TenX Protocols Inc.

(formerly Iocaste Ventures Inc.)

Management's Discussion and Analysis

For the three and nine months ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

Change in Fiscal Year-End (and reverse takeover)

On December 5, 2025, TenX Protocols Inc. completed a qualifying transaction that constituted a reverse takeover. As a result, its fiscal year-end was changed to March 31 from September 30. This Management's Discussion and Analysis is for the three and nine months ended December 31, 2025, with comparative periods ended December 31, 2024.

Introduction

This Management's Discussion and Analysis ("MD&A") is dated February 27, 2026, and consolidates management's review of the factors that affected TenX Protocols Inc.'s (the "Company") financial and operating performance for the three and nine months ended December 31, 2025, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's interim financial statements for the three and nine months ended December 31, 2025 ("Interim Financial Statements"), and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS").

Unless otherwise stated, results are reported in Canadian dollars, unless otherwise noted. The Company applies International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results presented in the MD&A are not necessarily indicative of the results that may be expected for any future period.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly, or otherwise revise, any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

The Company

TenX Protocols Inc. (formerly, Iocaste Ventures Inc.) was incorporated under the *Business Corporations Act* (British Columbia) on July 6, 2021. The registered address and records address of the Company are 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6.

The primary business objective of the Company is to develop advanced staking infrastructure and innovative developer tooling on layer 1 blockchains and to pursue a diversified blockchain and digital asset staking strategy, initially through making targeted investments in assets within the blockchain ecosystem. The Company proposes to provide investors access to a basket of holdings within the blockchain and digital asset space, as selected by a team that includes industry pioneers and early adopters of major digital assets.

The Company's short term business objectives are to maximize the value of its current cash on hand and other available capital. To this end, management has identified the blockchain and digital asset staking to be an area of particular interest in achieving this goal. The Company intends to create value for its investors by applying a disciplined investment process to deploy capital while managing risk within the highly volatile blockchain and digital asset sectors. The Company is managed by an experienced team with experience in the management of long-term strategic investments and staking of digital assets. The Company has deployed capital into staking blockchain-based digital assets, and gets compensated for providing its staking services in the underlying digital asset it is staking. The Company may also benefit from the potential appreciation in the underlying digital asset inventory used for staking. Staking is a next generation technology used by many digital assets, such as Ethereum 2.0, to secure their networks. Unlike traditional digital asset mining, which is used to mine older blockchains like Bitcoin and Ethereum 1.0, staking is not reliant on specialized hardware that can rapidly become outdated, and does not consume vast amounts of electricity. Instead, staking technology uses digital asset ownership and intelligent software to make digital asset transactions secure, reliable and sustainable.

On March 19, 2025, the Company and TenX Protocols Inc, a private Ontario corporation ("TenX"), entered into a non-binding Letter of Intent, setting out the principal, non-binding terms upon which the parties would explore the viability of completing a business combination or other similarly structured transaction, which, if completed, would result in a reverse take-over of the Company by the shareholders of TenX and constitute an arm's length Qualifying Transaction for the Company.

On August 18, 2025, the Company and TenX entered into a business combination agreement, pursuant to which the parties planned to complete a transaction that would result in a reverse takeover of the Company by the shareholders of TenX.

On December 5, 2025, the Company completed its previously announced "Qualifying Transaction" (as defined by TSX Venture Exchange ("TSXV") Policy 2.4) involving a three-cornered amalgamation whereby TenX was amalgamated with a wholly-owned subsidiary of the Company (the "Qualifying Transaction").

Immediately prior to the closing of the Qualifying Transaction, the Company (i) consolidated its issued and outstanding common shares on a 7.5 to 1 basis; and (ii) changed its name from "Iocaste Ventures Inc." to "TenX Protocols Inc."

In connection with the completion of the Qualifying Transaction, the Company also completed the conversion and exchange of subscription receipts issued in connection with TenX's previously announced brokered private placement and concurrent non-brokered private placement and issued 39,904,695 common shares and 19,952,346 common share purchase warrants for aggregate gross proceeds of approximately $29.9 million (consisting of approximately $6.36 million in cash and approximately $23.56 million in digital assets).

On December 10, 2025, the Company's Common Shares began trading on the TSX Venture Exchange under the ticker symbol "TNX".

TenX holds the majority of its digital assets with BitGo Inc., a SOC 2 type II certified digital asset custodian, a non-related party. See below a summary of the BitGo Custodial Agreement.

BitGo Custodial Agreement

The BitGo Custodial Agreement was entered into on March 19, 2025 between TenX and BitGo Trust Company, Inc. ("**BitGo**"), a qualified U.S.-regulated custodian, to safeguard its digital assets. BitGo is a pioneer in institutional digital asset custody and operates under regulatory frameworks in the United States, including oversight by the South Dakota Division of Banking and registration as a Money Services Business (MSB) with FinCEN. BitGo is SOC 1 and SOC 2 Type 2 certified and provides segregated, insured, and bankruptcy-remote cold storage solutions. This custodial relationship ensures that the Company's holdings are stored in a compliant, secure, and professionally managed environment in line with institutional standards.

Other Material Agreements

Staked Services Agreement

As part of its proprietary treasury strategy, TenX entered into a strategic partnership with Chorus One AG ("**Chorus One**"), a globally recognized institutional staking provider. Chorus One operates secure, high-availability validator infrastructure across a broad range of proof-of-stake blockchains and brings extensive experience in managing mission-critical blockchain infrastructure for institutional clients.

Through this partnership, Chorus One will support TenX in its staking operations, enabling TenX to generate staking rewards while maintaining operational flexibility and best-in-class security practices. Chorus One is ISO 27001:2022 certified, reflecting its adherence to rigorous global standards in information security and operational resilience. In addition to staking services, the agreement with Chorus One includes collaborative research, due diligence support on emerging blockchain networks, and mutual opportunities to co-develop infrastructure and educational initiatives.

Other Events

On July 8, 2025, TenX entered into an Asset Purchase Agreement with Blade Labs Corp. ("Blade Labs") to acquire proprietary validator-monitoring software in exchange for a cash payment of $160,000 and issuance of 213,333 common shares. TenX and Blade Labs also entered into a validator-hosting services agreement, in which the TenX agreed to provide validator-network support to Blade Labs for $5,000 monthly for an initial six-month term, and renewable month-to-month thereafter.

Discussion of Operations for the three and nine months ended December 31, 2025

	For the three months ended December 31, 2025	For the nine months ended December 31, 2025
Revenue	$ 26,630	$ 68,919
Net loss	$ (9,206,889)	$ (9,868,962)
Net comprehensive loss	$ (10,550,684)	$ (9,868,962)
Net loss per share – basic and diluted	$ (0.15)	$ (0.16)
	As at December 31, 2025	
Total assets	$22,525,160	
Total liabilities	$338,007	
Distribution or cash dividends	n/a	

For the three and nine months ended December 31, 2025, the Company recorded a net loss of $9.2 million and $9.9 million, respectively, and a net comprehensive loss of $10.6 million and $9.9 million for the same periods.

The Company earned staking revenue of $26,630 and $68,919, respectively for the three and nine months ended December 31, 2025, which was derived from the yield earned on the Company's Solana, Sui and Sei staking.

For the three months ended December 31, 2025, operating expenses were $1.9 million, which included professional fees of $432k, management fees and salaries of $196k, advertising and marketing of $111k, and general and administrative expenses of $116k. Non-cash operating expenses included amortization expense of $46k, and listing fees of $925k related to the reverse takeover. The Company also recorded a loss on revaluation of digital assets of $8.7 million, of which $7.3 million was recorded in profit and loss, and $1.4 million in accumulated other comprehensive income.

For the nine months ended December 31, 2025, operating expenses were $2.8 million, which included professional fees of $975k, management fees and salaries of $340k, advertising and marketing of $144k, and general and administrative expenses of $203k. Non-cash operating expenses included amortization expense of $91k, and listing fees of $936k related to the reverse takeover. The Company also recorded a loss on revaluation of digital assets of $7.2 million, all of which was recorded in profit and loss.

TenX was incorporated on November 13, 2024, and therefore does not have any comparable amounts related to prior-year periods.

Selected Financial Information

Period Ended	Revenue ($)	Net Loss	
		Total ($)	Basic and Diluted Loss Per Share ($)
December 31, 2025	26,630	(9,206,889)	(0.15)
September 30, 2025	24,740	(486,014)	(0.02)
June 30, 2025	17,549	(176,059)	(0.01)
From incorporation on November 13, 2024 to March 31, 2025	838	(331,246)	(0.02)

Liquidity and Capital Resources

As at December 31, 2025, the Company had working capital of $5,518,140 (March 31, 2025 - $2,156,304). Significant items included cash of $5,596,761, and prepaid expenses of $246,695. The Company currently has sufficient cash and cash equivalents to meet its current operating and administrative costs for the next 12 months.

For the three and nine months ended December 31, 2025, net cash used in operating activities was $1,390,176 and $1,906,270, respectively. Cash used in investing activities amounted to $nil and $646,547, for the three and nine months ended December 31, 2025, which was used for the acquisition of digital assets and the Blade Labs assets.

The Company's use of cash at present occurs, and in the future is expected to occur, principally in three areas: deployment of capital to acquire digital assets for the purposes of earning a staking yield, development of validator operations, and the funding of its corporate overheads. In connection with the Company's operating and investment activities, when required, the Company will seek to raise capital primarily through the issuance of equity securities. As at the date of this report, the Company has sufficient capital to meet its ongoing operating and investment activities, for at minimum the next twelve months. Further details on the Company's use of cash are explained below.

Digital asset staking

Allocation of capital to acquire and stake digital assets across multiple proof-of-stake networks (Sui & Solana) to generate staking rewards, secure the networks, and build TenX's treasury exposure.

Timeline of Deployment: Months 1-3 post completion of the reverse take-over.

Anticipated Expenditures: approximately $3,000,000, including:

- Solana (SOL) : approximately $1,500,000.
- Other digital assets : approximately $1,500,000.

Development of Validator Operations

Establishment of proprietary validator infrastructure on Tezos, Sui, and Solana, including technical development, server hosting, security audits, and ongoing maintenance.

Anticipated Expenditures: approximately $500,000, including:

- Developer Salaries / Engineering Time: approximately $120,000.
  - 1–2 full-time engineers across 12 months.
- Hosting & Bare-Metal Infrastructure: approximately $180,000.
  - Latitude or equivalent providers for high-availability nodes.
- Security & Audits: approximately $50,000.
  - External audits, penetration testing.
- Monitoring & Analytics Tools: approximately $50,000.
  - Validator dashboards, alerting systems, and uptime monitoring.
- Contingency Reserve: approximately $100,000.
  - Buffer for unexpected validator maintenance or network-specific requirements.

Timeline of Deployment

- Months 1–3: Foundation & First Chain
  - Build core infrastructure (monitoring, logging, security).
  - Develop Infrastructure-as-Code for repeatable deployments.
  - Implement security policies and alerting.
  - Deploy and stabilize Tezos validator with high uptime.
- Months 4–6: Stabilize & Expand
  - Refine automation, dashboards, and runbooks for Tezos.
  - Deploy and stabilize Sui validator using Infrastructure-as-Code (IaC) framework.
  - Optimize server performance and costs.
  - Conduct internal security review and documentation.
- Months 7–12:
  - Deploy Solana validator and integrate into monitoring systems.
  - Engage external audit firm.
  - Plan Year 2: hire additional staff and expand validator set.

Corporate Overheads

Anticipated Expenditures: approximately $1,500,000 for the next 12 months, including:

- Wages and Salaries: approximately $800,000.
- Marketing and Investor relations: approximately $200,000.
- Professional fees / Public company expenses: approximately $200,000.
- Director & Officer, and digital asset insurances: approximately $200,000.
- Others / Reserves: approximately $100,000.

The Company has no capital commitments as at the date of this report.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Financial Instruments and Business Risks

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. Financial instruments which are potentially subject to credit risk for the Company consist of cash.

The carrying amount of financial assets represents the maximum credit exposure. The Company has credit exposure at December 31, 2025 relating to cash of $5,596,761. All cash amount is held at a Canadian chartered bank.

Currency risk

The Company generates all revenue in Canadian dollars, and expenses are incurred in both U.S. and Canadian dollars, exposing the Company to fluctuations in earnings from volatility in foreign currency rates. The fluctuation in foreign currencies in relation to the United States 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 equity. Management however concludes the exposure to currency risk is not material and the Company does not utilize any financial instruments or cash management policies to mitigate such currency risks. As at December 31, 2025, the Company held $139,087 denominated in U.S dollars (March 31, 2025 - $300,000). A 10% change in the foreign exchange rate would not result in a material impact on the Company's operations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly with respect to ensuring the sufficiency of funds for working capital and commitments. The Company monitors the maturity dates of existing accounts payable and accrued liabilities, loans payable, and commitments to mitigate this risk. The Company manages company-wide cash projections centrally and regularly updates projections for changes in business and fluctuations caused by digital currency prices and exchange rates. The Company's financial liabilities are comprised of accounts payable and accrued liabilities.

As at December 31, 2025, accounts payable and accrued liabilities of $325,316 (March 31, 2025 - $85,126) are expected to mature within one year.

Fair Value Risk

Due to their short-term nature, the carrying value of cash, and accounts payable and accrued liabilities approximate their fair value.

Digital assets controlled by the Company are subject to price volatility risks, which may fluctuate up or down significantly over the reporting period. As at December 31, 2025, the Company had total digital assets in custody and being staked of $16,410,938 (March 31, 2025 - $938,877). A 10% change in prices of digital assets would result in additional gain or loss in revaluation of approximately $1,641,000.

Related Party Transactions

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of December 31, 2025, the Company's key management personnel consists of its directors and senior management. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were:

For the three months ended	December 31, 2025	December 31, 2024
Management fees and salaries	$ 196,416	$ -
Share-based compensation	-	-
	$ 196,416	$ -

For the nine months ended	December 31, 2025	December 31, 2024
Management fees and salaries	$ 340,106	$ -
Share-based compensation	-	-
	$ 340,106	$ -

Critical Accounting Estimates and Accounting Policies

See the Company's interim financial statements for the three and nine months ended December 31, 2025, for details regarding critical accounting estimates and accounting policies.

Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to acquire more digital assets and fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any external capital requirements imposed by a regulator and there were no changes to the Company's approach to capital management during the period ended December 31, 2025.

Share Capital

As of the date of this MD&A, the Company has 62,964,817 common shares outstanding and has also issued the following securities that are convertible into common shares: 19,952,346 common share purchase warrants, 1,419,998 stock options, 12,632 agent options, and 441,274 broker warrants.

Risks

General Digital Asset Risks

Development of Cryptocurrencies – New Industry

Cryptocurrency and blockchain technology is a young and rapidly growing business area. Although it is predicted that cryptocurrency will become an accepted means of digital payment, it cannot be assured that this will in fact occur. Currently, blockchain software is dependent on the widespread acceptance of cryptocurrency as a means of payment within the digital economy. For a number of reasons, including, for example, the lack of recognized security technologies, inefficient processing of payment transactions, problems in the handling of warranty claims, limited user-friendliness, inconsistent quality, lack of availability of cost-efficient high-speed services and lack of clear universally applicable regulation as well as uncertainties regarding proprietary rights and other legal issues, such cryptocurrency activities may prove in the long run to be an unprofitable means for businesses. In particular, the factors affecting the further development of the cryptocurrency industry include:

(a) Worldwide adoption and usage of cryptocurrencies;
(b) Regulations by governments and/or by organizations directing governmental regulations regarding the use and operation of and access to cryptocurrencies;
(c) Changes in consumer demographics and public behavior, tastes and preferences;
(d) Redirection and liberalization of using fiat currencies as well as the development of other forms of publicly acceptable means of buying and selling goods and services; and
(e) General economic conditions and the regulatory environment relating to cryptocurrencies.

Risks Associated with Staking

The Company will deploy most of its cryptocurrencies on their blockchain platform towards staking with a view to earning cryptocurrency-denominated return thereon. Transfers and withdrawals of cryptocurrencies on the blockchain can be disabled and are not within the Company's control. In addition, by running a validator node, the Company is exposed to the risk of loss of its staked digital assets if it fails to operate the node in accordance with applicable protocol rules, as the Company's digital assets may be "slashed" or inactivity penalties may be applied if the validator node "double signs" or is offline for a prescribed period of time.

The Company seeks to mitigate this risk by utilizing its proprietary secure method and by carefully monitoring the staking activities performed by the Company in reliance on such services.

Speculative and Volatile Nature of Cryptocurrencies

The Company plans to issue most of the capital it has raised into cryptocurrencies. The fiat price of cryptocurrencies is subject to significant volatility. In addition, there is no guarantee that the Company may be able to sell its cryptocurrencies at prices quoted on various digital asset trading platforms or at all if it determines to do so. In addition, the supply of cryptocurrencies is currently controlled by the source code of its blockchain networks and there is a risk that the developers of the code and the participants in the blockchain network could develop and/or adopt new versions of the blockchain software that significantly increase the supply of the cryptocurrencies in circulation, negatively impacting the trading price of the cryptocurrency. Any significant decrease in the price of the cryptocurrencies may materially and adversely affect the Company and, in turn, the value of the Company's Common Shares, (the "Common Shares").

Cryptocurrency markets are sensitive to new developments, and since volumes are still maturing, any significant changes in market sentiment (by way of sensationalism in the media, business collapses in the digital asset sector, or otherwise) can induce large swings in volume and subsequent price changes. Such volatility can adversely affect the business of the Company.

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the public, accounts for anticipated future appreciation in value. The Company believes that momentum pricing of cryptocurrencies have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating the value of cryptocurrencies and increasing their volatility. As a result, cryptocurrencies may be more likely to fluctuate in value due to changing investor confidence in future appreciation, which could adversely affect the business of the Company.

Speculative and Volatile Nature of Blockchain Technology

The participation and investment in blockchain technology and digital assets are speculative activities as these are relatively new sectors involving a high degree of financial risk. The price and value of blockchain technologies and digital assets have historically been subject to dramatic fluctuations and are highly volatile, which may materially and adversely affect the Company. The Company's business plan depends upon the growth and adoption of blockchain generally. If industry participants and prospective participants determine that Solana or other blockchains are not effective platforms, due to security risks or other shortcomings, or if another technology emerges which is superior to blockchains, then it is highly likely that the value of the Company's assets, which are primarily held in cryptocurrencies, will fall materially.

Government Regulation

The activities of the Company will be subject to regulation by governmental authorities. If the Company is unable to comply with current or future government regulations of its business activities, the Company may be forced to discontinue future services. The Company is subject to federal, provincial, state, local, and foreign laws and regulations governing its activities. If it is unable to comply with these laws and regulations, the Company may be unable to carry on its planned business.

Cryptocurrencies are a controversial phenomenon that have risen from a technical experiment, with zero monetary value, to an industry with hundreds of cryptocurrencies with a combined market value of over one hundred billion dollars. There is intensifying scrutiny international regulators affecting many aspects of the cryptocurrency industry. It is still uncertain how regulators will react in Canada to the growing cryptocurrency sector. Existing platforms claiming to allow the exchange of cryptocurrency into fiat, their operational scalability and functionality may fall short of this claim, in part due to their foundation (one based on crypto processing channels, which are limited due to regulation) as well as lack of experience in an already complicated-fiat-only industry.

Securities Regulation

The United States Securities and Exchange Commission (SEC) and the Canadian Securities Administrators (CSA) have outlined concerns regarding the cryptocurrency and initial coin offering (ICO) markets, including that, as they are currently operating, there is substantially less investor protection than in traditional securities markets, with correspondingly greater opportunities for fraud and manipulation.

Investors should understand that to date no initial coin offerings have been registered with the SEC. The SEC also has not to date approved for listing and trading any exchange-traded products (such as ETFs) holding cryptocurrencies or other assets related to cryptocurrencies.

In addition, the SEC and the CSA have issued investor alerts, bulletins and statements on initial coin offerings and cryptocurrency-related investments, including with respect to the marketing of certain offerings and investments by celebrities and others.

While it has been asserted that cryptocurrencies are not securities and that the offer and sale of cryptocurrencies are beyond the jurisdiction of the SEC and the CSA, whether that assertion proves correct with respect to any digital asset that is labeled as a cryptocurrency will depend on the characteristics and use of that particular asset. As a result, risks can be amplified, including the risk that market regulators, such as the SEC and the CSA, may not be able to effectively pursue bad actors or recover funds.

On August 24, 2017, the CSA published CSA Staff Notice 46-307 Cryptocurrency Offerings, which among other things, outlines how securities law requirements may apply to issuers, cryptocurrency investment funds and the cryptocurrency exchanges trading these products. The Staff Notice provides guidance on the applicability of Canadian securities laws to cryptocurrency offerings and cryptocurrency investment funds and comments on, among other things, the intersection of securities laws and investment funds, which provide investors with the opportunity to obtain exposure to cryptocurrencies, or baskets of cryptocurrencies, that they may not otherwise have.

On June 11, 2018, the CSA published CSA Staff Notice 46-308 – Securities Law Implications for Offerings of Tokens, which provides additional guidance on the application of securities laws to offerings of coins or tokens, including those commonly referred to as "utility tokens." The Staff Notice builds on the earlier CSA Staff Notice 46-307 and outlines how, despite the functional characteristics of a token, many offerings may nonetheless constitute distributions of securities. The guidance emphasizes that each offering must be assessed on its own facts and circumstances, and that the presence of one or more elements of an investment contract may bring the offering within the scope of securities legislation. The Staff Notice also addresses multi-step token offerings and highlights the importance of considering the totality of the arrangement when determining whether securities laws apply.

On March 11, 2021, the CSA published CSA Staff Notice 51-363 Observations on Disclosure by Crypto Assets Reporting Issuers, which provides guidance on the disclosure practices of reporting issuers that are involved in the crypto asset industry. The Staff Notice highlights common deficiencies in public disclosure, particularly in areas such as the safeguarding of crypto assets, the use of third-party custodians, and the risks associated with self- custody. It emphasizes the importance of providing clear, transparent, and complete disclosure regarding the nature of crypto asset activities, including how assets are held, the controls in place to protect them, and any insurance coverage or lack thereof. The Staff Notice also underscores the need for issuers to tailor risk factor disclosure to their specific business models and operational practices, particularly where crypto assets are not held with a qualified custodian or where there is a concentration of assets with a single service provider.

On January 18, 2025, the U.S. Securities and Exchange Commission (SEC) announced the formation of a Crypto Task Force to coordinate regulatory oversight and provide clarity on the application of federal securities laws to crypto asset markets. The Task Force has since issued a series of staff statements addressing specific areas of concern, including proof-of-work mining, stablecoins, and meme coins. These statements emphasize the need for issuers to assess whether their crypto-related activities involve securities and to provide tailored disclosures regarding the legal status of the assets, the risks associated with their use or issuance, and the potential for enforcement action. The SEC has reiterated that failure to comply with registration and disclosure obligations may result in significant legal and financial consequences.

On February 7, 2025, the Commodity Futures Trading Commission (CFTC) launched a Digital Asset Markets Pilot Program to explore the regulated use of tokenized assets, including stablecoins and staking-related instruments, in derivatives and clearing markets. While the CFTC has not issued staking-specific rules, it has reiterated that platforms offering staking services must comply with applicable provisions of the Commodity Exchange Act, including anti-fraud, anti-manipulation, and customer protection standards. The CFTC has also signaled that pooled or yield-generating staking arrangements may fall within its jurisdiction, particularly where such services resemble commodity pools or involve leveraged products.

On April 10, 2025, the U.S. Securities and Exchange Commission (SEC) issued a Staff Statement titled "Offerings and Registrations of Securities in the Crypto Asset Markets", which provides interpretive guidance on the application of federal securities laws to crypto asset offerings. The statement outlines the SEC's expectations for disclosures in registration statements involving crypto assets, including detailed information about the nature and function of the crypto asset, the rights associated with the asset, the governance and development of the underlying network or protocol, and any material risks related to custody, cybersecurity, and regulatory uncertainty. The guidance emphasizes that issuers must assess whether a crypto asset constitutes a security under the Howey test and tailor their disclosures accordingly to ensure that investors are provided with full, fair, and accurate information. The SEC also notes that failure to comply with these disclosure obligations may result in enforcement action or delays in the registration process.

On May 29, 2025, the U.S. Securities and Exchange Commission (SEC) issued a Staff Statement on Certain Protocol Staking Activities, which provides interpretive guidance on the application of federal securities laws to crypto assets staked on proof-of-stake (PoS) networks. The statement outlines how staking activities involving crypto assets that are used to validate transactions and secure public, permissionless networks may constitute investment contracts, depending on the economic realities of the arrangement. The SEC emphasized that issuers and platforms facilitating staking must assess whether such activities involve securities and ensure compliance with applicable registration and disclosure requirements.

As discussed herein, the Company plans to continue to invest in blockchain businesses and intends to hold some of its assets in cryptocurrencies. In this manner, investors in Common Shares will have exposure to cryptocurrencies. However, unlike the investment funds described in the Staff Notice, the Company is not an investment company or manager of investment funds. Moreover, the Company does not believe that it is engaged in the primary business of investing, reinvesting, or trading in securities, and the Company does not hold itself out as being primarily engaged in those activities. In particular, the Company's intended investing activity will be limited to providing private capital and the acquisition and holding of cryptocurrency assets. The Company does not consider that these actions constitute trading in securities for a business purpose or any other activity that would give rise to any registration requirements under applicable Canadian securities laws. There is a risk that regulators take a different view.

Investors in Common Shares should be aware that the current regulation of cryptocurrencies and the interpretation of applicable laws are subject to change. The current trends relating to these matters could change at any time and negatively affect the Company's operations and business.

Changes in Applicable Law

The Company's operations are subject to a variety of frequently evolving and emerging laws, regulations and guidelines relating to the digital assets and the blockchain industry. Digital asset service providers are, or are expected to become, subject to various legislative and/or regulatory frameworks in Canada, including under anti- money laundering/anti-terrorist financing and economic sanctions laws, securities and derivatives laws, pending retail payment legislation and energy regulation and policy.

Certain custodial crypto asset trading platforms that are regulated as dealers under Canadian securities law ("Canadian Dealer CTPs") offer staking services to their clients, and such staking services (when offered by a custodial platform to its retail clients) are regulated, and offered under an exemption from the prospectus requirement of applicable securities laws. In addition, on February 22, 2023, the Canadian Securities Administrators ("CSA") announced their view that fiat-backed stablecoins, a popular type of digital asset that is pegged to the value of a fiat currency, are securities or derivatives under Canadian securities laws, and have established criteria for evaluating whether to permit a particular stablecoin to be offered by Canadian Dealer CTPs. More generally, the CSA announced a strengthening of their approach toward the regulation of digital asset trading platform following the collapse of FTX and the subsequent market turmoil. To date, the CSA's assertion of jurisdiction over digital asset activities does not extend to the activities of the Company.

On September 26, 2024, the Canadian Securities Administrators (CSA) published CSA Staff Notice 21-333 – Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients, which provides updated guidance on the regulatory treatment of fiat-backed stablecoins, also referred to as value- referenced crypto assets (VRCAs). The Staff Notice reaffirms the CSA's view that such assets may constitute securities and/or derivatives under Canadian securities laws and outlines interim conditions under which Canadian Dealer Crypto Asset Trading Platforms (CTPs) may offer these products to clients. These conditions include requirements related to the custody and segregation of reserve assets, public disclosure of governance and operational practices, and transparency regarding the composition and adequacy of reserves.

Changes to laws, regulations and guidelines due to matters beyond the control of the Company may have an adverse effect on the Company's operations and the financial condition of the Company.

Banking

A number of companies providing cryptocurrency-related services have had challenges finding banks willing to provide them with banking services and a number of cryptocurrency-based companies have had their existing bank accounts closed by their banks for various reasons. Banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment for a number of reasons, such as perceived compliance risks or costs. The inability to open bank accounts may make it difficult to operate the Company's business.

In addition, companies providing cryptocurrency-related services companies providing cryptocurrency- related services have been negatively impacted by the failure of entities perceived to be integral to the digital asset ecosystem. For example, in March 2023, state banking regulators placed Silicon Valley Bank and Signature Bank into FDIC receiverships. Also, in March 2023, Silvergate Bank announced plans to wind down and liquidate its operations. Because these banks were perceived to be the banks most open to providing services for the digital asset ecosystem in the United States, their failures may impact the willingness of banks to provide banking services to crypto asset market participants. This reluctance often stems from concerns over regulatory compliance, heightened scrutiny, and perceived risks associated with money laundering and fraud in the crypto sector. Additionally, increased regulatory pressure, such as enforcement actions targeting financial institutions that fail to implement robust anti-money laundering controls, may further deter banks from engaging with cryptocurrency-related businesses. In addition, because these banks were perceived to be the banks most open to providing services for the digital asset ecosystem, their failure has caused a number of companies that provide digital asset-related services to be unable to find banks that are willing to provide them with such banking services.

Audit Risks

Little guidance currently exists on how to account for cryptocurrencies. International Financial Reporting Standards (IFRS) and generally accepted accounting principles (GAAP) have not yet caught up to the cryptocurrency industry. The Accounting Standards Board (AcSB) have also not caught up to the technology and agreement on how to account for and audit cryptocurrencies under Generally Accepted Auditing Standards (GAAS) has not been reached.

Loss or destruction of the private key

Cryptocurrencies are stored in digital wallets and are controllable only by the possessor of both the public key and the private key relating to the digital wallet in which the cryptocurrencies are held, both of which are unique. If a private key is lost, destroyed or otherwise compromised, an investor may be unable to access the particular cryptocurrency held in the related digital wallet which will essentially be lost. If a private key is acquired by a third party then this third party may be able to gain access to the cryptocurrency.

Cyber risks such as malicious activity

Trading platforms and third-party service providers may be vulnerable to hacking or other malicious activities. If one or more malicious actors were to control sufficient consensus nodes on a given blockchain network, then the blockchain could be altered. Furthermore, advances in quantum computing or cryptographic primitives may lead to compromises in the underlying public/private cryptography which secure current day blockchain technology.

Incorrect or fraudulent coin transactions may be irreversible

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect the Company's investments in the future and are not reversible without the consent and active participation of the recipient of the transaction. A risk very specific to cryptocurrencies is loss of money due to an error in the address to which the money transfer is made. It is possible that, through computer or human error, or through theft or criminal action, coins could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

Smart contracts are a new technology.

Smart contracts are self-executing programs on blockchain networks that automatically trigger when specified conditions are met. Since these contracts are typically immutable and irreversible, vulnerabilities in their coding, such as logic errors or security flaws, can lead to significant financial losses. Attackers may exploit these flaws, resulting in unintended outcomes or manipulation of the contract's behavior. Complex smart contracts are used on blockchains like Solana for staking. Layer 2 solutions and sidechains, such as the SUI, and SEI, have also extended on Solana's functionality for complex smart contracts. These blockchains allow users to invest digital assets in lending pools or other decentralized financial services without intermediaries. However, these smart contracts often have super users or admin key holders who may possess centralized control, enabling them to liquidate assets, extract funds, or modify key functions. Even decentralized governance, driven by governance tokens, can concentrate power in the hands of a few core community members, allowing unilateral changes to smart contracts that could harm users and the value of associated digital assets. Additionally, super users and admin key holders can become prime targets for hackers. If an attacker gains control of these privileges, they could misappropriate funds, causing substantial losses for users interacting with the smart contract. In extreme cases, assets may become burnt, stolen, or permanently locked. Such incidents could result in negative publicity for staking and undermine trust in the Solana and other blockchain ecosystem, as these applications represent a significant source of demand for Solana. Consequently, any major breach or loss of confidence in staking built on Layer 2 solutions could have an adverse impact on the value of the cryptocurrencies and the value of the Common Shares.

Moreover, information asymmetries may exist in smart contracts, even if they are open source. Certain participants may have hidden technological or informational advantages, leading to unequal playing fields. This could enable fraudulent schemes such as exit scams, rug pulls, or Ponzi schemes, where developers or influencers manipulate smart contracts for personal gain. For example, rug pulls occur when developers of a smart contract drain funds after promoting an application, leaving users with substantial losses. Other blockchain networks, such as Ethereum and Binance Smart Chain, which support sophisticated smart contracts, have experienced significant exploits. DeFi platforms and cross-chain bridges have been particularly vulnerable, with attackers siphoning over $3.8 billion worth of digital assets from smart contracts by exploiting their weaknesses. This trend continued in 2023, with an additional $1.1 billion lost to various smart contract-related attacks.

Finally, vulnerabilities in the underlying blockchain can still affect its security and, in turn, undermine the reliability of smart contracts. For example, a 51% attack—where a single entity gains control of more than 50% of the network's validating power—can enable blockchain manipulation, including double-spending, which may interfere with the execution of smart contracts. Despite these risks, smart contracts help reduce central points of control and enhance trustlessness within the network. These developments support the blockchain's long-standing principles of decentralization and security.

Risks associated with peer to peer transactions

Cryptocurrencies can be traded on numerous online platforms, through third party service providers and as peer-to-peer transactions between the parties. Many marketplaces simply bring together counterparts without providing any clearing or intermediary services and without being regulated. In such a case, all risks, such as double selling, remain between the parties directly involved in the transaction.

Cryptocurrency brokerages

Cryptocurrency businesses rely on cryptocurrency brokerages. If these brokerages are involved in fraud or experience security failures or other operational issues, this could impact, directly or indirectly, the prices set on brokerages. Furthermore, if any of these brokerages the Company uses are closed, shut down, or go bankrupt, it may significantly impact the Company's customers and operations.

Risks related to trading platforms

Cryptocurrency trading platforms are largely unregulated and provide only limited transparency with respect to their operations. As such, they have come under increasing scrutiny due to cases of fraud, business failure or breaches, where compensation for losses has not occurred. Although one does not need a trading platform or a brokerage to trade cryptocurrencies, such platforms are often used to convert fiat currency into cryptocurrency or to trade one cryptocurrency for another. This risk can be mitigated if day-to-day trading activities are managed with existing major cryptocurrency brokerages which are fully-licensed, regulated and operate in compliance with established AML and KYC policies.

Cryptocurrency price volatility risks

A significant portion of the Company's assets may in the future be held in cryptocurrency which is subject to price volatility risks. Cryptocurrency market prices are determined primarily using data from various brokerages, over-the-counter markets, and derivative platforms, and has resulted and may continue to result, in speculation regarding future appreciation (or depreciation) in the value of cryptocurrencies. This volatility could adversely affect the value of the Company's cryptocurrency holdings and thereby affect the Company's shareholders.

Loss of confidence in cryptocurrencies

Cryptocurrencies are part of a new and rapidly evolving digital asset industry, which in itself is subject to a high degree of uncertainty. For a relatively small use of cryptocurrencies in the retail and commercial marketplace, online platforms have generated a large trading activity by speculators seeking to profit from short and long-term holding of cryptocurrencies. Most cryptocurrencies are not backed by a central bank, national or international organization, or assets, and their value is determined by the value that market participants place on them by way of their transactions. Therefore, any loss of confidence may bring about a collapse of trading activity and an abrupt drop in value.

Regulations restricting or preventing trading in cryptocurrencies

There are significant inconsistencies among various regulators with respect to the legal status of cryptocurrencies. Regulators are also concerned that cryptocurrencies may be used by criminals or terrorist organizations. In the future, certain countries may restrict the legal right to acquire, own, hold, sell or use cryptocurrencies.

Cryptocurrency prices may be subject to momentum pricing risk

Momentum pricing typically occurs when a price, as determined by the investing public, accounts for anticipated future appreciation in value – for example, a growth stock. Cryptocurrency market prices are determined primarily using data from various brokerages, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, cryptocurrency prices may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of the Company's cryptocurrency inventory and thereby affect the Company's shareholders.

Cryptocurrency prices may fluctuate

The price of cryptocurrency has fluctuated widely over the past three years. There is no assurance that cryptocurrency will maintain long-term value in terms of purchasing power in the future or that the acceptance of cryptocurrency payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of cryptocurrency declines, the value of an investment in the Company will likely decline. Further, the price of the Company's securities and the overall success of the Company is tied to the price of cryptocurrency, which is outside of the Company's control. Further, the collapse of any cryptocurrency exchange may limit the liquidity of cryptocurrency and result in volatile prices. The price of cryptocurrency on cryptocurrency brokerages may also be impacted by policies on or interruptions in the deposit or withdrawal of fiat currency into or out of cryptocurrency brokerages. An investment in the Company may be adversely affected by pricing on any cryptocurrency exchange.

The impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain.

Crises may motivate large-scale purchases of bitcoin and other cryptocurrencies, which could increase the price of bitcoin and other cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of the Company's inventory. Such risks are similar to the risks of purchasing commodities in general uncertain times, such as the risk of purchasing, holding or selling gold.

As an alternative to gold currencies that are backed by central governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is largely uncertain but could be harmful to us and investors in the Company's securities. Political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally. Such events could have a material adverse effect on the Company's ability to continue as a going concern or to pursue the Company's strategy at all, which could have a material adverse effect on the Company's business, prospects or operations.

Development and acceptance of the cryptographic and algorithmic protocols that govern the issuance of and transactions in cryptocurrencies are subject to a variety of unpredictable factors

The use of cryptocurrencies in place of fiat currencies is part of a new and rapidly evolving industry that employs digital assets based on computer-generated mathematical and/or cryptographic protocol. This industry in general, and cryptocurrencies in particular, is subject to a high degree of uncertainty. If the development or acceptance of protocols slows, the Company's business may be adversely affected. The factors potentially affecting the industry's future development include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Regulation of cryptocurrencies, or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- Maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception cryptocurrencies.

A decline in the popularity or acceptance of cryptocurrency would harm the business and affairs of the Company.

Currency conversion risks

Policies or interruptions in the deposit or withdrawal of fiat currency into or out of the trading platforms may impact the ability of certain investors to convert. If for example, margin lending or withdrawals were curtailed and regulators implemented stricter anti-money laundering policies, this could trigger an immediate decrease in both pricing and trading volume.

Risks involved with cryptocurrencies

Cryptocurrencies typically take the form of bearer instruments and rely on public-key cryptography to prove ownership. There is a risk when owning cryptocurrencies that the private keys associated with the cryptocurrency ownership become lost of compromised by malicious attack which could result in total loss of funds associated with the lost or compromised private key wallet. Cryptocurrencies have proven to be a highly volatile asset class with large price swings relative to traditional assets and most have no predictable cash flows. For investors in cryptocurrencies, there is substantial uncertainty with respect to the tax treatment of an investment in cryptocurrencies. Cryptocurrencies may be considered assets in certain jurisdictions and currencies in others. Sales or value added taxes may be imposed on purchases or sales of cryptocurrencies.

Dilution due to competition or "fork" on a Blockchain

Cryptocurrencies are based upon protocols which govern the peer-to-peer interactions between various users. Dissent between users as to protocols to be used may result in a "fork" opening two separate networks. For example, Ethereum experienced a permanent fork in its blockchain that resulted in two versions of its cryptocurrency, Ethereum (ETH) and Ethereum Classic (ETC).

Acceptance and/or widespread use of cryptocurrency is uncertain.

Currently, there is a relatively limited use of any cryptocurrency in the retail and commercial marketplace, thus contributing to price volatility that could adversely affect an investment in the Company's securities. Banks and other established financial institutions may refuse to process funds for cryptocurrency transactions, process wire transfers to or from cryptocurrency brokerages, cryptocurrency-related companies or service providers, or maintain accounts for persons or entities transacting in cryptocurrency. Conversely, a significant portion of cryptocurrency demand is generated by investors seeking a long-term store of value or speculators seeking to profit from the short- or long-term holding of the asset. Price volatility undermines any cryptocurrencies role as a medium of brokerage, as retailers are much less likely to accept it as a form of payment. Market capitalization for a cryptocurrency as a medium of exchange and payment method may always be low.

The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace, or a reduction of such use, limits the ability of end users to use them to pay for goods and services. Such lack of acceptance or decline in acceptances could have a material adverse effect on the Company's business, prospects or operations.

Restrictions on cryptocurrencies.

One or more countries may take regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use these digital assets or to exchange for fiat currency. Such restrictions may adversely affect us. Such circumstances could have a material adverse effect on the Company's ability to continue as a going concern or to pursue the Company's strategy at all, which could have a material adverse effect on the Company's business, prospects or operations.

Lack of liquidity and possibility of manipulation.

Digital assets that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements, vet issuers, requiring them to be subjected to rigorous listing standards and rules, and monitor investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The more lax a distributed ledger platform is about vetting issuers of digital assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of digital assets. These factors may decrease liquidity or volume, or increase volatility of digital securities or other assets trading on a ledger-based system, which may adversely affect us. Such circumstances could have a material adverse effect on the Company's ability to continue as a going concern or to pursue the Company's strategy, which could have a material adverse effect on the Company's business, prospects or operations.

Competition from other products.

The Company competes with other users and/or companies that are mining cryptocurrencies and other potential financial vehicles, including securities backed by or linked to cryptocurrencies through entities similar to us. Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly, which could limit the market for the Company's shares and reduce their liquidity. The emergence of other financial vehicles and exchange-traded funds have been scrutinized by regulators and such scrutiny and negative impressions or conclusions could be applicable to us and impact the Company's ability to successfully pursue the Company's strategy. Such circumstances could have a material adverse effect on the Company's ability to continue as a going concern or to pursue the Company's strategy, which could have a material adverse effect on the Company's business, prospects or operations.

Competition from other blockchain businesses.

The Company competes with other companies that own or seek to invest in blockchain and cryptocurrencies or hold or invest in cryptocurrencies, and other potential financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to us and investment funds. Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly, which could limit the market for the Company's shares and reduce their liquidity.

Loss, theft or restriction on access.

There is a risk that some or all of the Company's cryptocurrencies could be lost or stolen. Access to the Company's coins could also be restricted by cybercrime (such as a denial of service attack) against a service at which the Company maintain a hosted hot wallet. A hot wallet refers to any cryptocurrency wallet that is connected to the Internet. Generally, hot wallets are easier to set up and access, but they are also more susceptible to hackers and other technical vulnerabilities. Cold storage refers to any cryptocurrency wallet that is not connected to the Internet. Cold storage is generally more secure, but is not ideal for quick or regular transactions. The Company expects to hold the majority of any cryptocurrencies acquired by it in cold storage to reduce the risk of malfeasance, but this risk cannot be eliminated.

Hackers or malicious actors may launch attacks to steal, compromise or secure cryptocurrencies, such as by attacking the cryptocurrency network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or by other means. The Company may be in control and possession of one of the more substantial holdings of cryptocurrency. As the Company increase in size, the Company may become a more appealing target of hackers, malware, cyber-attacks or other security threats. Any of these events may adversely affect the Company's operations and, consequently, the Company's investments and profitability. The loss or destruction of a private key required to access the Company's digital wallets may be irreversible and the Company may be denied access for all time to the Company's cryptocurrency holdings or the holdings of others. The Company's loss of access to the Company's private keys or the Company's experience of a data loss relating to the Company's digital wallets could adversely affect the Company's investments and assets.

Cryptocurrencies are controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which they are held, which wallet's public key or address is reflected in the network's public blockchain. The Company will publish the public key relating to digital wallets in use when the Company verify the receipt of transfers and disseminate such information into the network, but the Company will need to safeguard the private keys relating to such digital wallets. To the extent such private keys are lost, destroyed or otherwise compromised, the Company will be unable to access any cryptocurrency held by the Company and such private keys may not be capable of being restored by any network. Any loss of private keys relating to digital wallets used to store the Company's cryptocurrencies could have a material adverse effect on the Company's ability to continue as a going concern or to pursue the Company's strategy at all, which could have a material adverse effect on the Company's business, prospects or operations.

Incorrect or fraudulent transactions may be irreversible.

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent cryptocurrencies transactions could adversely affect the Company's investments and assets.

Cryptocurrency transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to a blockchain, an incorrect transfer or a theft of cryptocurrency generally will not be reversible and the Company may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, any cryptocurrency acquired by the Company could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. Further, at this time, there is no Canadian or foreign governmental, regulatory, investigative or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen cryptocurrency. To the extent that the Company is unable to seek redress for such action, error or theft, such events could have a material adverse effect on the Company's ability to continue as a going concern or to pursue the Company's strategy at all.

<u>Ownership of the Company's Common Shares</u>

Share price volatility.

The trading price of the Common Shares has been, and is likely to continue to be, volatile, and may be influenced by numerous factors, some of which are beyond the Company's control; investors might not be able to sell the Common Shares at or above the price that investors paid for them. In addition, the trading prices of the shares of blockchain businesses and cryptocurrencies have been highly unpredictable, and the trading prices of the Company's Common Shares may become directly correlated with these fluctuations Furthermore, if the market for bitcoin blockchain and cryptocurrency stocks or the stock market in general experiences a loss of investor confidence, the trading price of the Common Shares could decline for reasons unrelated to the Company's business, operating results or financial condition. In this regard, the Company's shares may become subject to arbitrary pricing factors that are not necessarily associated with traditional factors that influence share prices or the value of non-cryptocurrency assets such as revenue, cash flows, profitability, growth prospects or business activity levels since the value and price, as determined by the investing public, may be influenced by future anticipated adoption or appreciation in value of cryptocurrencies or blockchains generally, factors over which the Company have little or no influence or control. The trading price of the Common Shares also might decline in reaction to events that affect other companies in the Company's industry even if these events do not directly affect us.

Other factors that could cause volatility in the market price of the Company's Common Shares include, but are not limited to:

- actual or anticipated fluctuations in the Company's financial condition and operating results or those of companies perceived to be similar to us;
- actual or anticipated changes in the Company's growth rate relative to the Company's competitors;
- commercial success and market acceptance of blockchain and bitcoin and other cryptocurrencies;
- actions by the Company's competitors, such as new business initiatives, acquisitions and divestitures;
- strategic transactions undertaken by us;
- additions or departures of key personnel;
- prevailing economic conditions;
- sales of the Company's Common Shares by the Company's officers, directors or significant shareholders;
- future sales or issuances of equity or debt securities by us;
- legal proceedings involving the Company;
- changes in market valuations of companies similar to the Company;
- the prospects of the industry in which the Company operates; and

- speculation or reports by the press or investment community with respect to us or the Company's industry in general.

In addition, the stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of the Company. These broad market fluctuations may negatively impact the price or liquidity of the Common Shares.

No intention to pay dividends.

The Company intend to retain any future earnings to finance the development and expansion of the Company's business. the Company does not anticipate paying any cash dividends on the Common Shares in the foreseeable future. Unless the Company pays dividends, the Company's shareholders will not be able to receive a return on their Common Shares unless they sell them. There is no assurance that shareholders will be able to sell any Common Shares when desired.