
Wellfield Technologies Inc.

(formerly 1290447 B.C. Ltd.)

Management's Discussion & Analysis**Years ended December 31, 2021 and 2020**

(Expressed in Canadian dollars)

Introduction

The following Management's Discussion and Analysis ("MD&A") comments on the financial condition and results of operations of Wellfield Technologies Inc., formerly 1290447 B.C. Ltd. ("Wellfield" or "the Company") for the period from January 1, 2021 to December 31, 2021. All financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The information contained herein should be read in conjunction with Wellfield's audited financial statements for the period from January 1, 2021 to December 31, 2021 (the "Financial Statements").

Unless the context otherwise requires, all references to "Wellfield", "Company", "our", "us", and "we" refer to Wellfield Technologies Inc. and its direct and indirect subsidiaries.

This MD&A is dated April 22, 2022. All amounts are presented in Canadian dollars, unless otherwise noted. The functional currency for Wellfield Technologies Inc. is the Canadian dollar.

Advisory Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking information or forward-looking statements under applicable securities laws (collectively, "forward-looking statements"). In particular, this MD&A contains forward-looking statements with respect to, among other things, our objectives, goals, strategies, intentions, plans, estimates, outlook, expected growth, business opportunities and completion of proposed transactions. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, or future events or performance (often, but not always, using words or phrases such as "may", "would", "could", "will", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", "continue", "project", "forecast", "potential", "targeting", "intend", "might", "should", and similar expressions, as they relate to the Company, are not statements of historical fact and may be "forward-looking statements". Further information regarding forward-looking information and statements can be found at the end of this MD&A.

Overview and Nature of Business

Wellfield builds blockchain powered technology that meets the everyday banking and digital asset investing needs of institutions and consumers directly and through its subsidiaries Seamless (as defined below) and MoneyClip (as defined below). The Company has strong academic and development expertise with a focus on architecting fully decentralized solutions built directly on public blockchains like Bitcoin and Ethereum. Wellfield aims to combine this novel IP, branded applications, digital identity solutions, and bank to blockchain payment infrastructure to create solutions that offer alternatives to traditional finance.

Seamless develops decentralized and permissionless "on blockchain" technologies, focusing on solutions where centralized exchanges and other institutions have proven market demand and also where infrastructure gaps currently prevent blockchains from supporting competitive alternatives. Management places an emphasis on research and leverages its strong academic and blockchain team to ensure its fully decentralized technology operates securely as publicly accessible utilities. Seamless' mission is to develop foundational infrastructure that empowers blockchain to support global finance. Management includes founders and academic advisors with decades of experience in economics, finance, and technology, as well as deep knowledge in computer science fields related to blockchain, cryptography and complexity.

MoneyClip offers Canadian consumers a digital wallet that is built on the blockchain. Management's primary objective is to construct and operate a digital wallet that leverages proprietary technology, public blockchains, and DeFi protocols to provide a wide variety of payment processing and everyday banking alternatives to retail customers. MoneyClip is in the process of acquiring users with its existing solution and also expanding its product offering and geographical scope.

Business Combination

On November 23, 2021, the Company completed the acquisition of two private companies, Seamless Logic Software Limited ("Seamless") and Money Clip Inc. ("MoneyClip"), including its wholly-owned subsidiaries, through a reverse takeover arrangement pursuant to the terms of a business combination agreement dated May 21, 2021 among the Company, Seamless, the shareholders of Seamless, MoneyClip and the shareholders of MoneyClip (the "Business Combination"). Seamless and MoneyClip are developing complementary cutting edge technologies in the decentralized finance industry and through combining Seamless and MoneyClip, Wellfield wishes to create a new reality where money and financial services are accessible, streamlined, cost effective, inclusive, work for the way people live, and are under their control.

Pursuant to the Business Combination, a wholly-owned subsidiary of the Company, WF Exchangeco Ltd. ("Exchangeco"), acquired all issued and outstanding securities of Seamless and MoneyClip in exchange for common shares of Exchangeco (the "Exchangeco Shares"). Each Seamless share was exchanged for 0.657 of an Exchangeco Share and each MoneyClip share was exchanged for 0.624 of an Exchangeco Share. As a result of the foregoing, the former shareholders of Seamless and the former shareholders of MoneyClip held 61% and 39% of the issued and outstanding Exchangeco Shares respectively (the "Share Exchange"). Following the Share Exchange, Seamless and MoneyClip became wholly-owned subsidiaries of Exchangeco.

Pursuant to the Share Exchange, the issued and outstanding restricted stock units granted to certain employees and contractors of MoneyClip, were exchanged for restricted stock units of Exchangeco at the same exchange ratio applicable to MoneyClip shareholders in the Share Exchange (the "Exchangeco RSUs").

The Company, Exchangeco and WF Subco 1 Ltd., a wholly-owned subsidiary of the Company ("Subco 1"), completed a three-cornered amalgamation under the laws of the Province of British Columbia, pursuant to which, Exchangeco shareholders (being the former shareholders of Seamless and MoneyClip) received one Wellfield Share in exchange for each Exchangeco Share held, and Exchangeco and Subco 1 amalgamated. In addition, each Exchangeco RSU was exchanged for a Wellfield restricted stock units on a 1:1 basis.

In connection with the Business Combination, the Company completed a concurrent private placement through a special-purpose entity, 1308692 B.C. Ltd. ("Finco"). A total of 20,475,000 subscription receipts were issued for aggregate gross proceeds of \$20,475,000. Each subscription receipt entitled the holder thereof to receive, without payment of additional consideration thereof, one common share in the capital of Finco and one-half of one common share purchase warrant in the capital of Finco. In connection with the concurrent financing, certain agents received a cash commission of \$552,085 and a cash advisory fee of \$267,050. Upon the completion of the Business Combination, the agents were issued 552,085 compensation warrants and 267,050 advisor warrants. Immediately prior to the closing of the Business Combination, each subscription receipt was automatically exchanged for one Finco share and one half of one Finco warrant pursuant to the terms and conditions of the subscription receipt agreement.

The Company, Finco and WF Subco 2 Ltd., a wholly-owned subsidiary of the Company ("Subco 2"), completed a three-cornered amalgamation under the laws of the Province of British Columbia, pursuant to which, Finco shareholders received one Wellfield share and one common share purchase warrant of Wellfield in exchange for each Finco share and Finco warrant held, respectively, and Finco and Subco 2 amalgamated. Following the amalgamation, the resulting entity was wound-up and dissolved, pursuant to which all of the assets were distributed to Wellfield.

In connection with the closing of the Business Combination, the Company changed its name from 1290447 B.C. Ltd. to Wellfield Technologies Inc. The Company's common shares and certain warrants began trading on the TSX Venture Exchange (the "TSXV") on November 30, 2021 under the tickers WFLD and WFLD.WT respectively.

Events After Period End

Portugal development expansion

On January 19, 2022, the Company announced a strategic partnership with Exaud, LDA to establish a wholly owned subsidiary that operates as an in house development hub and office in Portugal that secures high demand blockchain development talent and shortens time to market for Seamless technologies and other Wellfield services.

Verif-y investment

On February 23, 2022, the Company made a strategic investment of \$1,000,000 USD in Verif-y Inc. ("Verif-y") in exchange for a minority interest in Verif-y. The terms of investment provide the Company with the option to purchase an additional \$1,000,000 USD of Verif-y's common stock at the same valuation for a period of 90 days following the February 23, 2022 closing date. Verif-y is a US-based company that licenses Digital ID software and offers Regulatory Identity Verification and AML Solutions to financial institutions and government entities.

Coinmama acquisition

On March 24, 2022, the Company signed a definitive agreement (the "Definitive Agreement") to acquire New Bit Ventures Ltd. ("Coinmama"), an Israeli based digital asset dealer incorporated in 2013 and operating under the name "Coinmama" (the "CM Transaction"). Coinmama has built a regulated global platform for consumers to buy and sell digital currencies using everyday payment methods. Coinmama generated sales of approximately US\$130 million in 2021 and currently has more than 3.5 million registered users, each of which has undergone regulatory verification and transacted on the platform.

Upon closing of the CM Transaction, Coinmama will become a wholly-owned subsidiary of Wellfield. It is currently anticipated that following the closing, former securityholders of Coinmama will hold approximately 19% of the issued and outstanding common shares of Wellfield. Each Wellfield common share issued to former shareholders of Coinmama will be subject to a four-month hold period in accordance with applicable Canadian securities laws as well as contractual restrictions on transfer with periodic releases from such restrictions over a period of 19 months. The terms of the CM Transaction were negotiated at arm's length. The CM Transaction constitutes a fundamental acquisition under TSXV Policy 5.3 and as such it requires TSXV approval. As the CM Transaction is arm's length and there is not expected to be any new control persons created, it is not expected that shareholders of Wellfield will be required to approve the CM Transaction. There are no finder's fees payable in connection with the CM Transaction. Pursuant to the Definitive Agreement, the obligations of the parties to complete the CM Transaction are subject to customary conditions for a transaction of this nature including the accuracy of representations and warranties; the fulfilment of certain covenants; the receipt of certain regulatory and governmental approvals, the approval of TSXV; the receipt of consents of certain third parties; and there having been no material adverse effect as of the time of closing.

Selected Annual Information

	As at and for the year ended December 31,		
	2021	2020	2019
	(\$)	(\$)	(\$)
Revenue	-	-	-
Net loss	(5,287,883)	(134,113)	(1,219,645)
Net loss per share attributable to the common shareholders of the Company (basic and diluted)	(0.10)	(0.02)	(0.19)
Total assets	43,453,717	136,753	2,627
Total non-current financial liabilities	-	912,105	937,636

General and administrative expense breakdown

	2021	2020
	(\$)	(\$)
Legal and professional fees	593,248	38,812
Investor relations	402,638	-
Consulting	319,649	-
Salaries and benefits	72,582	-
Filing fees	48,657	-
Advisory board	38,266	-
Directors fees	38,109	-
General	14,255	38,980
Bank charges and interest	14,193	1,538
Travel	3,621	-
Meals and entertainment	3,340	-
Dues and subscriptions	3,220	-
	<u>1,551,778</u>	<u>79,330</u>

Research and development expense breakdown

	2021	2020
	(\$)	(\$)
Consulting	1,272,077	54,783
Salaries and benefits	171,036	-
Dues and subscriptions	2,838	-
	<u>1,445,951</u>	<u>54,783</u>

As part of the Business Combination, Seamless was identified as the acquirer for accounting purposes. As a result, the annual financial information reflects the operations of Seamless for the years ended December 31, 2020 and 2019. For the year ended December 31, 2021, the figures reflect the operations of Seamless for the period of January 1, 2021 to November 22, 2021 plus the consolidated operations of Wellfield and its subsidiaries for the period of November 23, 2021 to December 31, 2021.

Seamless did not have significant activity during the 2020 year. This was in part due to the COVID-19 pandemic and a period where ongoing development needs were low while waiting to determine its go-to market strategy and timing. As a result, Seamless' technology development program was materially curtailed, with Seamless operating with a lower profile and a smaller research team. In January 2021, Seamless completed a private placement raising over \$5,000,000 through the issuance of equity. Subsequent to the private placement, the operations of Seamless returned to similar levels experienced in 2019.

For the period from November 23, 2021 to December 31, 2021, non-Seamless entities incurred general and administrative expenses of \$846,527 and research and development expenses of \$197,597. The majority of the general and administrative expenses were initiated by Wellfield Technologies Inc. and related to investor relations and legal and professional fees. The research and development costs during this period are attributable to the development of the MoneyClip application.

Summary of other income (expenses)

	2021	2020
	(\$)	(\$)
Listing expense	(2,418,597)	-
Net gain on SAFTs	573,709	-
Other income	13,276	-
Foreign exchange loss	(13,599)	-
	<u>(1,845,211)</u>	<u>-</u>

The Company's listing expense was incurred in the process of listing its common shares on the TSXV. Under IFRS, Seamless was deemed to have acquired 1290447 B.C. Ltd. (now, Wellfield Technologies Inc). As the assets and activities of 1290447 B.C. Ltd. did not meet the definition of a business under IFRS 3, the transaction was accounted for under IFRS 2 with the fair value of the consideration transferred (being the shares held by the 1290447 B.C. Ltd. shareholders) over the net assets acquired recognized as a listing expense. Additionally, the Company incurred legal and professional fees in connection with the listing totalling \$795,307.

The Company recognized a one-time gain on the derecognition of its Simple Agreements for Future Tokens ("SAFT"). In 2018 and 2019 Seamless entered into contractual agreements with several parties that would provide each party with a specified percentage of tokens issued should Seamless undertake and successfully complete a token generation event. In exchange for the potential tokens, the parties provided cash at the signing of the agreements. These agreements were initially recognized as financial liabilities as Seamless had an obligation to repay each party their initial investment should the token generation event not take place before the termination of the agreements. During 2021, each SAFT was either amended or settled for common shares. SAFTs converted to common shares were settled for previously issued common shares, resulting in an addition to contributed surplus. The amount added to contributed surplus was measured at the fair value of the shares transferred with the difference between the fair value and the financial liability recognized as a loss. For all other SAFTs, the agreements were amended to remove any obligation Seamless may have should the token generation event not take place. The related financial liabilities were derecognized with the resulting gain recognized in the statement of loss and comprehensive loss.

Discussion of Operations

MoneyClip

The MoneyClip application was released for iOS on September 1, 2021, and for Android on November 10, 2021. On its initial release, the application provided users with a digital wallet that facilitates peer-to-peer payments between individuals. The Company continues to develop new features that will position the application as a blockchain powered wallet that supports cryptocurrencies and meets consumers' everyday banking needs. The Company's ability to achieve this goal at scale is dependent on the blockchain industry's ability to improve on existing technical limitations (like blockchain scalability). The Company believes that recent advances in research and development will address these relevant technical challenges and make Management's vision for such a product feasible in the future.

As at December 31, 2021, MoneyClip had thirteen full-time employees and has subsequently hired three additional employees since the period end as it continues to build out its growth and product development teams.

Seamless

Throughout 2021 Seamless continued to develop its product suite and prepare for the commercialization of liquidity optimization, cross blockchain decentralized exchange protocol and Bitcoin-related products in 2022. New expenditures related to user acquisition and retention are expected to be incurred and Seamless will maintain or increase its development costs as it continues to integrate additional products and improve the existing offerings. During the year, Seamless began efforts to expand an internal development team dedicated to the commercialization of product offerings to be launched in 2022. Seamless is in the process of revisiting its go-to market strategy and is considering synergies and opportunities that exist after the successful acquisition of Coinmama, with planned launch of its initial suite of solutions in 2022.

Future performance

The Company anticipates its future performance may be materially affected by the market price and demand for cryptocurrency. Consumer and institutional demand for cryptocurrency assets and related investments will have a direct impact on the operations of Coinmama, once acquired, as its revenue is driven by the demand for cryptocurrency investment exposure. MoneyClip anticipates its cryptocurrency offerings and solutions that meet the every day banking needs of consumers, once launched, will serve as a major driver of new users and increased user balances held on the application. The Company has a positive outlook on the continuing growth in demand for digital assets, and expects a continued trend toward increased adoption and demand of decentralized services. Management believes that its novel technology will enable the Company to offer solutions that do not currently exist in the market and that offer competitive value propositions to end users.

Management does not anticipate that potential changes in regulations and laws enacted by government authorities as it relates to cryptocurrency and decentralized finance will prevent the Company from offering its planned services and solutions or operating a fully compliant business. Government authorities have been slow to react to the rapid changes in the cryptocurrency and decentralized finance space and it is difficult to predict the potential impact of any future changes, however the Company actively works to design and develop its offerings to adapt to potential changes to its operations resulting from new regulations or legislation.

The Company does not expect the recent increases in global inflation to have a significant impact on its short-term outlook of revenue and expenses.

Summary of Quarterly Results

	December 31, 2021 (\$)	September 30, 2021 (\$)	June 30, 2021 (\$)	March 31, 2021 (\$)
Revenue	-	-	-	-
Net income (loss)	(3,845,557)	(1,044,781)	79,082	(538,701)
Net loss per share, basis and diluted	(0.05)	(0.02)	0.00	(0.01)

	December 31, 2020 (\$)	September 30, 2020 (\$)	June 30, 2020 (\$)	March 31, 2020 (\$)
Revenue	-	-	-	-
Net income (loss)	(129,984)	(1,125)	(1,393)	(1,493)
Net loss per share, basis and diluted	(0.02)	(0.00)	(0.00)	(0.00)

The quarterly results for the periods ended September 30, 2021 and before consist solely of the operations of Seamless. As described earlier, throughout 2020 Seamless significantly scaled back its operations as a result of the COVID-19 pandemic and a period where ongoing research and development needs were low while the Company waited to determine its go-to market strategy and timing. In late 2020, Seamless started the process of raising funds via a private placement of Series A preferred shares. Gross proceeds from the private placement, which was completed in January 2021, exceeded \$5 million. Subsequent to the completion of the private placement, Seamless increased its research and development spend as it prepared to bring its product to market. Results of the quarter ended December 31, 2021, reflect the results of Seamless plus the consolidated Wellfield entities for the period of November 23, 2021 to December 31, 2021. This includes the non-cash listing expense of \$1,623,290 related to the reverse acquisition of 1290447 B.C. Ltd. The loss for the quarter ended September 30, 2021 increased from the first two quarters of the year due to legal fees incurred related to the acquisition of MoneyClip and the listing of the Wellfield common shares on the TSXV. The net income for the period ended June 30, 2021 was a result of the gain on derecognition of the SAFT agreements.

Liquidity and Capital Resources

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations and the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the prior period.

The Company has primarily financed its operations through private equity placements completed in 2021. The Company has not yet started to generate revenue from its operations. The Company is in a financially stable position with sufficient working capital to finance its operating activities in the immediate short-term future. The Company is not in a position to continue to fund its planned long-term growth and development activities without the generation of cash flows from revenue activities or the completion of additional financings. It is expected that both Seamless and MoneyClip will begin generating revenue during the second half of 2022 and that Coinmama, once acquired, can operate on a cash flow positive basis if necessary.

As at December 31, 2021, the Company has working capital of \$17,913,500, which includes cash of \$17,629,909. As at December 31, 2021, the Company has no long-term commitments and no debt or borrowings. As at December 31, 2020, the Company had a negative working capital during a period in which operations were scaled back as the Company was in the process of finalizing its go-to market strategy. The Company's working capital significantly increased from the prior year after the completion of two private placements during the 2021 year. The first private placement was completed in January 2021 by Seamless for net proceeds of \$4.8 million. The second private placement was completed concurrently with the Business Combination in November 2021. The Company received gross proceeds of \$20.475 million in exchange for common shares and common share warrants of the Company.

Beyond its operating requirements, the Company has committed \$3 million USD to complete the purchase of Coinmama. Subsequent to December 31, 2021, the Company invested \$1 million USD in Verif-y. A further \$1 million USD is earmarked for Verif-y, should the Company decide to exercise its option to purchase additional common shares in Verif-y.

Cash flow summary

	2021	2020
	(\$)	(\$)
Cash flow from (used in):		
Operating activities	(4,942,962)	(69,204)
Investing activities	406,166	-
Financing activities	22,097,073	212,970
Effect of foreign exchange rate changes on cash	(67,121)	(7,013)
Net increase in cash	17,493,156	136,753
Cash - Beginning	136,753	-
Cash - Ending	17,629,909	136,753

Cash flows used in operating activities for the year-ended December 31, 2021 were \$4.94 million, up from the \$69,204 used in the prior year. The Company received funds through the completion of two private placements completed on January 12, 2021 and November 23, 2021 for gross proceeds of \$5.1 million and \$20.475 million respectively. Subsequent to the January 12, 2021 private placement, Seamless increased its spending on research and development. The proceeds from the November 23, 2021 private placement were used to fund the operations of the consolidated Wellfield entity.

Cash flows from investing activities relate to the cash acquired in the acquisition of MoneyClip and the reverse acquisition of 1290447 B.C. Ltd.

For the year-ended December 31, 2021, the Company received \$22,097,073 from financing activities. The Company received net proceeds from its issuance of share capital and incentive warrants, substantially all of which resulted from the two private placements described above. There were no financing activities for the year-ended December 31, 2020.

Related Party Transactions

The Company's related parties consist of entities where the executive officers and directors of the Company are principles. Their position in these entities results in their having control or significant influence over the financial or operating policies of these entities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel are the Company's executive management team and members of the Board of Directors.

During the years ended December 31, 2021 and 2020, key management personnel compensation consisted of the following:

	2021	2020
	(\$)	(\$)
Wages, salaries, fees and short-term benefits	311,176	-
Share-based payments	22,141	-
	333,317	-

The above related party transactions were in the normal course of operations and have been valued in the consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Estimates are reviewed on an ongoing basis.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Income taxes

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities, and the deferral and deductibility of certain items. Management also makes estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

Impairment of non-financial assets

On an annual basis, goodwill is tested for impairment with its carrying value being compared to its recoverable amount. The recoverable amount of goodwill, including the relevant cash generating unit it has been allocated to, has been measured at its fair value less costs to sell. The fair value of the cash generating unit has been determined using a discounted cash flow valuation approach based on internal estimates of the cash generating unit's future cash flows. Key assumptions made in the forecast include the number of users acquired, the timing of revenue generating activities, expected revenue per user, and total expenditures required to carry out business plans. Changes in the key assumptions could have a material effect on the recoverable amount of goodwill and other non-financial assets.

Fair value of share-based compensation

Share-based payments with employees and directors are measured at the fair value of the of equity instruments at the date at which they are granted. Share-based payments with non-employees and non-directors, require measurement of the fair value of the services or goods received. Estimating the fair value of share-based payments requires the determination of the most appropriate valuation model taking into account the terms and conditions upon which those equity instruments were granted. Share options are valued using the Black-Scholes valuation model, which requires estimates of the share price volatility rate, risk-free rate, dividend yield, and expected life of the option.

Business combinations

The acquisition of MoneyClip required the Company to make assumptions and estimates to determine the fair value of the identifiable assets acquired and liabilities assumed. The intangibles assets of MoneyClip were valued using a cost approach which required several assumptions and estimates about the development of the software. The Company also made estimates in the measurement of the fair value of consideration transferred where the fair value of the shares transferred was not readily available. These assumptions and estimates have an impact on the assets and liabilities recognized in the consolidated statement of financial position, including goodwill which is measured as the excess of the consideration transferred over the fair value of the assets acquired and liabilities assumed.

Changes in Accounting Policies

Effective November 23, 2021, the Company made a voluntary change in its presentation currency to Canadian dollars from British pound sterling. Under IFRS 3, the Company's financial statements are a continuation of Seamless which previously presented its financial statements in British pound sterling. Commencing on November 23, 2021, the financial statements reflect the consolidated operations of Wellfield, whose presentation currency was previously the Canadian dollar. The change in presentation currency represents a voluntary change in accounting policy, which is accounted for retrospectively. The statements for all periods presented in the financial statements have been translated into the new presentation currency in accordance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates. The change did not have a significant impact on the Company's financial statement.

Financial Instruments and Other Instruments

The Company is exposed, in varying degrees, to a variety of financial related risks in the ordinary course of its business operations. The fair value of the Company's financial instruments, including cash, term deposits, due from related parties, and accounts payable and accrued liabilities parties approximates their carrying value due to their short-term nature.

In determining fair value, the Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.
- Level 3 - Unobservable inputs for the asset or liability (unobservable inputs reflect management's assumptions on how market participants would price the asset or liability based on the information available).

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. The majority of cash is deposited in bank accounts held primarily with one major bank, so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Company manages this risk by managing its working capital and monitoring its ongoing operating requirements. All of the Company's financial liabilities are due within three months.

Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the costs that the Company incurs in its operations as well as the currency in which the Company has historically raised capital.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The Company maintains bank accounts in various currencies in order to effect transactions in these foreign currencies, but does not formally hedge its foreign currency risk.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euros and US dollars. The fluctuation of these currencies in relation to the Canadian dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. The Company does not hold significant assets or liabilities in currencies other than the Canadian dollar and a 10% fluctuation in foreign currencies against the Canadian dollar would have a insignificant impact on the Company.

As at December 31, 2020, the Company had a financial liability of \$912,105 related to its Simple Agreements for Future Tokens ("SAFT"). During the year, the Company derecognized the financial liabilities related to the SAFTs and recognized a gain of \$573,709 in the statement of loss and comprehensive loss.

Business Combination Use of Proceeds

On November 23, 2021, the Company completed its Business Combination with MoneyClip and Seamless and concurrently closed a private placement for aggregate gross proceeds of \$20,475,000. The following table provides an update on the anticipated use of proceeds from the completion of the Business Combination, along with amounts expensed to date.

Principal Purpose	Estimated Amount (\$)	Approximate Use of Proceeds to December 31, 2021 (\$)
Research, Development and Launch of Business Objectives	3,400,000	314,500
Growth, Marketing & Promotion, Customer Success	5,750,000	92,600
General & Administrative	2,100,000	916,900
Capital Expenditures	750,000	2,200
Fees and expenses payable in connection with the Business Combination & TSXV Listing	1,000,000	1,025,900
Total estimated spend for 12-month period following closing	13,000,000	2,352,100
Unallocated Funds	9,843,468	-
Total	22,843,468	2,352,100

Approximate use of proceeds is based on expenses of the Company for the period of November 23, 2021 to December 31, 2021, adjusted for non-cash expenses such as share-based compensation, amortization, depreciation, etc. The use of proceeds also includes certain fees and expenses payable in connection with the Business Combination and TSXV listing incurred prior to November 23, 2021.

Outstanding Share Data

As of the date of this MD&A, the Company's authorized share capital consists of an unlimited number of common shares. The Company had the following securities outstanding as at April 22, 2022:

Type	Outstanding
Common shares	102,289,322
Stock options	300,000
Warrants	11,037,689
Restricted share units	1,446,000
	<u>115,073,011</u>

Additional Information

Additional information relating to the Company, including the Consolidated Financial Statements, is available on SEDAR at www.sedar.com

Forward-Looking Statements

Examples of forward-looking statements in this MD&A include, but are not limited to, statements in respect of: the Company's business objectives; the Company's revenues, operating costs and tariffs, taxes and fees; the Company's long-term growth and development plans; the impact of the ongoing COVID-19 crisis; the decentralized finance and blockchain sectors in general; the Company's ability to develop various financially-viable decentralized finance software applications; the sufficiency of the Company's cash and cash generated from operations to meet its working capital and capital expenditure requirements; the ability of the Company to raise funds in the future; the impact of fluctuation of currencies in relation to the Canadian dollar on the profitability of the Company and the value of the Company's assets, liabilities, and the amount of shareholders' equity; the effect of a 10% fluctuation in foreign currencies against the Canadian dollar on the Company; the potential closing of the CM Transaction; that Wellfield shareholder approval will not be required for the CM transaction; the number of common shares of the Company held by Coinmama's (as defined below) former securityholders following the CM Transaction; that no new control persons will be created following the CM Transaction; the development of MoneyClip's software and the feasibility of a blockchain powered wallet; the increase in Seamless' development costs; Seamless' and MoneyClip's ability to generate revenue during the second half of 2022; that Coinmama, once acquired, can operate on a cash flow positive basis; the launch of Coinmama's initial suite of solutions in 2022; the expected timing of the reversal of deferred tax assets and liabilities and the deferral and deductibility of certain items; future earnings; the cash generating unit's future cash flows; the share price volatility rate, risk-free rate, dividend yield, and expected life of the option; the fair value of the identifiable assets acquired and liabilities assumed; the number of users acquired, the timing of revenue generating activities; the expected revenue per user; total expenditures required to carry out business plans; and the effect that each risk factor will have on the company.

The Company cautions readers that the foregoing list may not contain all of the forward-looking statements made in this document. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits the Company will derive therefrom. These forward-looking statements involve risks and uncertainties relating to, among others: market price and demand of cryptocurrency; the impact of the on-going COVID-19 crisis; continued availability of capital financing and general economic, market or business conditions; the Company's ability to execute its business plans; changes in laws, regulations and guidelines including taxes and fees; changes in government and government policy; increased competition in the cryptocurrency market; the limited operating history of the Company; the Company's reliance on key persons; the failure of counterparties to perform contractual obligations; the difficulty in securing additional financing; results of litigation; performance of the Company's products; changes in the Company's over-all business strategy; and the Company's assumptions stated herein being correct.

Readers are cautioned that the foregoing list of factors is not exhaustive. When relying upon our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and Wellfield does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.