CYPHERPUNK HOLDINGS INC

Management Discussion and Analysis

For the nine months ended June 30, 2021 and 2020
As at August 25, 2021

This Management Discussion and Analysis ("MD&A") has been approved in accordance with a resolution of the Board of Directors of Cypherpunk Holdings Inc. ("Cypherpunk" or, the "Company" dated August 25, 2021. It should be read in conjunction with the interim condensed consolidated financial statements of the Company as at and for the nine months ended June 30, 2021 and 2020.

About Cypherpunk Holdings Inc.

Cypherpunk is a publicly traded company that is listed on the Canadian Securities Exchange (CSE) under the ticker HODL.

An investment in the shares of the Company provides an investor with indirect exposures to various crypto currencies such as Bitcoin (BTC) and Ethereum (ETH), and in companies that are actively developing privacy technology. Cypherpunk Holdings' investments in privacy technologies are centered on the thesis that in the coming years, privacy will become one of the most important narratives in technology. Technologies and cryptocurrencies with strong privacy will thus have strong market demand.

As at June 30, 2021, the Company holds 386.03 BTC and 511.89 ETH with a market unit value of US$34,856 ($42,812) and US$2,257 ($2,773) resulting in a total market value of US$14,685,723 ($17,955,561). As at June 30, 2021, 100 of the Company's BTC had been loaned to Genesis Global Capital, LLC ("Genesis") pursuant to a master loan agreement. Cypherpunk currently has investments in three privacy technology development companies and one publicly traded investment company that holds a minority interest in a data center company offering web hosting, a colocation data center, cloud, system integration, blockchain infrastructure and other solutions.

Significant Events in the Period

Strategic Investments

On June 28, 2021 the Company loaned 100 Bitcoins to Genesis on an open loan basis pursuant to a master loan agreement (the "Bitcoin Loan"). The Bitcoin Loan bears interest at 2.5% per annum, payable monthly in Bitcoin, there is no maturity date and Cypherpunk has the option to demand immediate payment of a portion or the entirety of the Bitcoin Loan balance at any time.

In February 2021, the Company purchased a package of IP addresses for USD $393,216 ($519,236). The package of IP addresses known as IPv4 Subnet 206.206.64.0/18 is intended to be leased to generate operating revenues. In March 2021, the Company has secured a leasing arrangement is currently generating a 14.8% yield per annum on the Company's original investment

On December 29, 2020, the Company granted a convertible loan of 100,000 Euros ($158,763) to NGRAVE.IO

("NGRAVE"), a limited liability company located in Antwerpen, Belgium, for a 12-month period. The loan is subject to a gross annual interest of 5% and is payable on December 29, 2021; on this date, the loan and accrued interest will be converted into common stock of NGRAVE at a price per share equal to 95% of the price per share paid by the investors in an equity financing. NGRAVE is a digital asset and blockchain security provider that owns ZERO, a fully offline hardware wallet that features the world's highest security certification, EAL7, for its secure operating system.

Cryptocurrencies - As at June 30, 2021, the Company's cryptocurrency inventory consists of 386.03 BTC and 511.89 ETH with market unit values of US$34,856 ($42,812) and US$2,257 ($2,773) respectively, resulting in a total market value of US$14,685,723 ($17,955,561).

At the date of this report BTC and ETH had market unit values of US$48,979 ($61,710) and US$3,227 ($4,066) respectively and, at the end of the Company's second quarter ending March 31, 2021, BTC and ETH had market unit values of US$58,919 ($74,090) and $1,914 ($2,407) respectively.

Private Placements

On March 24, 2021, the Company closed a private placement for aggregate gross proceeds of $10,000,000 through the issuance of 29,411,766 units at a price of $0.34 per unit. Each unit consisted of one common share and one-half common share purchase warrant. Each full warrant entitles his holder to acquire one common share at an exercise price of $0.395 for a period of 3 years from the date of issuance. Using the relative fair value method, $2,443,637 was attributed to the warrants. The Company incurred in $866,386 of cash issue costs in addition to the issuance of 2,058,824 broker warrants in connection with the private placement.

On January 15, 2021, the Company closed a private placement for aggregate gross proceeds of $2,980,121 through the issuance of 19,867,470 units at a price of $0.15 per unit. Each unit consisted of one common share and one-half common share purchase warrant. Each full warrant entitles his holder to acquire one common share at an exercise price of $0.25 for a period of 3 years from the date of issuance. Using the relative fair value method, $842,368 was attributed to the warrants. The Company incurred in $55,343 of issue costs in connection with the private placement.

Employee Termination Costs

On October 27, 2017, Grant Edey, the Company's former CEO and Chairman, began an action in the Superior Court of Ontario, seeking, among other things, compensation for lost salary and bonus, and punitive damages for the manner of his dismissal from the Company. On April 9, 2021 the Company terminated Dennis Gibson as CFO. During the period, the Company, Mr. Edey and Mr. Gibson entered into respective agreements whereby all claims or potential claims arising out of, or in relation to, the termination their employment were settled on a confidential basis for a combined total of $477,500.

COVID-19

Since early 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

In the current year, there has not been adverse impact on the Company liquidity, investments, expenditures or any other of its key business factors or operations but it is not possible to reliably estimate the length and severity of these developments and the future impact on the financial results and condition of the Company. Through a thorough review of operating expenses and the scheduling of some expenditures, the Company is focused on prudently managing the Company's financial resources and planned activities pending a resolution of the COVID-19 pandemic.

Overall Performance

Investments

	Quantity	**June 30, 2021**	Quantity	September 30, 2020
Sixty-Six Capital Inc. - Shares (a)	3,642,000	455,250	3,842,000	1,440,750
zkSNACKS Limited - Shares (b)	4,500	445,028	4500	445,027
Chia Network Inc. (c)	19,860	517,275	SAFE	400,170
Streetside Development, LLC	1,429	126,516	1,429	126,516
		1,544,068		**2,412,463**

Sixty-Six Capital Inc. (CSE:SIX), formerly Hydro66 Holdings Corp. ("Sixty-Six"), announced on March 9, 2021 that it had sold its shares of Hydro66 UK Limited ("Hydro66 UK") to Northern Data AG (Northern Data) for 338,273 shares of Northern Data and up to 4 million Euros in cash. Hydro66 UK operates a data center in Sweden. Sixty-Six Capital has transitioned into an investment company specializing in Crypto assets and its principal asset is 338,273 shares of Northern Data, representing approximately 2.3% of Northern Data, with a market value of $49 million as at June 30, 2021. The Northern Data shares are subject to a two-year hold. During the period ended June 30, 2021, the Company sold 200,000 shares of Sixty-Six Capital Inc. and recognized a realized loss of $3,910 in the interim condensed consolidated statement of comprehensive income (loss). Cypherpunk owns approximately 2.7% of Sixty-Six. The market value of Sixty-Six was $0.125 per share at June 30, 2021 and $0.15 per share at the date of this report.

On May 10, 2021, the Company received 19,806 shares of Series B Stock of Chia Network Inc. ("Chia") priced at US$21.2054 per share representing 0.09% of the Chia's issued and outstanding common shares on a fully diluted basis, pursuant to Cypherpunk's Simple Agreement for Future Equity ("SAFE") investment in Chia. The Company recognized an unrealized gain of $140,025 in the interim condensed consolidated statement of comprehensive income (loss). On May 25, 2021, Chia announced that it had raised approximately US$61 million 61 million Series D Preferred equity investments led by Richmond Global Ventures and Andreessen Horowitz, with participation from True Ventures, Slow Ventures, Cygni Capital, Breyer Capital, Naval Ravikant, Collab+Currency and DHVC.

Cypherpunk also holds a $155,026 convertible loan, including accrued interest, granted to NGRAVE that is classified as a loan receivable in the interim condensed consolidated financial statements.

Cryptocurrencies

As at June 30, 2021, the Company's cryptocurrency inventory consists of 386.03 BTC and 511.89 ETH with market unit values of US$34,856 ($42,812) and US$2,257 ($2,773) respectively, resulting in a total market value of US$14,685,723 ($17,955,561).

At the date of this report BTC and ETH had market unit values of US$48,979 ($61,710) and US$3,227 ($4,066) respectively and, at the end of the Company's second quarter ending March 31, 2021, BTC and ETH had market unit values of US$58,919 ($74,090) and $1,914 ($2,407) respectively.

Subsequent Events

On July 11, 2021 the Company purchased 15.1 bitcoins for an aggregate purchase price of approximately CAD$500,000 inclusive of fees and expenses at an average purchase price per bitcoin of USD$33,099 (CAD$41,467).

Selected Quarterly Information

The below selected quarterly information summarizes the financial information for the last eight quarters.

	Q3 21-Jun $	Q2 Mar-21 $	Q1 Dec-20 $	Q4 Sep-20 $	Q3 Jun-20 $	Q2 Mar-20 $	Q1 Dec-19 $	Q4 Sep-19 $
Interest income	25,007	13,282	1,493	1,406	2,302	8,290	12,265	8,173
Net realized gain (loss) on cryptocurrencies	218,836	-	1,302,751	112,368	-	-	(627)	(100,885)
Net unrealized gain (loss) on cryptocurrencies	(11,154,104)	10,402,125	5,319,245	434,994	821,287	(255,974)	(342,609)	(522,323)
Realized gain (loss) on investments	-	(3,910)	-	170,546	-	765	-	(372)
Dividends received	-	135,014	-	-	-	-	-	-
Unrealized gain (loss) on investments	(188,431)	(36,420)	(595,510)	826,030	389,300	(366,400)	(487,696)	(1,440,763)
Expenses	1,297,118	456,193	433,995	526,668	303,461	(47,696)	164,792	151,650
Net gain (loss)	(12,395,810)	10,053,898	5,593,984	1,018,676	909,428	(565,623)	(983,459)	(2,207,820)
Net gain (loss) per share (basic and diluted)	(0.08)	0.08	0.06	0.01	0.01	(0.01)	(0.01)	(0.02)
Other comprehensive income (loss)	-	-	-	(871)	959	(2,095)	-	4,461
Total comprehensive income (loss)	(12,395,810)	10,053,898	5,593,984	1,017,799	910,387	(567,718)	(983,459)	(2,203,359)
Total current assets	21,424,086	32,981,443	10,746,760	4,430,340	3,297,011	2,653,441	2,865,566	3,749,153
Total current liabilities	372,203	237,938	277,805	186,114	232,450	128,762	108,724	113,883
Total assets	23,487,650	35,223,067	12,556,303	6,855,628	5,025,044	4,010,969	4,558,649	5,547,267

In the quarterly periods, the main items are the unrealized gain or losses from the adjustments to fair value of the cryptocurrencies and of the investment holdings of Sixty-Six. There is also interest earned on the bank accounts, investments and on the guaranteed investment certificates "GICs" which fluctuates over the quarters due to changes in the cash balances.

Expenses variances are due to the gain or loss in foreign exchange that fluctuates over the quarters due to the variances in the foreign exchange rates, mainly of the US dollar, and for the variance of the cash and cryptocurrencies balances that are denominated in such currency. Increased expenses in Q3 2020 are mainly due to the $243,866 of stock options granted in the period, employee termination costs pertaining mainly to the claim of Mr. Grant Edey, former CEO of the Company, and increased professional fees. Other general expenses variances are mainly composed of technical consulting, corporate and administrative expenses.

The main components of total assets of the Company are cash, cryptocurrencies, and investments. Total assets variances from quarter to quarter are mainly due to the fair value variances of the cryptocurrencies and the Sixty-Six investment.

Results of Operations

Comparison of the three-month period ended June 30, 2021 and 2020

The net loss for the period ended June 30, 2021 is $12,395,810 compared to net gain of $909,428 for the same period in fiscal 2020. The variances are summarized as follows:

- In Q3 2021, there is a $11,154,104 loss on marked-to-market valuation of the cryptocurrencies held by the Company versus a gain of $821,287 in Q3 2020, mainly due to the negative variance in the value of Bitcoin in the period and the larger number of Bitcoins held; 386.03 BTC at the end of Q3 2021 compared to 203.5 BTC at the end of Q3 2020.
- In Q3 2021, there is a $218,836 realized gain on cryptocurrencies versus gain of $nil in Q3 2020 due to the sale of the Company's Monero cryptocurrency during the period.
- In Q3 2021, there is a $188,431 unrealized loss on investments a versus an unrealized gain of $389,300 in Q3 2020, due to the reduction in the fair value in the shares of Sixty Six, offset by an increase in the fair value of the Company's Chia investment. The investments are required to be marked-to-market each period-end and the adjustment is recorded in operations.
- In Q3 2021, the total of net expenses is $1,297,118, which is $993,657 greater than the $303,461 of net expenses of Q3 2020, mainly due to the following:
    - $477,500 of employee termination costs versus nil in 2020 due to expenses related to termination of former CEO Grant Edey and former CFO Dennis Gibson;
    - $243,866 of stock-based compensation versus $nil in 2020;
    - $236,400 of professional fees versus $93,145 in 2020, mainly due to increased legal expenses;
    - $186,448 of general and administrative costs versus $26,515, mainly due to increased shareholder communications expense;
    - $19,169 of foreign exchange loss versus a $113,306 foreign exchange loss in the prior year.

Comparison of the nine-month period ended June 30, 2021 and 2020

The net gain for the nine-month period ended June 30, 2021 is $3,252,072 compared to net loss of $639,654 for the same period of the year 2020. The variances are summarized as follows:

- In the nine-month period ended June 30, 2021, there is a $4,567,266 unrealized gain on the marked-to-market valuation of the cryptocurrencies held by the Company versus an unrealized gain of $222,704 in 2020, mainly due to the positive variance in the value of Bitcoin during the period and the larger number of Bitcoins held.
- In the nine-month period ended June 30, 2021, there is a $820,361 unrealized loss on investments compared to a $464,796 loss in the nine-month period ended June 30, 2020, mainly due to the fair value adjustment of the shares of Sixty Six offset by the gain in the Company's investment in Chia. The investments are required to be marked-to-market each period-end and the adjustment is recorded in operations.
- In the nine-month period ended June 30, 2021, the Company realized a $1,521,587 gain on the sale of cryptocurrencies, consisting of a $1,302,751 gain on the sale of Ethereum (ETH) and a $218,836 gain on the sale of Moneros (XMR). The proceeds of the Ethereum (ETH) sale were used to purchase Bitcoins (BTC) and for general working capital purposes. A portion of the acquired Bitcoins (BTC) were then used to fund the NGRAVE investment. In 2020, there was a small loss of $627 on the sale of 19 Bitcoins (BTC) for which the proceeds were used to buy Moneros (XMR).

- In the nine-month period ended June 30, 2021, the Company had total of net expenses of $2,187,306, a $1,766,749 increase from the $420,557 of expenses in 2020, mainly due to the following:
  - $593,871 of foreign exchange loss in 2021 versus a gain of $58,853 in 2020;
  - $477,500 of employee termination costs versus $nil in 2020 due to expenses related to termination of former CEO Grant Edey and former CFO Dennis Gibson;
  - $270,707 of stock-based compensation versus $nil in 2020;
  - $257,644 of professional fees versus $155,448 in 2020, mainly due to increased legal expenses;
  - $313,655 of general and administrative $68,670 in 2020 mainly due to increased shareholder communications expenses.

Financial and Capital Management

Outstanding Share Data

At June 30, 2021

Common shares outstanding:	158,220,718
Options to purchase common shares:	5,500,000
Warrants:	27,673,442

At August 25, 2021

Common shares outstanding:	158,320,718
Options to purchase common shares:	14,300,000
Warrants:	27,673,442

Cash Flow

For the nine-month period ended June 30, 2021, the net cash inflow is $2,721,109 mainly due to the $12,055,654 net cash received from 2 private placements and $867,500 from exercised options and warrants, partially offset by $9,722,899 of cash used in operating activities, which includes $4,281,820 used to fund the Company's investment in the Bitcoin Loan, $5,761,390 of negative net cash flow in cryptocurrencies, and $519,236 used in the purchase of intangible assets.

Financial Instruments and Financial Risks

Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the investment in cryptocurrencies and blockchain companies. 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. The Company considers capital to be its capital stock, warrant, and stock option components of shareholders' equity.

To effectively manage the Company's capital requirements, the management has in place a planning, budgeting, and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there is sufficient working capital and planned future capital raises to meet its short-term business requirements, taking into account its anticipated cash flow from operations and its holding of cash and cash equivalents and short-term investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company’s approach to capital management during the period ended June 30, 2021.

Safeguarding of Cryptocurrency Assets

The Company retains two third-party custodians (the “Custodians”) to safeguard its cryptocurrency assets; Coinbase Custody Trust Company, LLC (“Coinbase”) to hold the Company’s Bitcoin and Ethereum cryptocurrency assets and Paradiso Ventures Inc. o/a Balance (“Balance”) to hold its Monero (XMR) cryptocurrency assets. The Custodians are only responsible for holding and safeguarding the Company’s cryptocurrency assets and have not appointed a sub-custodian to hold certain cryptocurrency assets.

Coinbase, located at 200 Park Avenue South, Suite 1208, New York, NY 10003, is regulated by the New York Department of Financial Services (NYDFS) and operates as an independently capitalised entity. Coinbase is a fiduciary under § 100 of the New York Banking Law and is licensed to custody its clients’ digital assets in trust on their behalf. As a New York state-chartered trust, Coinbase is held to the same fiduciary standards as national banks and is a qualified custodian for purposes of § 206(4)-2(d)(6) of the Advisers Act, commonly called the custody role.

Cypherpunk is not aware of anything with regards to the Coinbase’s operations that would adversely affect the Company’s operations and there are no known security breaches or other similar incidents involving the custodian as a result of which the Company’s cryptocurrency assets have been lost or stolen.

Coinbase holds 100% of the Company’s bitcoin holdings and carries an annually renewed commercial crime policy that carries a $255M USD limit (per-incident and overall), with Coinbase Global Inc., Coinbase’s parent company, as the named insured.

In the event of a bankruptcy or insolvency Cypherpunk will enforce its rights under the Custodial Services Agreement through Arbitration under the laws of the State of New York, and will be in contact with Coinbase's Regulator, the New York State Department of Financial Services, as well as Coinbase's named insurer.

The due diligence Cypherpunk performed on Coinbase included confirmation that an annual SOC1 audit report pertaining to internal controls over financial reporting, as well as an annual SOC 2 audit report pertaining to controls related to operations and compliance were completed by Coinbase, a review of negative news related to Coinbase, and a review of online training and tutorials offered by Coinbase.

Balance, located at 8 Telegram Mews, Unit 637, M5V 3Z5, Toronto, Ontario, Canada, is registered with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) as a money service business dealing in virtual currencies with registration number M20210422. Balance is regulated by FinTRAC in Canada.

Cypherpunk is not aware of anything with regards to the Balance’s operations that would adversely affect the Company’s operations and there are no known known security breaches or other similar incidents involving the custodian as a result of which crypto assets have been lost or stolen.

Balance maintains liability protection for up to $5,000,000 CAD of assets stored in an Offline Digital Asset Cache and at June 30, 2021 held 100% of the Company’s Monero (XMR) holdings. In April 2021 the Company sold 100% of its Monero (XMR) to hold $nil.

In the event of a bankruptcy or insolvency Cypherpunk will proceed with its legal rights under the Paradiso Ventures Custody Agreement, with Arbitration in the Province of Ontario Canada, as well as contacting Paradiso Ventures designated insurer.

The due diligence performed on Balance include a review of Balance's stated security policies as represented by Balance staff, as well as a review of any negative news pertaining to Balance.

The company utilizes one trading platform (the "Platform") to purchase and sell its cryptocurrency assets; Gemini Trust Company LLC ("Gemini") to purchase and sell Bitcoin and Ethereum cryptocurrency assets. The Platform is responsible for receiving deposits of US dollars, or cryptocurrency, and enabling trades on an order book-based exchange. The Company has a policy to not store Cryptocurrency assets on the Platform for extended periods of time, and assets are stored on the Platform only for as long as is practically required to execute trades. Furthermore, the Company has a policy to not leave in excess of $1M USD of assets on the platform at any given time. This limit is subject to change based on Management's risk assessment of the Platform.

Gemini , located at 315 Park Avenue South, 18th Floor, NY, USA, is regulated by the New York Department of Financial Services (NYDFS) and operates as fiduciary under § 100 of the New York Banking Law and is licensed to custody its clients' digital assets in trust on their behalf. As a New York state-chartered trust, Gemini is held to the same fiduciary standards as national banks and is a qualified custodian for purposes of § 206(4)-2(d)(6) of the Advisers Act, commonly called the custody role.

Cypherpunk is not aware of anything with regards to the Gemini's operations that would adversely affect the Company's operations and there are no known security breaches or other similar incidents involving the custodian as a result of which crypto assets have been lost or stolen.

The due diligence Cypherpunk performed on Gemini included receiving confirmation that an annual SOC1 audit report pertaining to internal controls over financial reporting as well as an annual SOC 2 audit report pertaining to controls related to operations and compliance were completed by Gemini. A review of negative news related to Gemini and a review of online training and tutorials offered by Gemini were also completed.

Risk Disclosures

Exposure to credit, interest rate, and cryptocurrency and currency risks arises in the normal course of the Company's business.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into, causing the other party to incur a financial loss. The Company limits its credit risk by placing its cash with high credit quality financial institutions and with cryptocurrency exchanges on which the Company has performed internal due diligence procedures. The Company deems these procedures necessary as some exchanges are unregulated and not subject to regulatory oversight. Furthermore, crypto exchanges engage in the practice of commingling their clients' assets in exchange wallets. When crypto assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is risk around the occurrence of transactions, or the existence of year-end balances represented by exchanges.

As at June 30, 2021, the Company holds $3,206,488 in cash and cash equivalents at high credit quality financial institutions, $155,026 in a convertible loan receivable from a third party for which the Company intends to convert the loan into its shares in a financing to be performed in the short term, $4,281,820 in a Bitcoin loan receivable and $13,673,741 in cryptocurrencies at a custodian regulated by the New York Department of Financial Services. The Company's due diligence procedures around exchanges and custodians utilized throughout the period include, but are not limited to, internal control procedures around on boarding new exchanges or custodians which includes review of the exchanges or custodians anti money laundering (“AML”) and know your client (“KYC”) policies by the Company’s chief investment officer, constant review of market information specifically regarding the exchanges or custodians security and solvency risk, setting balance limits for each exchange account based on risk exposure thresholds and preparing weekly asset management reports to ensure limits are being followed and having a fail over plan to move cash and cryptocurrencies held on an exchange or with a custodian in instances where risk exposure significantly changes.

Interest Rate Risk

The Company has no exposure to interest rate risk since there are no outstanding debts or other payables subject to interest charges at the end of the reported years.

Cryptocurrencies Risk

Cryptocurrencies are measured at fair value less cost to sell. Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation and political and economic conditions. Further, cryptocurrencies have no underlying backing or contracts to enforce recovery of invested amounts. The profitability of the Company is related to the current and future market price of cryptocurrencies; in addition, the Company may not be able to liquidate its inventory of cryptocurrencies at its desired price if necessary. Investing in cryptocurrencies is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends.

Cryptocurrencies have a limited history; their fair values have historically been volatile, and the value of cryptocurrencies held by the Company could decline rapidly. A decline in the market prices of cryptocurrencies could negatively impact the Company’s future operations. Historical performance of cryptocurrencies is not indicative of their future performance.

Many cryptocurrency networks are online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. In the data packets distributed from cryptocurrency software programs to confirm transaction activity, each party to the transaction user must sign transactions with a data code derived from entering the private key into a hashing algorithm, which signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency. This process is vulnerable to hacking and malware and could lead to theft of the Company’s digital wallets and the loss of the Company’s cryptocurrency.

Cryptocurrencies are loosely regulated and there is no central marketplace for exchange. Supply is determined by a computer code, not a central bank. Additionally, exchanges may suffer from operational issues, such as delayed execution, that could have an adverse effect on the Company.

The cryptocurrency exchanges on which the Company may trade on are relatively new and, in many cases, largely unregulated, and therefore may be more exposed to fraud and failure than regulated exchanges for other assets. Any financial, security, or operational difficulties experienced by such exchanges may result in an inability of the

Company to recover money or cryptocurrencies being held on the exchange. Further, the Company may be unable to recover cryptocurrencies awaiting transmission into or out of the exchange, all of which could adversely affect an investment of the Company. Additionally, to the extent that the digital asset exchanges representing a substantial portion of the volume in digital asset trading are involved in fraud or experience security failures or other operational issues, such digital asset exchanges' failures may result in loss or less favorable prices of cryptocurrencies, or may adversely affect the Company, its operations, and its investments.

Furthermore, crypto exchanges engage in commingling their client's assets in exchange wallets. When crypto assets are commingled, transactions are not recorded on the applicable blockchain ledger but are only recorded by the exchange. Therefore, there is a risk around the occurrence of transactions or existence of period end balances represented by exchanges.

Loss of Access Risk

The loss of access to the private keys associated with the Company's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possess both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed, or otherwise compromised and no backup is accessible, the Company may be unable to access the cryptocurrency.

Irrevocability of Transactions

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Company may not be capable of seeking compensation.

Hard Fork and Air Drop Risks

Hard forks may occur for a variety of reasons including, but not limited to, disputes over proposed changes to the protocol, significant security breach, or an unanticipated software flaw in the multiple versions of otherwise compatible software. In the event of a hard fork in a cryptocurrency held by the Company, it is expected that the Company would hold an equivalent amount of the old and new cryptocurrency following the hard fork.

Air drops occur when the promoters of a new cryptocurrency send amounts of the new cryptocurrency to holders of another cryptocurrency, so that they will be able to claim a certain amount of the new cryptocurrency for free. The Company may not be able to realize the economic benefit of a hard fork or airdrop, either immediately or ever, for various reasons. For instance, the Company may not have any systems in place to monitor or participate in hard forks or air drops.

Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their fair value. The Company's investments are susceptible to other market risk arising from uncertainties about future prices of the instruments. The Company moderates this risk through the various investment strategies within the parameters of the Company's investment guidelines.

As of June 30, 2021, management's estimate of the effect on equity to a +/- 10% change in the market prices of the Company's investments, with all other variables held constant, is $154,407.

Foreign Currency Risk

The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currencies giving rise to this risk are primarily the U.S. dollar and the Euro, the balance of net monetary assets in such currencies as of June 30, 2021 is $19,563,875 (September 30, 2020 - $4,725,471). Sensitivity to a plus or minus 10% change in the foreign exchange rates would affect the net comprehensive loss by $1,956,388.

Liquidity Risk

The Company is exposed to liquidity risk primarily as a result of its trade accounts payable as well as the risk of not being able to liquidate assets at reasonable prices. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2021, the Company had cash and cash equivalents balance of $3,206,488 (September 30, 2020 - $485,379) to settle current liabilities of $372,203 (September 30, 2020 - $186,114). All of the Company's trade accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

Fair Value Hierarchy

The Company classifies its fair value measurements with a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13 – Financial Instruments; Fair Value Measurement ("IFRS 13").

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity.

The Company's investments are classified as Level One, Two or Three depending on the inputs utilized to determine the fair value at June 30, 2021 as follows:

June 30, 2021	**Level One**	**Level Two**	**Level Three**
Cash and cash equivalents	$ 3,206,488	$ -	$ -
Convertible loan receivable	-	-	155,026
Cryptocurrencies	-	13,673,741	-
Bitcoin loan receivable	-	4,281,820	-
Investments	455,250		1,088,818
	$ 3,661,738	**$ 17,955,561**	**$ 1,243,844**

September 30, 2020	**Level One**	**Level Two**	**Level Three**
Cash and cash equivalents	$ 485,379	$ -	$ -
Investments	-	3,926,801	-
Investments	1,440,750	445,027	526,686
	$ 1,926,129	**$ 4,371,828**	**$ 526,686**

There have been no transfers between levels 1, 2 or 3 during the reported periods.

The investment classified as Level One is the 3,642,000 shares of Sixty Six. The shares have a fair value of $455,250 at June 30, 2021 (September 30, 2020 $1,440,750). The fair value of the shares is determined using the stock price of Sixty Six which is listed under the trading symbol "SIX". On June 30, 2021, the share price was $0.125 (September 30, 2020, $0.38). The Company performed a sensitivity analysis on the fair value of the shares and noted that a 20% decrease in share price would result in a $91,050 decrease in the fair value of the shares.

The Company's cryptocurrencies are classified as Level Two determined by taking the price from www.coinmarketcap.com as of 24:00 UTC.

The loan classified as a Level Three is the €100,000 convertible loan granted to NGRAVE ($155,026 including accrued interest), a third-party entity that operates in the digital asset and blockchain security business, for which the Company intends to convert the loan into NGRAVE shares in a financing to be closed in the short-term. Investments classified as Level Three consist of the USD$337,500 (CAD$445,027) invested for 4,500 shares of zkSNACKs Limited, USD$300,000 (CAD$377,250) invested in a SAFE with Chia, marked up to a fair value of $517,275 as at June 30 , 2021, and USD$100,000 (CAD$126,516) invested for an interest in Streetside Development. The fair value of the level three assets are determined using the consideration paid for each transaction, plus accrued interest, when applicable, unless there is an event to justify a fair value adjustment, such as material investment by third party investors. The Company performed a sensitivity analysis on the carrying value of the Level 3 assets and noted that a 20% decrease would result in a $248,769 decrease in their fair value.

The fair value of Level 3 assets is inherently subjective. Due to the uncertainty of fair value of investments that do not have readily ascertainable market values, management's conclusion of fair value for an investment on a date may differ significantly from (1) the fair value conclusions of other knowledgeable market participants and/or (2) prior or subsequently observed transaction prices, including the price paid to acquire, or received to sell, the investment itself.

The following is the activity of Level 3 assets for the period and year ended June 30, 2021 and September 30, 2020, respectively:

	Fair value, September 1, 2020	Additions	Foreign exchange gain (loss)	**Fair value, June 30, 2021**
NGRAVE.IO - Convertible loan		$ 166,319	$ (11,293)	**$ 155,026**
zkSNACKS Limited - Shares	445,027			**445,027**
Chia Network Inc. - SAFE	400,170	140,025	(22,920)	**517,275**
Streetside Development, LLC - Interest	126,516			**126,516**
	971,713			**$ 1,243,844**

	Fair value, September 1, 2019	Additions	Foreign exchange gain	Fair value, September 30, 2020
zkSNACKS Limited - Shares	$ -	$ 445,027		**$ 445,027**
Chia Network Inc. - SAFE	397,290	-	2,880	**400,170**
Streetside Development, LLC - Interest	126,516	-	-	**126,516**
	523,806			**$ 971,713**

Accounts payable and accrued liabilities are measured at amortized cost that also approximates fair value.

Accounting Policies

This MD&A should be read in conjunction with the Company’s consolidated financial statements and notes as at and for the nine months ended June 30, 2021 and 2020. For additional information on the Company’s significant accounting policies and methods used in preparation of the Company’s 2020 consolidated financial statements and notes, please refer to Note 2 of the audited consolidated financial statements as at June 30, 2021.

The interim condensed consolidated financial statements as at June 30, 2021 and 2020 are presented on a going concern basis.

The preparation of financial statements in compliance with IFRS requires the Company’s management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company’s assets, liabilities, income, and expenses. Actual results may differ from those estimates.

Significant Judgements

Classification of cryptocurrencies as current assets - The Company has determined to classify its holding of cryptocurrencies as current assets, based on its assessment that they are considered to be commodities, and the availability of liquid markets to which the Company may sell such assets to generate a profit from price fluctuations.

Accounting for cryptocurrencies - The Company applied judgement in the determination that its holding of cryptocurrencies should be accounted for under IAS 2, Inventories, since it meets the definition of a commodity broker-trader. The inventories held by commodity broker-traders are principally acquired for the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin.

Valuation techniques – The fair value of investments are measured using an income or market approach. The determination of the fair value requires significant judgement by the Company. The Company acts in good faith to fair value its investments on the date of purchase and on a quarterly basis thereafter, consistent with fair value accounting guidance in accordance with IFRS 13, Fair Value Measurement.

COVID19 impact Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The impact of COVID19 on the Company has been negligible, however, the duration and future impact of the COVID19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiary, or on its ability to raise capital to fund operations, in future periods.

Significant Estimates

Valuation of cryptocurrencies and investments - The Company's cryptocurrencies are traded in active markets and are valued based upon quoted prices at period end as of 24:00 UTC (less any costs to sell) but some of the Company's investments are not actively traded and are valued based upon quoted prices for similar assets or based upon unobservable inputs. These valuations require the Company to make significant estimates and assumptions.

Realized gains and losses from the sale and disposition of cryptocurrencies and investments, whether by conversion to cash or other cryptocurrencies, are recorded as net realized gain (loss) on cryptocurrencies and net realized gain (loss) on investments, respectively. Unrealized gains and losses on cryptocurrencies and investments due to the change in fair market value are recorded as net unrealized gain (loss) on cryptocurrencies and net unrealized gain (loss) on investments, respectively.

Stock-based compensation - The Company generally utilizes the Black-Scholes option pricing model to determine the fair values of the stock-based payments. The Company uses significant judgement in the evaluation of the input variables in the Black-Scholes calculation which includes risk free interest rate, expected stock price volatility, expected life, and expected dividend yield.

Intangible assets Intangible assets are capitalized if they are expected to have future economic benefits and are expected to be economically recoverable. Purchased intangibles are valued on acquisition using established methodologies and amortized over their estimated useful economic lives, except in those cases where intangibles are determined to have indefinite lives, where there is no foreseeable limit over which these intangibles would generate net cash flows. The valuations and lives of intangible assets are based on management's best estimates of future performance and periods over which value from intangible assets will be derived. Intangible assets are tested for impairment at each reporting date. Management first reviews qualitative factors in determining if an impairment needs to be recorded. Quantitative factors are then used to calculate the amount of impairment, if needed. The estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that a change in circumstances will alter these projections, which may impact the recoverable amount of the assets.

Deferred income taxes - In assessing the probability of realizing deferred income taxes, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the Company gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. In addition, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred taxes. The Company reassesses unrecognized income tax at each reporting period.

New Accounting Standards Adopted

The Company has adopted the following revised or new IFRS that have been issued: IFRS 16. Leases IFRS 16 was issued in January 2016, and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company adopted all of the requirements of IFRS 16, effective October 1, 2019. There was no impact on the adoption of IFRS 16 on the Company's consolidated financial statements.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Company's related parties include its subsidiary, key management personnel and any entity related to key management personnel that has transactions with the Company. Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly.

During the six-month period ended June 30, 2021 (the "Period"), Laramide Resources Ltd.("Laramide"), a company having a director and officer in common with the Company, charged $26,825 (2020 - $42,300) for financial and administrative services, rent and other shared expenditures. In addition, Laramide paid $14,765 (2020 - $19,776) of certain expenses on behalf of the Company which were subsequently reimbursed to Laramide. At June 30, 2021, there is $nil (September 30, 2020 - $2,276) of accounts payable to Laramide (Note 10).

During the Period, Treasury Metals Inc. ("Treasury Metals"), a company having a director and officer in common with the Company, paid $1,396 (2020 - $2,072) of certain expenses on behalf of the Company. At June 30, 2021, there is $nil (September 30, 2020 - $207) of accounts payable to Treasury Metals (Note 10).

During the Period, the Company was charged $54,000 (2019 - $36,000) for consulting services provided by a director and officer of the Company. At June 30, 2021 there is $20,340 (September 30, 2020 - $20,340) of accounts payable to this related party.

During the Period, the Company paid $22,517 (2020 - $14,000) for consulting services provided by an officer of the Company. At June 30, 2021 there is $nil (September 30, 2020 - $3,500) of accounts payable to this related party.

During the Period, the Company paid $13,000 (2020 - $nil) for consulting services provided by an officer of the Company. At June 30, 2021 there is $nil (September 30, 2020 - $nil) of accounts payable to this related party.

During the Period, the Company paid $12,191 (2020 - $nil) for consulting services provided by an officer of the Company. At June 30, 2021 there is $nil (September 30, 2020 - $nil) of accounts payable to this related party.

During the Period, the Company was charged $54,000 (2020 - $nil) for consulting services provided by a director and officer of the Company. At June 30, 2021 there is $6,000 of accounts payable to this related party (September 30, 2020 - Nil).

During the Period, $72,220 (2020 - $19,172) was charged for legal services by a firm of which an officer of the Company is a partner. At June 30, 2021 there is $55,357 of accounts payable to this related party (September 30, 2020 - $9,477).

During the Period, 2021, there is a $3,800 (2020 - $4,300) charge for consulting services provided by a firm of which a former director and former interim officer of the Company is a tax partner. At June 30, 2021 there is $nil of accounts payable to this related party (September 30, 2020 - Nil).

Key Management Compensation

Key management includes the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, and directors of the Company.

The compensation to key management is shown below:

		2021		2020
Consulting fees	$	196,500	$	134,000
Director fees		33,750		33,750
	$	**230,250**	$	167,750

At June 30, 2021 included in accounts payable and accrued liabilities is $nil owed relating to director fees (September 30, 2020 - $7,500).

Other Risk Factors

Risks which the Company is not aware of or which the Company currently deems to be immaterial may surface and have a material adverse impact on the Company’s business income and financial condition. Exposure to credit, interest rate, cryptocurrency and currency risks arises in the normal course of the Company’s business.

Other Information

This discussion and analysis of the financial position and results of operation as at June 30, 2021, should be read in conjunction with the consolidated financial statements for the nine months ended June 30, 2021 and 2020. Additional information can be accessed through the Company's public filings at www.sedar.com.

Management's Responsibility for Financial Information

The Company's consolidated financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The consolidated financial statements were prepared by the Company's management in accordance with IFRS. The consolidated financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the consolidated financial statements are presented fairly in all material respects.

Management's Report on Internal Control over Financial Reporting

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed under applicable securities regulations is recorded, processed, summarized, and reported within the times specified. Management regularly reviews the Company's disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in cost effective control systems to prevent or detect all misstatements due to error or fraud.

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. The design of any system of controls and procedures is based, in part, upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

During the period ended June 30, 2021, the Company's employees began working remotely from home due to Company COVID-19 protocols. This change has required certain processes and controls that were previously done or documented manually, to be completed and retained in electronic form. Despite the changes required by the current environment, there have been no significant changes in the Company's internal controls over financial reporting during fiscal 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Antanas (Tony) Guoga
Chief Executive Officer
August 25, 2021

Forward-Looking Statements

Certain statements included or incorporated by reference in this MD&A, including information as to the future financial or operating performance of the Company, its subsidiaries, and its projects, constitute forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “schedule” and similar expressions identify forward-looking statements. This MD&A includes, but is not limited to, forward-looking statements regarding: the Company’s ability to meet its working capital needs for the twelve-month ending June 30, 2022 and statements regarding the Company’s critical accounting estimates. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political, and social uncertainties, and contingencies. Many factors could cause the Company’s actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Such factors include, among others, risks relating to additional funding requirements, political and foreign risk, uninsurable risks, competition, environmental regulation and liability, government regulation, currency fluctuations, recent losses and write-downs and dependence on key employees. See “Risk and Uncertainties” section of this MD&A. Due to risks and uncertainties, including the risks and uncertainties identified above, actual events may differ materially from current expectations. Investors are cautioned that forward-looking statements are not guarantees of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. Forward-looking statements are made as of the date of this MD&A and the Company disclaims any intent or obligation to update publicly such forward-looking statements, whether as a result of new information, future events, or results or otherwise.