operations could be interrupted or disrupted if the Company's third-party service providers, or even the vendors of such third-party service providers, experience operational or other systems difficulties, terminate their service, fail to comply with regulations or raise their prices. The Company may also suffer the consequences of such third-party providers' mistakes. The Company outsources some of its operational activities and accordingly depends on relationships with many third-party service providers. For example, the Company relies on third parties for certain services, including anti-money laundering and counter-terrorist financing software. The failure or capacity restraints of third-party services, a cybersecurity breach involving any third-party service providers or the termination or change in terms or price of a third-party software license or service agreement on which the Company relies could interrupt the Company's operations. Replacing third-party service providers or addressing other issues with the Company's third-party service providers could entail significant delay, expense and disruption of service. As a result, if these third-party service providers experience difficulties, are subject to cybersecurity breaches, terminate their services or raise their prices, and the Company is unable to replace them with other service providers, particularly on a timely basis, the Company's operations could be interrupted. If an interruption were to continue for a significant period, the Company's business, financial condition and results of operations could be adversely affected. Even if the Company can replace third-party providers, it may be at a higher cost to the Company, which could also adversely affect the Company's business, financial condition and results of operations.

The Company is dependent on Hengwell providing the Company software maintenance and support on a 24- hour, 7 day a week basis pursuant to the Maintenance Agreement. See Item 3 - "General Development of the Business - Maintenance Agreement". In the event the Maintenance Agreement is terminated or Hengwell refuses to provide any or all of the services contemplated therein, there is a risk the Company is unable to find a suitable alternative service provider that will provide the same services on the same or similar terms, which may result in the Company paying higher fees for those services. Further, finding a suitable replacement may cause delays with the Company's business, both in terms of finding the replacement and transitioning to that service provider, any of which could negatively impact the Company's business and revenue.

While the Company has obtained banking services with the Custodian there is no assurance the Custodian will continue to provide banking services, or that replacement banking services could be obtained. A number of companies that provide blockchain technology-related products and services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to blockchain technology-related companies, including the Company, for a number of reasons, such as perceived compliance risks or costs. Similarly, continued general banking difficulties may decrease the utility or value of Digital Assets or harm public perception of those assets. In addition to banks, other third-party service providers including accountants, lawyers and insurance providers may also decline to provide services to companies engaged in blockchain technology-related businesses because of the perceived risk profile associated with such businesses or the lack of regulatory certainty. The failure of blockchain technology-related businesses to be banked or obtain services could materially and adversely affect the Company's business, financial condition and results of operation.

BVCI has contracted the services of KVB pursuant to the Dealer Services Agreement for purposes of issuing CADT through KVB in reliance on an exemption from the dealer registration requirement under applicable securities laws. As BVCI is not currently registered as a dealer under applicable securities laws for purposes of selling CADT, it will be substantially dependent on KVB for purposes of selling CADT and otherwise pursuing its proposed CADT related business. In the event KVB terminates the Dealer Services Agreement, or the conditions to the issuance of CADT provided for in the Dealer Services Agreement are not satisfied, BVCI would not be able to pursue its CADT business any further, unless or until it is registered under applicable securities laws in a category that permits the sale of CADT, or an alternative third-party registered as a dealer in a category that permits it to sell CADT is secured. There is no assurance that BVCI's dealer registration application will be successful or that it would be able to secure such a third party dealer should KVB terminate the Dealer Services Agreement or the conditions provided therein not be satisfied.

Pursuant to the Dealer Services Agreement, BVCI must develop the KVB Wallet in a manner that ensures that the KVB Wallet functions well for purposes of compliance with applicable securities laws. As the obligations of a dealer under applicable securities laws are onerous and complex, the KVB Wallet must have adequate functions to allow KVB to fulfil certain of its obligations as a dealer under such laws where the more traditional processes of a dealer would unduly hinder the usability of CADT and the KVB Wallet. In particular, there is no assurance the KVB Wallet can be developed in a manner that allows KVB to satisfy all of its obligations to prospective users of CADT (such a "know-your client" (KYC) and investment "suitability" obligations) while still allowing those users to use CADT as a means to settle transactions in near real time. As KVB is regulated as a dealer by the securities regulators and regulatory authorities in all jurisdictions in which BVCI proposes to operate its CADT related business, such regulators and regulatory authorities will have to be satisfied with the manner in which the KVB Wallet operates to the extent applicable to securities laws, and there is no assurance in this regard.

Competition

The Company faces competition from established competitors, and also from competitors using alternative technologies. While the market for Digital Assets, including technologies backed by fiat currency or other commodities is highly fragmented, there exists little in the way of barriers to entry to this type of business, and the Company anticipates that such barriers to entry will become lower in the future. The Company therefore believes that it must continue to develop new products and services and introduce enhancements to its existing products and services in a timely manner if it is to remain competitive. Even if the Company introduces new and enhanced products and services, it may not be able to compete effectively because of the significantly greater financial, technical, marketing and other resources available to some of its competitors. As the markets for the Company's products and services expand, additional competition may emerge and competitors may commit more resources to competitive products and services. There can be no assurance that the Company will be able to compete successfully in these circumstances. Some of the Company's current and potential competitors have significantly greater resources and better competitive positions in certain markets than the Company. These factors may allow competitors to respond more effectively than the Company to new or emerging technologies and changes in market requirements. Competitors may develop products, features, or services that are similar to those of the Company or that achieve greater market acceptance, may undertake more far-reaching and successful product development efforts or marketing campaigns, or may adopt more aggressive pricing policies. In addition, certain competitors could use strong or dominant positions in one or more markets to gain competitive advantage against the Company in areas where it operates. As a result, competitors may acquire and engage Users at the expense of the growth or engagement of the Company's user base, which may negatively affect its business and financial results.

Global Economic and Financial Market Conditions

Market events and conditions, including disruption in the Canadian, U.S. and international credit markets and other financial systems and the deterioration of Canadian, U.S. and global economic and financial market conditions, could, among other things, impact currency trading and impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. Market disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

Force Majeure Risks

The Company may be affected by events beyond its control, including acts of nature, fires, floods, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, civil unrest, change in overall legal framework and labor strikes. Some such events may adversely affect the ability of the Company or a counterparty to the Company to perform its obligations. In addition, the cost to the Company of repairing or replacing its damaged reputation or assets as a result of such an event could be considerable. Certain events such as war or an outbreak of an infectious disease could have a broader negative impact on the world economy and international business activity generally, or in any location in which the Company may invest or conduct its business specifically.

Market Price of Common Shares

Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Company Common Shares is also likely to be significantly affected by the rapid technological changes affecting the crypto-currency market, or changes in the Company's financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the Company Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company's securities; naked short selling; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of Issuer Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Company Common Shares that persists for a significant period of time could cause the Company's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the price of the Company Common Shares at any given point in time may not accurately reflect the Company's long-term value.

Dividend Policy

No cash dividends on the Company Common Shares have been paid by the Company to date. Payment of any future dividends will be at the discretion of the Company Board after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Control of the Company

Richard Zhou, the President, Chief Executive Officer and Chairperson of the Company, is the principal shareholder of the Company and a promoter of the Company. As of the date hereof, Mr. Zhou beneficially owns 14,977,438 Issuer Common Shares, representing approximately 61.36% of the issued and outstanding Issuer Common Shares. See Item 12 – "Principal Shareholders" and Item 13 – "Directors and Officers". By virtue of his status as the principal shareholder of the Company, and by being a director and officer of the Company, Mr. Zhou has the power to exercise control over all matters requiring shareholder approval, including the election of directors, amendments to the Company's articles and by-laws, mergers, business combinations and the sale of substantially all of the Company's assets. As a result, the Company could be prevented from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a take-over bid. As well, sales by Mr. Zhou of a substantial number of Issuer Common Shares could cause the market price of the Company Common Shares to decline. All of the Company Common Shares owned by Mr. Zhou will be escrowed in accordance with the policies of the Exchange. See Item 11 – "Escrowed Securities and Securities Subject to Restriction on Transfer".

Uninsurable Risks

The operations of the Company are subject to risks associated with settling CADT transactions in an accurate and secure manner, as well as the depositing with and holding of Canadian money through the Custodian, and any and all legal liability associated with these dealing or with the Company's internet technology business generally. It is not always possible to obtain insurance against all such risks and neither the Company nor the Custodian insures the Canadian dollars held on behalf of the Company's customers. The Custodian is not required to hold any insurance for the benefit of the Company or its Users. As custodian, the Custodian maintains insurance through third party insurance providers on such terms and conditions as it considers appropriate. While the Company may in the future obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or be excluded from coverage. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, thereby adversely affecting the Company's business and financial condition.

Even if BCVI obtains insurance for certain potential liabilities in the future, such insurance will not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts refundable. Even if the Company believes a claim is covered by insurance, insurers may dispute the Company's entitlement for a variety of different reasons, which may affect the timing and, if the insurers prevail, the amount of the Company's recovery. Any claims or litigation, even if fully indemnified or insured, could damage the Company's reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

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/